IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**document**") and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer (as defined below) as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.

This document has been prepared on the basis that any offer in any Member State of the European Economic Area ("**EEA**") (each, a "**Relevant Member State**") and the United Kingdom other than offers which are contemplated in Italy for which the Italian Prospectus (as defined below) has been approved by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") and published in accordance with Regulation (EU) 2017/1129 (and amendments thereto) (the "**Prospectus Regulation**"), and in respect of which Italgas S.p.A. (the "**Issuer**") has consented in writing to the use of the Italian Prospectus, will be made pursuant to an exemption under the Prospectus Regulation (in the United Kingdom as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended), (the "**UK Prospectus Regulation**") from the requirement to produce a prospectus for offers of securities. In any Relevant Member State, this document and the offer when made are only addressed to and directed at "qualified investors" within the meaning of the Prospectus Regulation ("**Qualified Investors**"). This document must not be acted on or relied on in any Relevant Member State by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only in any Relevant Member State to Qualified Investors, and will be engaged in only with such persons. In the United Kingdom, this document and the offer when made are only addressed to, and directed at, Qualified Investors within the meaning of UK Prospectus Regulation who are also persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may otherwise lawfully be communicated in accordance with the Order (all such persons being together referred to as "**relevant persons**"). In the United Kingdom, this document is directed only at relevant persons and must not be acted on or relied upon by persons who are not relevant persons.

THE SECURITIES REFERENCED IN THIS DOCUMENT MAY ONLY BE OFFERED OR SOLD (I) OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN ACCORDANCE WITH, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR (II) WITHIN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") IN RELIANCE ON SECTION 4(A)(2) UNDER THE SECURITIES ACT OR, WITH RESPECT TO THE RESALE OF NEW SHARES (AS DEFINED IN THE DOCUMENT), ON RULE 144A. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR IN ANY OTHER JURISDICTION OTHER THAN ITALY. ANY NEW SHARES OFFERED AND SOLD TO INVESTORS LOCATED IN THE UNITED STATES WILL BE "RESTRICTED SECURITIES" (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) AND SUCH NEW SHARES MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT: (I) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER REGULATION S; (II) TO A QIB IN A TRANSACTION THAT IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND THAT MEETS THE REQUIREMENTS OF RULE 144A; (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT; OR (IV) IN ACCORDANCE WITH RULE 144 UNDER THE

SECURITIES ACT; AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION**.**

Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to J.P. Morgan SE, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Morgan Stanley & Co. International plc, Société Générale and Banca Akros S.p.A. (the "**Underwriters**") and the Issuer that (i) you are acting on behalf of, or you are either (a) outside the United States (as defined in Regulation S under the Securities Act), or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the United Kingdom, you are a relevant person; (iii) if you are in any Relevant Member State, you are a Qualified Investor; (iv) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public; and (v) if you are outside the United States, United Kingdom and EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions) you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

Each person who is located in the United States who wishes to exercise any Rights (as defined in the document) or subscribe for New Shares will be required, as a condition of such exercise and subscription, to complete and return to the Issuer, and to the financial intermediary through which its Rights are held, a representation letter in the form set out in Annex B to the document.

This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Underwriters or any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy or official version. By accessing the document, you consent to receiving it in electronic form.

You are reminded that this document has been made available to you solely on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this document, electronically or otherwise, to any other person.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

None of the Underwriters or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of the document or for any statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the offer. The Underwriters and any of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise that they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Underwriters are acting exclusively for the Issuer and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of the document) as their client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

Italgas S.p.A.
(incorporated in the Republic of Italy as a *società per azioni*)

Offering of up to 202,938,478 new ordinary shares
Subscription Price of €5.026 per new ordinary share

Italgas S.p.A. (hereinafter "**Italgas,**" the "**Company,**" the "**Issuer**" or "**we**") is offering up to 202,938,478 of its new ordinary shares, with no par value (the "**New Shares**"), pursuant to transferable pre-emptive subscription rights (the "**Rights**") granted to existing holders of its ordinary shares ("**Shareholders**") under Italian law (the "**Rights Offering**"). Any Rights not exercised by Shareholders or their transferees during the Subscription Period (as defined below) will be forfeited and will be offered by Italgas on Euronext Milan ("**Euronext**") (the Italian automated screen-based trading system managed by Borsa Italiana S.p.A. ("**Borsa Italiana**"), the Italian Stock Exchange) for a period of at least two trading days (the "**Rights Auction**"). Any New Shares not subscribed for following the close of the Rights Auction (the "**Remaining New Shares**"), up to a maximum of 150,253,872 New Shares (the "**Remaining Underwritten New Shares**"), will be subscribed for by the Underwriters (as defined below), in accordance with, and subject to, the terms and conditions of the Underwriting Agreement (as defined below). See "*Purchase of Remaining New Shares by the Underwriters*." The Rights Offering, the Rights Auction, and the possible sale of Remaining Underwritten New Shares to the Underwriters are together herein referred to as the "**Offering**."

Each Shareholder will receive one Right for every ordinary share of the Issuer registered in its securities account on the Record Date (as defined below). Recipients or purchasers of Rights will be entitled to subscribe at a price of €5.026 per New Share (the "**Subscription Price**") for one (1) New Share for every four (4) Rights held, which ratio is referred to as the "**Subscription Ratio**." Fractions of New Shares will not be issued and any fractions arising through the exercise of Rights will be rounded down to the nearest whole New Share.

Shareholders or purchasers of Rights who wish to subscribe for New Shares must exercise their Rights during the period (the "**Subscription Period**") from the start of business on June 2, 2025 to the close of business on June 19, 2025 (the "**Exercise Date**"). Shareholders who do not wish to exercise, or who are prohibited from exercising, the Rights credited to their accounts may sell such Rights on Euronext between June 2, 2025 and June 13, 2025. Any Rights that remain unexercised at the close of business on the Exercise Date will be forfeited by the holders thereof without compensation and will be offered by the Company to investors in the Rights Auction. The dates of commencement and end of the Rights Auction will be announced by the Company in a press release.

Neither the Rights nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws, and such securities may be offered or sold only (i) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"); or (ii) in the United States solely to qualified institutional buyers ("**QIBs**") (as defined in Rule 144A ("**Rule 144A**") under the Securities Act) in reliance on Section 4(a)(2) under the Securities Act or, with respect to the resale of the New Shares, on Rule 144A. For a description of restrictions on transfer and resales, see "*Transfer Restrictions*" and "*Purchase of Remaining New Shares by the Underwriters—Selling Restrictions*."

Assuming all New Shares are issued, the New Shares will represent approximately 20% of the outstanding share capital of Italgas. As of the date hereof, CDP Reti S.p.A. ("**CDP Reti**") holds shares amounting to 25.961% of the Company's share capital. CDP Reti has irrevocably committed, subject to certain conditions, to exercise the Rights allocated to it, thereby allowing it to maintain its current percentage interest in Italgas following the issuance of the New Shares. Assuming full subscription of the Offering, a shareholder who does not exercise any of its Rights will therefore experience a dilution of a maximum of 20%.

Prospective investors should read this document in its entirety and, in particular, the section headed "Risk Factors" beginning on page 29 for factors that prospective investors should consider before exercising or purchasing Rights or purchasing or subscribing for New Shares.

Italgas's ordinary shares are traded on Euronext under the symbol "IG." On May 30, 2025, the last trading day prior to the date of this offering circular (the "**Offering Circular**"), the official price of Italgas's ordinary shares on Euronext was €7.230 per ordinary share. The record date for the purpose of determining the entitlement to Rights is June 3, 2025 (the "**Record Date**").

The ordinary shares will trade cum-Rights on Euronext until and including May 30, 2025 and will commence trading ex-Rights on Euronext at the start of business on June 2, 2025. Subject to compliance with relevant securities laws, the Rights will be freely transferable until June 13, 2025, included. The Rights are expected to trade on Euronext from June 2, 2025, until June 13, 2025 under the symbol "IGAA." Subject to any delays beyond the control of the Company, the New Shares subscribed for on or before: (i) the last day of the Subscription Period will be delivered to the accounts of authorized financial intermediaries of Monte Titoli S.p.A. ("Monte Titoli"), the Italian centralized securities clearing system, at the end of the settlement on the last day of the Subscription Period and will become available on the same date; and (ii) the Second Exercise Date, if any, will be delivered to the accounts of authorized financial intermediaries of Monte Titoli on the Second Exercise Date, and will become available on the same date. All time references in this paragraph and throughout this Offering Circular are to Central European Time ("**CET**"), unless indicated otherwise. Should all New Shares be subscribed by the end of the Subscription Period, and should there not be a Rights Auction, the Company will announce any resulting changes to the Offering timeline on its website (www.italgas.it).

Sole Structuring Advisor

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Joint Global Coordinators and Joint Bookrunners

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Co-Global Coordinator

Banca Akros – Gruppo Banco BPM

The date of this Offering Circular is June 2, 2025

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NOTICE TO PROSPECTIVE INVESTORS

THIS CONFIDENTIAL OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR, ANY OF THE RIGHTS OR THE NEW SHARES OFFERED HEREBY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION.

Italgas has prepared this Offering Circular solely for the purpose of enabling a Shareholder or other prospective investor to consider an investment in the New Shares. The information contained in this Offering Circular has been provided by Italgas and other sources identified herein.

Italgas has not authorized any person to give any information or to make any representations other than those contained in this Offering Circular, and, if given or made, such information or representations must not be relied upon as having been authorized. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the New Shares or an offer to sell or the solicitation of an offer to buy any such securities where such offer is unlawful. The distribution of this Offering Circular and the Offering and/or sale of the Rights and the New Shares in certain jurisdictions may be restricted by law. The Rights Offering and the Rights Auction are addressed only to persons to whom they may lawfully be addressed. Persons into whose possession this Offering Circular comes or who wish to exercise any Rights and subscribe for any New Shares must inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any jurisdiction. Shareholders resident in all countries outside Italy, but in particular those resident in such countries as Australia, Canada, Brazil, Switzerland or Japan, may not exercise Rights or subscribe for New Shares other than to the limited extent permitted by the securities laws and regulations of the relevant countries. None of the Company or any of the Underwriters (as defined below) or any of their respective representatives is making any representation to any offeree or purchaser of the New Shares regarding the legality of an investment by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of a purchase of the New Shares.Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in Italgas's affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date. Neither Italgas nor any Underwriter has authorized anyone to provide investors with any different, supplemental or other information.

By purchasing any Rights or New Shares pursuant to this Offering Circular, you will be deemed to have acknowledged that you have received and read this Offering Circular. This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company or any of the Underwriters or any of their respective representatives that any recipient of this document should exercise any Rights and subscribe for and/or purchase any New Shares.

No representation or warranty, express or implied, is made by J.P. Morgan SE, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Morgan Stanley & Co. International plc and Société Générale (each, individually, a "**Joint Global Coordinator**" and, collectively, the "**Joint Global Coordinators**"), and by Banca Akros S.p.A. (the "**Co-Global Coordinator**," and, together with the Joint Global Coordinators, the "**Underwriters**") as to the accuracy or completeness of the information contained herein, and nothing contained in this Offering Circular is or shall be relied upon as being a promise or representation by the Underwriters in this respect, whether as to the past or future. None of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document including its accuracy, completeness and verification or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the Rights, the New Shares or the Offering. Accordingly, the Underwriters and their respective affiliates disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Offering Circular or any such statement. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than for considering an investment in the New Shares is prohibited. Prospective investors should not consider any information contained in this Offering Circular to be investment, legal, business or tax advice. Each prospective investor should consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the New Shares. Each offeree of Rights and New Shares, by accepting delivery of this Offering Circular, agrees to the foregoing.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Offering Circular) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor to anyone for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The Rights and the New Shares are subject to certain restrictions on resale and transfer, as set forth under "*Transfer Restrictions*." By purchasing the New Shares, investors will be deemed to have made the acknowledgments, representations, warranties and agreements set out under such heading. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. The Rights and the New Shares may not be transferred or resold in the United States except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

IN MAKING AN INVESTMENT DECISION, EACH INVESTOR SHOULD RELY ON ITS OWN EXAMINATION, ANALYSIS AND INQUIRY OF US, THE RIGHTS, THE NEW SHARES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE RIGHTS AND THE NEW SHARES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, SUCH AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

Prospective investors are also deemed to have acknowledged that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Offering Circular or their investment decision; (ii) they have relied only on the information contained in this Offering Circular; and (iii) no person, including the Underwriters, has been authorized to give any information or to make any representation concerning the Company, the Rights or the New Shares (other than as contained in this Offering Circular) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company or the Underwriters.

In connection with the Offering, each of the Underwriters and any of their respective affiliates may take up a portion of the Rights or New Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account any Rights or New Shares or related investments and may offer or sell such Rights, New Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Offering Circular to Rights or New Shares being offered or placed should be read as including any offering or placement of Rights or New Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Rights or New Shares. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This Offering Circular is personal to the person to whom it has been delivered by the Underwriters and does not constitute an offer to the public in general to subscribe for or otherwise acquire the New Shares. Distribution of this Offering Circular to any person other than the offeree specified by Italgas is unauthorized, and any disclosure of its contents, without prior written consent of Italgas, is prohibited. By accepting delivery of this Offering Circular, each investor agrees to the above conditions.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Offering Circular has been prepared on the basis that all offers of Rights or New Shares in any Member State of the European Economic Area (other than in the Republic of Italy where Rights and New Shares are being offered pursuant to the relevant prospectus approved by CONSOB) (each an "**EEA Member State**") will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**") including any relevant implementing measure. Accordingly, any person making or intending to make any offer in that EEA Member State of Rights or New Shares which are the subject of the offering contemplated in this Offering Circular should only do so in circumstances in which no obligation arises for us or any of the Underwriters to publish a prospectus for such offer pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither we nor any of the Underwriters have authorized, nor do we or the Underwriters authorize the making of any offer of Rights or New Shares in circumstances in which an obligation arises for us or any of the Underwriters to publish or supplement a prospectus for such offer.

In relation to each EEA Member State, no offer has been made and no offer will be made (other than in the Republic of Italy where Rights and New Shares are being offered pursuant to the relevant prospectus approved by CONSOB), except an offer of Rights or New Shares to the public in that EEA Member State to any legal entity which is a qualified investor as defined in the Prospectus Regulation or under any other exemption available under the Prospectus Regulation, provided that no such offer of Rights or New Shares shall require us or any of the Underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in an EEA Member State who receives any communication in respect of, or who acquires any Rights or New Shares under, the offers to the public contemplated in this Offering Circular will be deemed to have represented, warranted and agreed to and with us and the Underwriters, that:

(i) it is a qualified investor within the meaning of the law in that EEA Member State implementing Article 2, paragraph (e), of the Prospectus Regulation; and

(ii) in the case of any Rights or New Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, (i) the Rights or New Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any EEA Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Rights or New Shares have been acquired by it on behalf of persons in any EEA Member State other than qualified investors, the offer of those Rights or New Shares to it is not treated under the Prospectus Regulation as having been made to such persons.

For the purposes of this Notice to Investors in the European Economic Area, the expression "offer to the public" in relation to any Rights or New Share in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer of the Offering or any Rights or New Share to be offered so as to enable an investor to decide to purchase any Rights or New Share, as the same may be varied in that EEA Member State by any measure implementing the Prospectus Regulation in that EEA Member State.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Offering Circular and any other material in relation to the Rights or New Shares described herein is directed at and for distribution in the UK only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**")), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, the "**FSMA**") in connection with the issue or sale of any Rights or New Shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**").

No Rights or New Shares have been offered or will be offered pursuant to the Offering to the public in the UK prior to the publication of a prospectus in relation to the Rights or New Shares which has been approved by the Financial Conduct Authority (the "**FCA**"), except that offers of Rights or New Shares may be made to the public in the UK at any time under the following exemptions from the UK Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation; or

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Rights or New Shares will result in a requirement for the Company or the Underwriters to publish a prospectus pursuant to Section 85 of the FSMA or supplement to a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "*offer to the public*" in relation to any Rights or New Shares in the UK means the communication in any form and by any means of sufficient information on the terms of the Offering and any Rights or New Shares to be offered so as to enable an investor to decide to purchase any Rights or New Shares and the expression "**UK Prospectus Regulation**" means Regulation 2017/1129/EU as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

NOTICE TO PROSPECTIVE INVESTORS IN THE REPUBLIC OF ITALY

An Italian prospectus has been authorized by the *Commissione Nazionale per le Società e la Borsa*, the Italian securities and exchange commission ("**CONSOB**"), and will be used in connection with the Offering in Italy pursuant to applicable Italian law. The Italian prospectus comprises (i) a registration document, which was approved by CONSOB on May 28, 2025 and published on May 28, 2025 ("**Registration Document**"); (ii) an Italian securities note, which was approved by CONSOB on May 28, 2025 and published on May 28, 2025; and (iii) an Italian summary note, which was approved by CONSOB on May 28, 2025 and published on May 28, 2025 (the documents (i), (ii) and (iii) are together herein referred to as the "**Italian Prospectus**").

This Offering Circular has not been submitted to the clearance of "CONSOB" and will not be subject to formal review or clearance by CONSOB.

The Rights or New Shares may not be offered, sold or delivered, directly or indirectly, in Italy or to a resident of Italy, unless such offer, sale or delivery of the Rights or New Shares or distribution of copies of the Offering Circular or other documents relating to the Offering in Italy is made:

(i) to Italian Qualified Investors (*investitori qualificati*), as defined in Article 2, paragraph (e), of the Prospectus Regulation; or

(ii) in any other circumstances which are expressly exempt from the rules on offers to the public, including, without limitation, as provided under Article 1 of the Prospectus Regulation and applicable Italian laws.

Any such offer, sale or delivery of the Rights or the New Shares or distribution of copies of this Offering Circular or any other documents relating to the Offering in Italy must be in compliance with the selling restrictions under (i) and (ii) above and must be made:

(i) by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter (r), of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Consolidated Financial Act**")), to the extent duly authorized to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act, CONSOB Regulation No. 20307 of February 15, 2018, as amended, Italian Legislative Decree No. 385 of September 1, 1993, as amended (the "**Consolidated Banking Act**") and any other applicable laws and regulations; and

(ii) in compliance with any other applicable Italian securities, tax and exchange control laws and regulations and other applicable requirement or limitation which may be imposed by the CONSOB, the Bank of Italy or any other Italian regulatory authority from time to time.

Any investor purchasing the Rights or the New Shares is solely responsible for ensuring that any offer or resale of the Rights or the New Shares it purchased occurs in compliance with applicable laws and regulations.

In accordance with Article 5 of the Prospectus Regulation and Article 100-bis, paragraph 1, of the Consolidated Financial Act, the subsequent resale on the secondary market in Italy of the Rights or the New Shares (which were part of an offer made pursuant to an exemption from the obligation to publish a prospectus) constitutes a distinct and autonomous offer that must be made in compliance with the public offer and prospectus requirement rules provided under the Prospectus Regulation, the Consolidated Financial Act and the Issuers' Regulation unless an exemption applies. Failure to comply with such rules may result in the subsequent resale of such New Shares being declared null and void and the intermediary transferring the New Shares may be liable for any damage suffered by the investors.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

NONE OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED ANY OF THE RIGHTS OR THE NEW SHARES, OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE

ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Neither the Rights nor the New Shares have been or will be registered under the Securities Act or the securities laws of any state in the United States. Accordingly, the Rights may not be offered, sold, purchased or exercised in the United States, and the New Shares may not be subscribed for, offered or sold in the United States unless they are registered under the Securities Act or an exemption from such registration requirements is available. The Rights and the New Shares may be offered, sold or exercised (as it relates to the Rights) (a) in the United States, in reliance upon an exemption from, or in transactions not subject to, the registration requirements of the Securities Act, and (b) outside the United States only in "offshore transactions" as defined in, and in accordance with, Regulation S. The Rights may only be transferred outside the United States in compliance with Rule 903 or Rule 904 under Regulation S and in compliance with applicable securities laws and regulations of all relevant jurisdictions. Any person in the United States wishing to exercise the Rights or to subscribe for New Shares must execute and deliver a representation letter in the form set forth in Annex B to this Offering Circular to Italgas and to the financial intermediary through which the Rights are held, to the effect that such person and any account for which it is purchasing New Shares is a QIB and satisfies certain other requirements.

Prospective investors are hereby notified that the Underwriters may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. By exercising the Rights or purchasing New Shares, prospective investors will be deemed to have made the acknowledgments, representations, warranties and agreements set out under "*Transfer Restrictions.*"

Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the distribution of the Rights and the New Shares. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Offering Circular or on the merits of any securities described therein and any representation to the contrary is an offence. This Offering Circular does not constitute an offer of Rights or New Shares to any person in a province or territory of Canada and under no circumstances shall be construed as a public advertisement or public offering in any province or territory of Canada. Any distribution of securities in Canada will be made on a "private placement'" basis exempt from the requirement that the Company prepare and file a prospectus with the securities commissions or similar regulatory authorities in Canada. New Shares not taken up in the Rights Offering may be offered and sold by the Underwriters to purchasers in the provinces of British Columbia, Alberta, Ontario and Québec. Each purchaser of New Shares will be deemed to have represented to the Company, the Underwriters and any dealer selling the New Shares that:

- where required by law, it is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which it is resident, for its own account and not as agent for the benefit of another person;

- it is not an individual and it is entitled under applicable Canadian securities laws to purchase the New Shares without the benefit of a prospectus under such securities laws, and without limiting the generality of the foregoing, is an "accredited investor" as defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or Section 73.3(1) of the Securities Act (Ontario), as applicable, and is a ''permitted client'' as defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31-103**") and is either: (i) purchasing the New Shares from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103, in which case, the purchaser also acknowledges that the purchaser has received the notice required to be provided by such dealer under section 8.18 of NI 31-103; or (ii) purchasing the New Shares from a dealer registered as an "investment dealer" or "exempt market dealer" as defined under applicable securities laws;

- it is not a person created or used solely to purchase or hold the New Shares as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

- it will not resell the New Shares except in compliance with applicable Canadian resale restrictions and acknowledges that Canadian securities laws may require resales to be made in accordance with prospectus requirements or exemptions from the prospectus requirements and that these resale restrictions may in some circumstances apply to resales of the New Shares outside Canada; and

- where required by applicable law, it will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the New Shares by the purchaser as may be required, or assist the Company and the Underwriters, as applicable, in obtaining and filing such reports undertakings and other documents.

Securities legislation in certain Canadian jurisdictions may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation in the purchaser's jurisdiction. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's jurisdiction for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, the Underwriters are not required to comply with the disclosure requirements thereof regarding underwriter conflicts of interest in connection with the distribution of the securities described herein.

NOTICE TO PROSPECTIVE INVESTORS IN AUSTRALIA

The Offering is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356.

This document is not a prospectus, disclosure document or product disclosure statement for the purposes of the Australian Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include all the information required for a prospectus, disclosure document or product disclosure document under the Australian Corporations Act. This Offering Circular has not been lodged with the Australian Securities & Investments Commission.

This Offering Circular has been prepared for the purposes of compliance with foreign regulatory requirements and has not been prepared specifically for Australian investors. The Company is not subject to the continuous disclosure requirements that apply in Australia. No cooling off period applies in relation to this offer.

The Company is not licensed to provide financial product advice in Australia in relation to the Offering or any other financial product and this Offering Circular contains general information only. You should consider whether an investment in the Company is suitable for you and it is recommended that you seek your own advice from your lawyer, accountant or other professional adviser before deciding whether to participate in the Offering.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

The Rights and the New Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Rights or the New Shares in Switzerland. The Rights and the New Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Rights and the New Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Rights and New Shares constitutes a prospectus pursuant to the FinSA or pursuant to the Swiss Code of Obligations (as in effect immediately prior to the entry into force of the FinSA) or pursuant to the listing rules of SIX Exchange Regulation or any other trading venue in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Rights and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

NOTICE TO INVESTORS IN BRAZIL

The Offering of the Rights and the New Shares to which this Offering Circular relates have not been and will not be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or "**CVM**") and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under CVM Resolution No. 160, dated 13 July 2022, as amended ("**CVM Resolution 160**") or unauthorised distribution under Brazilian laws and regulations. The Rights and the New Shares will be authorised for trading on organised non-Brazilian securities markets and may only be offered to Brazilian Professional Investors (as defined by applicable CVM regulation), who may only acquire the Rights and New Shares through a non-Brazilian account, with settlement outside Brazil in a non-Brazilian currency. The trading of the Rights and New Shares on regulated securities markets in Brazil is prohibited.

NOTICE TO PROSPECTIVE INVESTORS IN OTHER JURISDICTIONS

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Rights or New Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Rights or New Shares may be restricted by law in certain jurisdictions. Neither we nor the Underwriters represents that this Offering Circular may be lawfully distributed, or that any Rights or New Shares may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us or the Underwriters which would permit a public offering of any Rights or New Shares or distribution of this Offering Circular in any jurisdiction where action for those purposes is required. Accordingly, no Rights or New Shares may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Rights or New Shares may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Rights or New Shares.

INFORMATION TO DISTRIBUTORS

EEA Product Governance Requirements: Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that such New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Shares and determining appropriate distribution channels.

UK Product Governance Requirements: Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**") and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements and/or any equivalent requirements elsewhere to the extent determined to be applicable) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment Under the UK Product Governance Requirements**"). Notwithstanding the Target Market Assessment Under the UK Product Governance Requirements, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment Under the UK Product Governance Requirements is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment Under the UK Product Governance Requirements, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment Under the UK Product Governance Requirements does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Shares and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements, including (without limitation) statements containing the words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," "predicts," "potential," "continues" and "intends" and similar words. These statements are based on the Company's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Company's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events could differ materially from those set forth in, contemplated by or underlying forward-looking statements.

There can be no assurance that actual results of the Company's activities and operations will not differ materially from the expectations set forth in such forward-looking statements and therefore investors should not place undue reliance on such forward looking statements. Factors that could cause actual results to differ from such expectations include, but are not limited to, those described under "*Risk Factors*," including the following:

- our ability to meet the objectives and targets of our Strategic Plan;
- our ability to comply with the covenants in our financing agreements;
- the deterioration of our credit rating;
- impairment of non-current assets and goodwill;
- our ability to achieve the expected benefits of past and future acquisitions, including in relation to the Acquisition;
- risks related to the award and withdrawal of gas distribution concessions;
- changes in the macroeconomic scenario and political, social and economic instability in natural gas supply countries;
- our ability to attract and retain skilled personnel;
- cybersecurity and the protection of personal data;
- risks related to litigation and regulatory proceedings;
- changes in the applicable tariff regulations;
- changes to taxation or the interpretation or application of tax laws;
- our ability to comply with applicable laws and regulations, including data protection, health and safety and environmental laws and regulations;
- risks related to the Rights, the New Shares and the Offering; and
- other factors discussed in this Offering Circular.

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive as we operate in a continually changing business environment with new risks emerging from time to time that we may be unable to predict or that we currently do not expect to have an adverse effect on our business, results of operations, financial condition or prospects. We urge you to read this Offering Circular, including the sections entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business Description*" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. These and other factors may, for example, result in changes to assumptions used for determining our results of operations and could cause our actual future financial condition or performance or other indicated results to differ, possibly materially, from those expected in our forward-looking statements. You should not place undue reliance on forward-looking statements, which represent our estimates and assumptions only as of the date hereof. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future. We do not undertake any obligation to release publicly any updates or revisions to such forward-looking statements after the date hereof to reflect later events or circumstances or to reflect the occurrence of unexpected events. We qualify all of our forward-looking statements by these cautionary statements.

DOCUMENTS INCORPORATED BY REFERENCE

Our Report on the 2025 Remuneration Policy and 2024 Compensation Paid (the "**2024 Remuneration Report**") is incorporated by reference to and forms part of this Offering Circular to the extent indicated in the table below:

Information Incorporated	Pages Incorporated
2025 Remuneration Policy	49-65
Implementation of the 2024 Remuneration Policy	67-68
Compensation Paid to the Directors	73-75
Compensation Paid to Executives with Strategic Responsibilities	76-77
CONSOB Tables	81-96

Other than the sections of the 2024 Remuneration Report specifically incorporated by reference in this Offering Circular, such document does not form part of this Offering Circular and should not be relied upon for purposes of forming an investment decision with respect to the Rights and the New Shares.

A copy of the 2024 Remuneration Report is available on Italgas's website (www.italgas.it) and may be obtained free of charge during normal business hours from the registered office of the Company set out at the end of this Offering Circular.

The 2024 Remuneration Report is current only as of the date of such document, and the incorporation by reference of such document shall not create any implication that there has been no change in the Italgas Group's affairs since the date thereof or that the information contained therein is current as of any time subsequent to its date. Any statement contained in the 2024 Remuneration Report will be modified or superseded for all purposes to the extent that a statement contained in this Offering Circular modifies or is contrary to that previous statement. Any statement so modified or superseded will not be deemed to be a part of this Offering Circular except as so modified or superseded.

World Wide Web addresses contained in this Offering Circular (or of any World Wide Web addresses accessible by hyperlink included on World Wide Web addresses) are for explanatory purposes only and the content of such websites do not form a part of, and are not incorporated by reference into, this Offering Circular and should not be relied upon for purposes of forming an investment decision with respect to the Rights and the New Shares.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The Italgas Group's consolidated financial information included in this Offering Circular has been extracted or derived from:

- The consolidated financial statements of the Italgas Group as of and for the year ended December 31, 2024, including comparative information as of and for the year ended December 31, 2023, which have been prepared in accordance with IFRS (the "**2024 Consolidated Financial Statements**") and audited by the Independent Auditors, as stated in their report issued on March 10, 2025 (an English translation of which is included elsewhere in this Offering Circular). The 2024 Consolidated Financial Statements have been approved by the Board of Directors on February 12, 2025.

- The consolidated financial statements of the Italgas Group as of and for the year ended December 31, 2023, including comparative information as of and for the year ended December 31, 2022, which have been prepared in accordance with IFRS (the "**2023 Consolidated Financial Statements**") and audited by the Independent Auditors, as stated in their report issued on April 5, 2024 (an English translation of which is included elsewhere in this Offering Circular). The 2023 Consolidated Financial Statements have been approved by the Board of Directors on March 12, 2024.

- The consolidated financial statements of the Italgas Group as of and for the year ended December 31, 2022, which have been prepared in accordance with IFRS (the "**2022 Consolidated Financial Statements**") and audited by the Independent Auditors, as stated in their report issued on March 24, 2023 (an English translation of which is included elsewhere in this Offering Circular). The 2022 Consolidated Financial Statements have been approved by the Board of Directors on March 9, 2023.

- The unaudited interim condensed consolidated financial statements of the Italgas Group as of and for the three months ended March 31, 2025, including unaudited comparative information for the three months ended March 31, 2024, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (the "**Unaudited Interim Condensed Consolidated Financial Statements**") and reviewed by the Independent Auditors, as stated in their report issued on May 8, 2025 (an English translation of which is included elsewhere in this Offering Circular). The Unaudited Interim Condensed Consolidated Financial Statements have been approved by the Board of Directors on May 6, 2025.

Certain line items in the 2023 Consolidated Financial Statements presented in this Offering Circular have been reclassified in the 2024 Consolidated Financial Statements. As a result, consolidated financial statements as of and for the year ended December 31, 2023 presented in this Offering Circular have been derived from the corresponding comparative column in the 2024 Consolidated Financial Statements (and not from the 2023 Consolidated Financial Statements). For a description of these line items reclassified, see the Notes to the 2024 Consolidated Financial Statements included elsewhere in this Offering Circular.

The consolidated financial statements of the Italgas Group as of and for the year ended December 31, 2021 presented as comparatives in the 2022 Consolidated Financial Statements are not included nor incorporated by reference in, and do not form part of this Offering Circular. The 2024 Consolidated Financial Statements, the 2023 Consolidated Financial Statements and the 2022 Consolidated Financial Statements (excluding the Italgas Group's consolidated financial statements as of and for the year ended as of December 31, 2021 which are not included and do not form part of this Offering Circular) are together referred to in this Offering Circular as the "**Consolidated Annual Financial Statements**" and, together with the Unaudited Interim Condensed Consolidated Financial Statements, as the "**Consolidated Financial Statements**," and should be read in conjunction with the notes thereto.

The Offering Circular includes the pro forma financial information as of and for the year ended December 31, 2024 (the "**2024 Unaudited Pro Forma Consolidated Financial Information**") of the Italgas Group prepared solely for inclusion in the Offering Circular. The 2024 Unaudited Pro Forma Consolidated Financial Information was prepared to reflect retroactively the effects of the (i) Acquisition and the 2i Rete Gas Reverse Stock Split connected and linked to it, (ii) the issuance of the 2025 Notes, (iii) the utilization of the Bridge

Credit Facility, (iv) the issuance of the New Shares, and (v) the repayment of the Bridge Credit Facility (the transactions from (i) to (v), collectively, the "**Pro Forma Transactions**") on the consolidated statement of financial position as of December 31, 2024 and on the consolidated income statement for the year ended December 31, 2024 as if they had occurred virtually as at December 31, 2024 and at the beginning of year ended on that date, respectively.

The 2024 Unaudited Pro Forma Consolidated Financial Information has been examined by the Independent Auditors, which issued their report on May 22, 2025 (an English translation of which is included elsewhere in this Offering Circular). The rules and regulations related to the preparation of pro forma financial information in other jurisdictions may vary significantly from the requirements applicable in Italy.

The 2i Rete Gas consolidated financial information included in this Offering Circular has been extracted or derived from:

- The consolidated financial statements of the 2i Rete Gas Group as of and for the year ended December 31, 2024, including comparative information as of and for the year ended December 31, 2023, which have been prepared in accordance with IFRS (the "**2i RG 2024 Consolidated Financial Statements**") and audited by EY, as stated in their report issued on February 27, 2025 (an English translation of which is included elsewhere in this Offering Circular). The 2i RG 2024 Consolidated Financial Statements have been approved by the Board of Directors on February 12, 2025. The EY report does not express an opinion on the comparative data for the year ended December 31, 2023, as the consolidated financial statements for the year 2023 were audited by another auditor;

- The consolidated financial statements of the 2i Rete Gas Group as of and for the year ended December 31, 2023, including comparative information as of and for the year ended December 31, 2022, which have been prepared in accordance with IFRS (the "**2i RG 2023 Consolidated Financial Statements**") and audited by PwC, as stated in their report issued on April 5, 2024 (an English translation of which is included elsewhere in this Offering Circular). The 2i RG 2023 Consolidated Financial Statements have been approved by the Board of Directors on March 22, 2024;

- The consolidated financial statements of 2i Rete Gas as of and for the year ended December 31, 2022, including comparative information as of and for the year ended December 31, 2021, which have been prepared in accordance with IFRS (the "**2i RG 2022 Consolidated Financial Statements**") and audited by PwC, as stated in their report issued on April 11, 2023 (an English translation of which is included elsewhere in this Offering Circular). The 2i RG 2022 Consolidated Financial Statements have been approved by the Board of Directors on March 27, 2023.

The consolidated financial statements of the 2i Rete Gas Group as of and for the year ended December 31, 2021, presented as comparatives in the 2i RG 2022 Consolidated Financial Statements, are not included nor incorporated by reference in, and do not form part of, this Offering Circular. The 2i RG 2024 Consolidated Financial Statements, the 2i RG 2023 Consolidated Financial Statements and the 2i RG 2022 Consolidated Financial Statements (excluding the 2i Rete Gas' consolidated financial statements as of and for the year ended as of December 31, 2021, which are not included and do not form part of this Offering Circular) are together referred to in this Offering Circular as the "**2i RG Consolidated Financial Statements**," and should be read in conjunction with the notes thereto.

Impact of acquisitions made by the Italgas Group

Operating results and their comparability for the historical periods covered by the Consolidated Financial Statements are impacted by the effects of some acquisitions made by the Italgas Group in such periods. Between January 1, 2022 and December 31, 2024, Italgas Group acquired controlling or non-controlling equity interests in four companies (excluding the transactions where Italgas Group increased its equity interest in previously companies in which it already held a stake). In particular, the Italgas Group made two acquisitions in 2022, one acquisition in 2023 and one acquisition in 2024. Due to the changes in the scope of consolidation as a consequence of each of such acquisitions, the Italgas Group's results of operations in the periods under review may not be entirely comparable and must be analyzed taking into consideration the following acquisitions. See "*Business Description—Overview—Italgas Group*" for the Group's current structure chart.

Acquisitions made during the year ended December 31, 2022

Acquisition of DEPA Infrastructure Single Member S.A.: as part of the public tender for the privatization of the distribution operator DEPA Infrastructure Single Member S.A. ("**DEPA Infrastructure**"), on September 9, 2021 Italgas Group was declared the "*preferred bidder*" and a preliminary *purchase and sale* agreement was signed on December 10, 2021. At that date, DEPA Infrastructure was Greece's leading gas distribution operator, holding stakes in three major gas distribution operators in Greece – Thessaloniki – Thessalia Gas distribution Societè Anonyme ("**EDA Thess**"), Attiki Natural Gas distribution Single Member Company SA ("**EDA Attikis**") and Public Gas distribution Network Societè Anoyme ("**DEDA**"), managing a gas network of approximately 7,500 km. On September 1, 2022, Italgas Group acquired 100% of the equity interest in DEPA Infrastructure (now Enaon) for a total consideration of €929.1 million. This acquisition marked an expansion of Italgas's operations into the Greek energy market, enhancing its presence in the Southeastern European gas distribution sector. On December 22, 2022, Italgas completed the sale of a 10% equity interest in Italgas Newco S.p.A., controlling DEPA Infrastructure, to Phaethon Holdings Single-Member S.A.

Acquisition of Janagas S.r.l.: on August 2, 2022, Italgas Group signed a binding agreement for the acquisition from Fiamma 2000 Group of its LPG distribution and sales business, including the related networks and plants, managed in 12 municipalities in Sardinia, covering over 430 kilometers of networks and serving approximately 12,000 users. Following the satisfaction of the conditions set out in the *sale and purchase* agreement, on December 13, 2022, Italgas Group acquired a 100% equity interest in Janagas S.r.l. ("**Janagas**"), the Fiamma 2000 Group's subsidiary holding such LPG distribution and sales business. This acquisition enhanced Italgas's presence in Sardinia, enabling the conversion of LPG networks to natural gas and supporting the distribution of renewable gases like biomethane and hydrogen.

Acquisitions made during the year ended December 31, 2023

Acquisition of business unit from Veolia Environment S.A. Group: in March 2023, Italgas Group entered into exclusive negotiations with Veolia Environment S.A. Group ("**Veolia Group**") for the acquisition of equity interests in certain companies (including Acqua S.r.l., which, as at December 31, 2024, was wholly-owned indirectly by Italgas and, in February 2025, was merged into Nepta, Idrolatina S.r.l., wholly-owned indirectly by Italgas as at March 31, 2025, Idrosicilia S.p.A., in which Italgas indirectly owns a 99.22% equity interest as at March 31, 2025, Siciliacque, in which Italgas indirectly owns a 75% equity interest as at March 31, 2025, and Acqualatina, in which Italgas indirectly owns a 49% equity interest as at March 31, 2025) active in the water service in the Latium, Campania and Sicily regions of Italy. On June 9, 2023, Italgas Group and Veolia Group signed a sale and purchase agreement with Veolia Group and on October 16, 2023 the acquisition was completed.

Acquisitions made during the year ended December 31, 2024

Acquisition of Acqua Campania S.p.A.: in 2024 Italgas Group completed the acquisition of a 47.8% equity interest in Acqua Campania S.p.A. ("**Acqua Campania**"), in which Italgas, as at March 31, 2025, indirectly owns a 96.23% equity interest, from Vianini Lavori S.p.A. ("**Vianini Lavori**"), and of 47.9% equity interest from Veolia Group for a total consideration of €19.3 million. Acqua Campania manages the Western Campania Aqueduct, on a concession basis, carrying out activities of collection, potabilization, adduction and transport of potable water destined to the water distribution companies, serving an area of about 4 million inhabitants. This strategic move marked an expansion of Italgas's portfolio.

Acquisitions made during the three-month period ended March 31, 2025

No significant acquisitions occurred in the three-month period ended March 31, 2025.

Non-IFRS measures

This Offering Circular contains financial measures that are not recognized by IFRS. These measures are referred to as "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include: (A) for the Italgas Group, (i) Total revenues and other income adjusted, (ii) Adjusted EBITDA, (iii) Adjusted EBIT, (iv) Adjusted net profit attributable to the Group, (v) Capital Expenditure and (vi) Net financial debt, and (B) for the 2i Rete Gas Group, (i) Revenues 2i RG Group (excluding IFRIC 12), (ii) EBITDA 2i RG Group (excluding IFRIC 12), (iii) EBIT 2i RG Group and (iv) Net financial debt 2i RG Group.

For the calculation and reconciliation of each non-IFRS measure to the most directly comparable IFRS measure, see "*Summary Consolidated Financial Information*." Management uses such measures to assess the operating results, financial performance and liquidity of the businesses. Management acknowledges that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of the operating results and profitability. The non-IFRS measures used by the Italgas Group and by the 2i Rete Gas Group, as applicable, may not be comparable to other similarly titled measures used by other companies and have inherent limitations as described below. Investors should not place any undue reliance on the non-IFRS measures and should not consider these measures as (a) an alternative measures to the operating results of Italgas Group or the 2i Rete Gas Group, as applicable, as reported under IFRS; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or a measure of the ability of Italgas Group or the 2i Rete Gas Group, as applicable, to meet its cash needs; or (c) an alternative to any similar measures of performance, liquidity or cash generation as determined under generally accepted accounting principles. These measures are not indicative of Italgas Group's or of the 2i Rete Gas Group's, as applicable, historical operating results, nor are they meant to be predictive of future results. These non-IFRS measures are presented in this Offering Circular because the management of the Italgas Group and of the 2i Rete Gas Group, as applicable, believes that they can assist readers to understand the underlying dynamics of the core business operations of the Italgas Group or of the 2i Rete Gas Group, respectively, and that they provide meaningful and relevant financial information that is useful in assessing Italgas Group's or the 2i Rete Gas Group's, respectively, economic and financial performance.

An explanation of the relevance of each non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out under "*Summary Consolidated Financial Information*," in this Offering Circular.

Set forth below are descriptions of the non-IFRS measures used in this Offering Circular.

Italgas Group non-IFRS measures

Total revenues and other income adjusted: Total revenues and other income adjusted is calculated as the Total revenues and other income, excluding revenues and other income arising from (i) service concession arrangements (IFRIC 12), related to revenues for infrastructure construction and improvements, (ii) pass-through costs, including release of connection contributions relating to the year, reimbursement of faulty meters, repayments from third parties and other reimbursements, and works performed on behalf of the Campania region of Italy, and (iii) certain items that Italgas's management considers not reflective of the underlying operating performance of the business or that are non-recurring in nature, including, for some or all of the periods presented, capital gain from the transfer and sale of Medea S.p.A.'s ("**Medea**") transport assets to ERG, recognition of Janagas's assets at *fair value*, contribution pursuant to ARERA Resolution no. 737/2022/R/gas, revenues from gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016, prize for the security of the gas distribution service for year 2020 and revenues pursuant to ARERA Resolution no. 87/2025/R/gas.

Service concession arrangements accounting treatments required by IFRIC 12 involve the recognition of revenues and costs relating to concession arrangements in equal measure. Pass-through costs are fully recoverable from the Italgas Group's users and are recovered through separate charges that are designed to recover those costs with no profit. Adjustments for the items that Italgas's management considers not reflective of the underlying operating performance or that are non-recurring, are necessary in order to ensure a better comparability of the historical data as these include items not considered by the Italgas Group to be attributable to the normal operational management of the Italgas Group's business or that do not occur every year.

Adjusted EBITDA: Adjusted EBITDA is calculated as Profit for the year, excluding Income taxes, Other income from equity investments, Dividends, Share of the profit of investments in associates/joint ventures, Gain/(loss) on derivative financial instruments measured at fair value, Financial income, Financial expense, Amortisation, depreciation and impairment of assets, adjusted for (i) pass-through costs, such as release of connection contributions relating to the year, and (ii) certain items that Italgas's management considers not reflective of the underlying operating performance or that are non-recurring in nature, including, for some or all of the periods presented, capital gain from the transfer and sale of Medea's transport assets to ERG, recognition of Janagas's assets at *fair value*, contribution pursuant to ARERA Resolution no. 737/2022/R/gas, smart meter charges pursuant to ARERA Resolution no. 737/2022/R/gas, revenues from gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016, prize for the security of the gas distribution service for year 2020, use of provision for impairment of assets (faulty gas smart meters) and revenues pursuant to ARERA Resolution no. 87/2025/R/gas.

Adjusted EBIT: Adjusted EBIT is calculated as Profit for the year, excluding Income taxes, Other income from equity investments, Dividends, Share of the profit of investments in associates/joint ventures, Gain/(loss) on derivative financial instruments measured at fair value, Financial income, Financial expense, adjusted for certain items that Italgas's management considers not reflective of the underlying operating performance or that are non-recurring in nature, including, for some or all of the periods presented, capital gain from the transfer and sale of Medea's transport assets to ERG, recognition of Janagas's assets at *fair value*, contribution pursuant to ARERA Resolution no. 737/2022/R/gas, smart meter charges pursuant to ARERA Resolution no. 737/2022/R/gas, impairment of faulty smart gas meters, revenues from gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016, prize for the security of the gas distribution service for year 2020 and revenues pursuant to ARERA Resolution no. 87/2025/R/gas.

Adjusted net profit attributable to the Group: Adjusted net profit attributable to the Group is calculated as Profit for the year attributable to Owners of the parent company, adjusted for certain items that Italgas's management considers not reflective of the underlying operating performance or that are non-recurring in nature, including, for some or all of the periods presented, capital gain from the transfer and sale of Medea's transport assets to ERG attributable to the Italgas Group, recognition of Janagas's assets at *fair value* attributable to the Italgas Group, capital gain on the sale of the controlling interest in Gaxa to Edison attributable to the Italgas Group, contribution pursuant to ARERA Resolution no. 737/2022/R/gas, smart meter charges and impairment of faulty smart gas meters attributable to the Italgas Group, reimbursements for smart metering/remote management for the years 2011-2016 attributable to the Italgas Group, revenues from Gas distribution in start-up locations attributable to the Italgas Group, prize for the security of the Gas distribution service for year 2020 attributable to the Italgas Group, revenues pursuant to ARERA Resolution no. 87/2025/R/gas attributable to the Italgas Group, and financial expenses on Bridge Credit Facility attributable to the Italgas Group, net of Income taxes on reconciling items attributable to the Italgas Group.

Italgas's management uses Total revenues and other income adjusted, Adjusted EBITDA, Adjusted EBIT and Adjusted net profit attributable to the Group for internal reporting to understand and assess the Italgas Group's underlying operating performance. Italgas's management believes these non-IFRS measures are useful because they exclude items that Italgas's management believes are not indicative of the Italgas Group's underlying operating performance and allow Italgas's management to view operating trends, perform analytical comparisons and benchmark performance between periods. The Italgas's management also believes that Total revenues and other income adjusted, Adjusted EBITDA, Adjusted EBIT and Adjusted net profit attributable to the Group are useful for investors and analysts to better understand how Italgas's management assesses the Italgas Group's underlying operating performance on a consistent basis and to compare the Italgas Group's performance with that of other companies. Accordingly, Italgas's management believes that Total revenues and other income adjusted, Adjusted EBITDA, Adjusted EBIT and Adjusted net profit attributable to the Group provide useful information to third party stakeholders in understanding and evaluating the Italgas Group's operating results.

Total revenues and other income adjusted, Adjusted EBITDA, Adjusted EBIT and Adjusted net profit attributable to the Group have limitations as analytical tools. Some of these limitations are:

- they do not reflect the cash expenditures or future requirements for investments or contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital needs;
- they do not reflect any cash income taxes that the Group may be required to pay;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and Adjusted EBITDA do not reflect any cash requirements that would be required for such replacements;
- the definition and the calculation methodology applied by the Italgas Group in calculating Total revenues and other income adjusted, Adjusted EBITDA, Adjusted EBIT and Adjusted net profit attributable to the Group might differ from the generally accepted definitions in other countries and from the calculation methodology applied by other companies in the Italgas Group's industry. This might limit their usefulness as comparative measures.

Capital Expenditure: Capital Expenditure is defined as the sum of (i) additions to Property, plant and equipment (excluding investments in Right of Use assets); (ii) additions to Right of Use assets, and (iii) additions to Intangible assets; excluding (iv) additions for the awarding of ATEM tender contracts. Italgas's management uses Capital Expenditure and believes that this metric is useful for external stakeholders to primarily understand the Italgas Group's current investments in the construction of the network related to service concession arrangements, which materialize in intangible assets and property, plant, and equipment.

Net financial debt: Net financial debt is defined as the sum of current and non-current financial debt, net of cash and cash equivalents, current financial assets and other current financial assets. The composition of Net financial debt is determined in accordance with the ESMA Guidelines of March 4, 2021 on disclosure requirements under the Prospectus Regulation (ESMA 32-382-1138) (the "**ESMA 32-382-1138 Guidelines**"). Italgas's management believes that Net financial debt is useful to monitor the level of net liquidity and financial resources available to the Italgas Group. Italgas's management believes this non-IFRS measure aids management, investors and analysts to analyze the Italgas Group's financial position and financial resources available, and to compare the Italgas Group's financial position and financial resources available with that of other companies.

Other Financial Metrics

Set forth below are the other financial metrics used in this Offering Circular.

Leverage: Leverage is calculated as the ratio of (i) Net financial debt, including Provisions for employee benefits and receivables arising from the "Superbonus" tax regulation and excluding short-term and long-term financial liabilities pursuant to IFRS 16 and IFRIC 12, and (ii) the sum of (a) the Regulatory Asset Base ("**RAB**") of the consolidated gas distribution segment; (b) the RAB of the consolidated water service segment; (c) the RAB of the associates attributable to Italgas Group, net of the Net financial debt of the associates attributable to Italgas Group ("**Equity RAB**") of the gas distribution segment and water service segment. This metric is meant to be used only for prospective information purposes and does not represent an accounting data prepared in accordance with IFRS. Italgas's management considers Leverage as the key indicator of the sustainability of our financial indebtedness.

FFO/RAB: FFO/RAB is calculated as the ratio of:

(i) Cash flow from operating activities, excluding cash flows attributable to (a) the difference between Financial income and Financial income collected, Financial expenses and Financial expense paid, as well as Current taxes and Income taxes paid, net of tax credits reimbursed; (b) changes in the following working capital items: Inventories, Trade receivables, Trade payables, Other assets, Other liabilities. These cash flows are finally adjusted for the flows deriving from: (a) reimbursement of faulty meters, (b) use of provision for impairment of assets (faulty gas smart meters) and (c) release of connection contributions relating to the year;

(ii) the sum of (a) the average RAB of the consolidated gas distribution segment; (b) the average RAB of the consolidated water service segment; (c) the average Equity RAB of the associates in the gas distribution segment; (d) the average Equity RAB of the associates of the water service segment and (e) the net invested capital of the consolidated energy efficiency segment.

This metric is meant to be used only for prospective information purposes and does not represent an accounting data prepared in accordance with IFRS.

2i Rete Gas Group non-IFRS measures

Revenues 2i RG Group (excluding IFRIC 12). Revenues 2i Rete Gas (excluding IFRIC 12) is calculated as total revenues excluding any effects deriving from the application of IFRIC 12 - Service Concession Arrangements (specifically the line item "revenues from intangible assets / assets under development"), derived from the 2i RG Consolidated Financial Statements.

EBITDA 2i RG Group (excluding IFRIC 12). EBITDA 2i Rete Gas (excluding IFRIC 12) is calculated as the sum of the net profit/(loss) for the period, income taxes, net financial income/(expenses) and income/(expenses) from equity investments, amortisation, depreciation and impairment losses, excluding any effects deriving from the application of IFRIC 12 - Service Concession Arrangements, derived from the 2i RG Consolidated Financial Statements.

EBIT 2i RG Group. EBIT 2i Rete Gas is calculated as the sum of the net profit/(loss) for the period, income taxes and net financial income/(expenses) and income/(expenses) from equity investments, derived from the 2i RG Consolidated Financial Statements.

Net financial debt 2i RG Group. Net financial debt 2i RG Group is defined as the sum of current and non-current financial debt, net of cash and cash equivalents, current financial assets and other current financial assets. The composition of Net financial debt 2i RG Group is determined in accordance with the ESMA 32-382-1138 Guidelines. 2i RG Group's management believes that Net financial debt 2i RG Group is useful to monitor the level of net liquidity and financial resources available to the 2i RG Group

Market and Industry Information

This Offering Circular contains certain statements related to, among other things, the following: (i) general expectations of market opportunity in the sectors and markets in which we operate; (ii) growth trends and rates in the sectors and markets in which we operate; and (iii) our relative competitive position in the sectors and markets in which we operate.

Whether or not this is stated, where such information is presented, such information was prepared by us on the basis of third-party studies and surveys (including, without limitation, the ARERA Annual report on the state of services and regulatory activities carried out during 2023, the Desfa Demand Forecast Study 2023, the RAEWW Retail Natural Gas Market Reports (July 2024) and the Snam Terna 2024 Description of Scenarios Document), as well as our experience, market knowledge, accumulated data and investigation of market conditions. While we believe such information to be reliable and any estimates contained in such information to be reasonable, we cannot assure investors that such information or any of the assumptions underlying such estimates are accurate or correct, and none of the internal and external studies, surveys, reports or other information on which we have relied have been independently verified. Accordingly, undue reliance should not be placed on such information. In addition, information regarding the sectors and markets in which we operate is normally not available for certain periods and, accordingly, such information may not be current as of the date of this Offering Circular.

All estimates, including those on the state and evolution of the markets in which we operate, and our performance within such markets, are forward-looking statements and may in the future differ from those described in this Offering Circular due to known and unknown risks, uncertainties and other factors, including those described in the "*Risk Factors*" section. See also "*Forward-Looking Statements*." We do not intend, and do not assume any obligation, to update these industry and market data. In addition, behavior, preferences and trends indicated by these industry or market data may not be reliable future indicators.

Rounding

Certain figures set out in this Offering Circular, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may slightly vary and figures shown as totals or sub-totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures that precede them.

CURRENCY AND DEFINITIONS

Currency Presentation

In this Offering Circular, all references to "**Euro**," "**EUR**" or "**€**" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended; and all references to "**U.S. dollars**," "**USD**" and "**$**" are to the lawful currency of the United States of America.`

Definitions

Below is a list of defined terms used in the Offering Circular. Unless otherwise specified, these terms have the following meaning. In this Offering Circular:

- References to "**Acqua Campania**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;

- References to "**Acqualatina**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to the "**Acquisition**" are to the acquisition by the Issuer of 99.94% of the share capital of 2i Rete Gas completed on April 1, 2025;

- References to the "**Acquisition Agreement**" are to the sale and purchase agreement dated October 5, 2024 between F2i SGR S.p.A., in the name and on behalf of the F2i Terzo Fondo per le Infrastrutture and Finavias S.à r.l., as sellers, on the one hand, and the Issuer, as purchaser, on the other, relating to the Acquisition;

- References to "**AGCM**" are to the Italian Competition Authority;

- References to "**Alia**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**Alternate Auditors**" have the meaning assigned to such term in "*Description of Share Capital*" of this Offering Circular;

- References to "**Anas Group**" have the meaning assigned to such term in "*Related-Party Transactions*" of this Offering Circular;

- References to "**ARERA**" are to the Italian Regulatory Authority for Energy, Networks and Environment;

- References to the "**Articles of Association**" are to the articles of association of Italgas;

- References to the "**Board of Directors**" and the "**Board of Statutory Auditors**" are to the board of directors and board of statutory auditors of Italgas, unless the context requires or it is expressly stated otherwise;

- References to "**Borsa Italiana**" are to Borsa Italiana S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, Italy, at Piazza degli Affari, 6;

- References to "**Bridge Credit Facility**" have the meaning assigned to such term in "*Business Description—Material Contracts—Italgas Group—Financing Agreements*" of this Offering Circular;

- References to "**Bridge Loan Agreement**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**CAIXA Loan Agreement**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular;

- References to “**Capital Increase**” have the meaning assigned to such term in “*The Offering—General Information*” of this Offering Circular;

- References to “**CDP**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;

- References to “**CDP Group**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;

- References to “**CDP Reti**” are to CDP Reti S.p.A.;

- References to “**CDP Reti Subscription Commitment**” have the meaning assigned to such term in “*Summary of the Offering*”;

- References to “**CET**” are to Central European Time;

- References to “**CITA**” have the meaning assigned to such term in “*Taxation*” of this Offering Circular;

- References to “**Closing**” have the meaning assigned to such term in “*Business Description—Material Contracts—Italgas Group—Other Contracts—Acquisition Agreement*”;

- References to “**Co-Global Coordinator**” have the meaning assigned to such term in “*Notice to Prospective Investors*”;

- References to “**CONSOB**” are to the *Commissione Nazionale per le Società e la Borsa*, the Italian Securities Exchange Commission, with its principal office in Rome, Italy, at Via G.B. Martini, 3;

- References to “**CONSOB RPT Regulation**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;

- References to “**Consolidated Annual Financial Statements**” have the meaning assigned to such term in “*Presentation of Financial and Other Information*” of this Offering Circular;

- References to “**Consolidated Banking Act**” have the meaning assigned to such term in “*Notice to Prospective Investors in the Republic of Italy*” of this Offering Circular;

- References to the “**Consolidated Financial Act**” have the meaning assigned to such term in “*Notice to Prospective Investors in the Republic of Italy*” of this Offering Circular;

- References to “**Consolidated Financial Statements**” have the meaning assigned to such term in “*Presentation of Financial and Other Information*” of this Offering Circular;

- References to “**Corporate Governance Code**” are to the code applicable, on a comply-or-explain basis, to companies listed on Euronext, as in effect on the date of this Offering Circular;

- References to “**Cum-Rights**” have the meaning assigned to such term in “*Summary of the Offering*” of this Offering Circular;

- References to “**CVM**” have the meaning assigned to such term in “*Notice to Investors in Brazil*” of this Offering Circular;

- References to “**CVM Resolution 160**” have the meaning assigned to such term in “*Notice to Investors in Brazil*” of this Offering Circular;

- References to “**Decree 231**” have the meaning assigned to such term in “*Risk Factors*” of this Offering Circular;

- References to “**Decree 461/1997**” have the meaning assigned to such term in “*Taxation*” of this Offering Circular;

- References to "**Decree 600/1973**" have the meaning assigned to such term in "*Taxation*" of this Offering Circular;
- References to "**DEPA Infrastructure**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**DANA**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**Director**" have the meaning assigned to such term in "*Management*" of this Offering Circular;
- References to "**Discretionary Investment Portfolio Regime**" have the meaning assigned to such term in "*Taxation*" of this Offering Circular;
- References to "**EDA Thess**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**EEA**" have the meaning assigned to such term in "*Notice to Prospective Investors in the European Economic Area and in the United Kingdom*" of this Offering Circular;
- References to "**EEA Member State**" have the meaning assigned to such term in "*Notice to Prospective Investors in the European Economic Area*" of this Offering Circular;
- References to "**EIB**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular;
- References to "**EIB 2iRG Loan 1**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**EIB 2iRG Loan 2**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**EIB 2iRG Loans**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**EMTN Program**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**EMTN 2iRG Program**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**Enaon**" are to Enaon Sustainable Networks Single Member S.A.;
- References to "**Enaon EDA**" are to Enaon EDA HELLENIC GAS DISTRIBUTION COMPANY Single Member S.A.;
- References to "**Enaon EDA Bond Loan Agreement**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**Enaon Group**" are to Enaon and to Enaon EDA, collectively;
- References to "**Enel Group**" have the meaning assigned to such term in "*Related-Party Transactions*" of this Offering Circular;
- References to "**Enel Rete**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**Eni Group**" have the meaning assigned to such term in "*Related-Party Transactions*" of this Offering Circular;

- References to "**Erg**" have the meaning assigned to such term in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Management's Discussion and Analysis of Financial Condition and Results of Operations of the Italgas Group*" of this Offering Circular;

- References to "**Erg Agreement**" have the meaning assigned to such term in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Management's Discussion and Analysis of Financial Condition and Results of Operations of the Italgas Group*" of this Offering Circular;

- References to "**Euronext**" are to Euronext Securities Milan, the regulated market organized and administered by Borsa Italiana;

- References to "**Exchange Act**" have the meaning assigned to such term in "*Where You Can Find Additional Information*" of this Offering Circular;

- References to "**Exercise Date**" have the meaning assigned to such term on the cover page of this Offering Circular;

- References to "**EY**" are to EY S.p.A.;

- References to "**FCA**" have the meaning assigned to such term in "*Notice to Prospective Investors in the United Kingdom*" of this Offering Circular;

- References to "**Ferrovie dello Stato Group**" have the meaning assigned to such term in "*Related-Party Transactions*" of this Offering Circular;

- References to "**Financial Promotion Order**" have the meaning assigned to such term in "*Notice to Prospective Investors in the United Kingdom*" of this Offering Circular;

- References to "**Financial Transaction Tax**" have the meaning assigned to such term in "*Taxation*" of this Offering Circular;

- References to "**Finavias**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**FinSA**" have the meaning assigned to such term in "*Notice to Prospective Investors in Switzerland*" of this Offering Circular;

- References to "**First Minority Lists**" have the meaning assigned to such term in "*Description of Share Capital*" of this Offering Circular;

- References to "**Fitch**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular;

- References to "**FSMA**" have the meaning assigned to such term in "*Notice to Prospective Investors in the United Kingdom*" of this Offering Circular;

- References to "**F2i**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**Geoside**" have the meaning assigned to such term in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" of this Offering Circular;

- References to the "**Group**" or the "**Post-Acquisition Group**" are to Italgas and its controlled subsidiaries, including 2i Rete Gas and its controlled subsidiaries, following consummation of the Acquisition, or any one or more of them, as the context may require;

- References to "**GSE Gestori Servizi Group**" have the meaning assigned to such term in "*Related-Party Transactions*" of this Offering Circular;

- References to "**IFRS**" are to the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission;
- References to "**Independent Auditors**" are to Deloitte & Touche S.p.A.;
- References to the "**Intermediaries' Regulation**" are to CONSOB Regulation No. 16190 of October 29, 2007, as amended;
- References to "**IRAP**" have the meaning assigned to such term in "*Taxation*" of this Offering Circular;
- References to "**IRES**" have the meaning assigned to such term in "*Taxation*" of this Offering Circular;
- References to "**IRS**" have the meaning assigned to such term in "*Taxation-United States Federal Income Tax Considerations*" of this Offering Circular;
- References to the "**Issuers' Regulation**" are to CONSOB Regulation No. 11971 of May 14, 1999, as amended;
- References to "**Italgas**," the "**Company**" or the "**Issuer**" are to Italgas S.p.A., unless the context requires otherwise;
- References to "**Italgas Group**" are to Italgas and its controlled subsidiaries, or any one or more of them, as the context may require, excluding 2i Rete Gas and its controlled subsidiaries;
- References to "**Italian Capital Markets Competitiveness Law"** have the meaning assigned to such term in "*Description of Share Capital*" of this Offering Circular;
- References to "**Italian Civil Code**" or "**Civil Code**" are to Royal Decree 262 of March 16, 1942, as amended and supplemented;
- References to "**Italian Prospectus**" have the meaning assigned to such term in "*Notice to Prospective Investors in the Republic of Italy"* of this Offering Circular;
- References to "**ITG EIB Loan Agreements**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**ITG EIB Loans**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**ITG EIB 1 Loan**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**ITG EIB 1 Loan Agreement**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**ITG EIB 2 Loan**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**ITG EIB 2 Loan Agreement**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**Janagas**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**Japanese Person**" have the meaning assigned to such term in "*Notice to Prospective Investors in Japan"* of this Offering Circular;
- References to "**Joint Global Coordinators**" have the meaning assigned to such term in "*Notice to Prospective Investors*";

- References to "**Key Managers**" have the meaning assigned to such term in "*Management*" of this Offering Circular;

- References to "**Legge Marzano**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to the "**Letta Decree**" have the meaning assigned to such term in "*Business Description*"*—Regulatory Framework: Gas Distribution Regulations—Italy*";

- References to "**Medea**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;

- References to "**MiFID II**" have the meaning assigned to such term in "*Information to Distributors*" of this Offering Circular**;**

- References to "**MiFID II Decree**" have the meaning assigned to such term in "*Securities Trading in Italy*" of this Offering Circular;

- References to "**MiFID II Product Governance Requirements**" have the meaning assigned to such term in "*Information to Distributors*" of this Offering Circular**;**

- References to "**Model 231**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular;

- References to "**Monte Titoli**" have the meaning assigned to such term on the cover page of this Offering Circular;

- References to "**Moody's**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular;

- References to "**Multi-municipality Areas Decree**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**Nepta**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**New EMTN Program**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**New Shares**" have the meaning assigned to such term in the cover page of this Offering Circular;

- References to "**NI 31-103**" have the meaning assigned to such term in "*Notice to Prospective Investors in the Republic of Canada"* of this Offering Circular;

- References to "**NI 45-106**" have the meaning assigned to such term in "*Notice to Prospective Investors in Canada"* of this Offering Circular;

- References to "**NIS1 Directive**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular;

- References to "**NIS2 Directive**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular;

- References to "**Notes**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;

- References to "**Offering**" have the meaning assigned to such term in the cover page of this Offering Circular;

- References to “**Offering Circular**” have the meaning assigned to such term on the front page of this Offering Circular;
- References to “**OICR**” have the meaning assigned to such term in “*Taxation*” of this Offering Circular;
- References to “**Order**” have the meaning assigned to such term in “*Notice to Prospective Investors in the European Economic Area and in the United Kingdom*” of this Offering Circular;
- References to the “**Ordinary Shares**” are to the ordinary shares, with no par value, of the Company;
- References to “**Parent-Subsidiary Directive**” have the meaning assigned to such term in “*Taxation*” of this Offering Circular;
- References to “**Potential Interests”** have the meaning assigned to such term in “*Description of Share Capital*” of this Offering Circular;
- References to “**Pre-Underwriting Agreement**” are to the pre-underwriting agreement dated May 13, 2024 entered into by J.P. Morgan SE and the Issuer, as subsequently amended and restated on August 20, 2024;
- References to “**Pro Forma Transactions**” have the meaning assigned to such term in “*Annex C-2024 Unaudited Pro Forma Consolidated Financial Information*” of this Offering Circular;
- References to “**Prospectus Regulation**” have the meaning assigned to such term in “*Notice to Prospective Investors in the European Economic Area and in the United Kingdom*” of this Offering Circular;
- References to “**PwC**” are to PricewaterhouseCoopers S.p.A.;
- References to “**QIBs**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Qualified Investors**” have the meaning assigned to such term in “*Notice to Prospective Investors in the European Economic Area and in the United Kingdom*” of this Offering Circular;
- References to “**Qualified Share Depository**” have the meaning assigned to such term in “*Taxation*” of this Offering Circular;
- References to “**RAEWW**” are to the Greek Regulatory Authority for Energy, Waste and Water;
- References to “**Record Date**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Registration Document**” have the meaning assigned to such term in “*Notice to Prospective Investors in the Republic of Italy*”;
- References to “**Regulation S**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Related Party**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;
- References to “**Related Party Transactions**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;
- References to “**Relevant Persons**” have the meaning assigned to such term in “*Notice to Prospective Investors in the European Economic Area and in the United Kingdom*” of this Offering Circular;

- References to “**Remaining New Shares**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Remaining Underwritten New Shares**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Revolving Loan Agreement**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**Rights**” have the meaning assigned to such term in the cover page of this Offering Circular;
- References to “**Rights Auction**” have the meaning assigned to such term in the cover page of this Offering Circular;
- References to “**Rule 144A**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**S&P**” have the meaning assigned to such term in “*Risk Factors*” of this Offering Circular;
- References to “**Securities Act**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Seveso Directive**” have the meaning assigned to such term in “*Risk Factors*” of this Offering Circular;
- References to “**Shareholders**” are to the shareholders of the Issuer;
- References to “**Siciliacque**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**SME**” have the meaning assigned to such term in “*Taxation*” of this Offering Circular;
- References to “**Snam**” are to Snam S.p.A.;
- References to “**Snam Group**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;
- References to “**Strategic Plan**” and “**2024-2030 Strategic Plan**” have the meaning assigned to such term in “*Risk Factors*” of this Offering Circular;
- References to “**Subscription Period**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Subscription Price**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Subscription Ratio**” have the meaning assigned to such term on the cover page of this Offering Circular;
- References to “**Supervisory Body**” have the meaning assigned to such term in “*Risk Factors*” of this Offering Circular;
- References to “**SVCP**” have the meaning assigned to such term in “*Risk Factors*” of this Offering Circular;
- References to “**TAR**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;

- References to "**Target Market Assessment**" have the meaning assigned to such term in "*Information to Distributors*" of this Offering Circular;
- References to "**Target Market Assessment Under the UK Product Governance Requirements**" have the meaning assigned to such term in "*Information to Distributors*" of this Offering Circular;
- References to "**TE**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**TE Contract**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**TE EIB Loan**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**TE EIB Loan Agreement**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**TE Shares of Alia**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**TEE**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**Tender Criteria Decree** have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**Tobin Tax**" have the meaning assigned to such term in "*Taxation*" of this Offering Circular;
- References to "**Toscana Energia Call Option**" have the meaning assigned to such term in "*Business Description—Material Contracts—Italgas Group—Other Contracts— Toscana Energia Call Option*";
- References to "**UK Product Governance Requirements**" have the meaning assigned to such term in "*Information to Distributors*" of this Offering Circular;
- References to "**UK Prospectus Regulation**" have the meaning assigned to such term in "*Notice to Prospective Investors in the European Economic Area and in the United Kingdom*" of this Offering Circular;
- References to "**Unaudited Interim Condensed Consolidated Financial Statements**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**Underwriters**" have the meaning assigned to such term in "*Notice to Prospective Investors*";
- References to "**Underwriting Agreement**" are to the Underwriting Agreement dated May 28, 2025 entered into by the Underwriters and the Issuer;
- References to "**U.S. Holder**" have the meaning assigned to such term in "*Taxation-United States Federal Income Tax Considerations*" of this Offering Circular;
- References to "**Veolia Group**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**Vianini Lavori**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;

- References to “**we**,” “**us**,” and “**our**” refer to the Company or the Group, as the context may require;
- References to “**White List**” have the meaning assigned to such term in “*Taxation*” of this Offering Circular;
- References to “**2i Rete Gas**” are to 2i Rege Gas S.p.A;
- References to “**2i Rete Gas Group**” are to 2i Rete Gas and its controlled subsidiaries, or any one or more of them, as the context may require;
- References to “**2i Rete Gas Reverse Stock Split**” are to the reverse stock split of 2i Rete Gas in a ratio of one new share for every 220,000 shares, with the consequent amendment of the articles of association of 2i Rete Gas, resolved by the extraordinary shareholders' meeting of 2i Rete Gas on April 9, 2025 and effective as of April 16, 2025;
- References to “**2i RG Related Parties**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;
- References to “**2i RG Related Party Transactions**” have the meaning assigned to such term in “*Related-Party Transactions*” of this Offering Circular;
- References to “**2i RG 2022 Consolidated Financial Statements**” have the meaning assigned to such term in “*Presentation of Financial and Other Information*” of this Offering Circular;
- References to “**2i RG 2023 Consolidated Financial Statements**” have the meaning assigned to such term in “*Presentation of Financial and Other Information*” of this Offering Circular;
- References to “**2i RG 2024 Consolidated Financial Statements**” have the meaning assigned to such term in “*Presentation of Financial and Other Information*” of this Offering Circular;
- References to “**2iRG EIB Loan Agreements**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG EIB 1 Loan**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG EIB 1 Loan Agreement**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG EIB 2 Loan**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG EIB 2 Loan Agreement**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG Notes”** have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG 2024 Revolving Loan**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG 2024 Revolving Loan Agreement**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG 2024 Term Loan**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;
- References to “**2iRG 2024 Term Loan Agreement**” have the meaning assigned to such term in “*Business Description*” of this Offering Circular;

- References to "**2i Servizi Energetici**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**2022 Consolidated Financial Statements**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**2023 Consolidated Financial Statements**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**2024 Remuneration Report**" have the meaning assigned to such term in "*Documents Incorporated by Reference*" of this Offering Circular;
- References to "**2024 Term Loan**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**2024 Term Loan Agreement**" have the meaning assigned to such term in "*Business Description*" of this Offering Circular;
- References to "**2024 Unaudited Pro Forma Consolidated Financial Information**" have the meaning assigned to such term in "*Presentation of Financial and Other Information*" of this Offering Circular;
- References to "**2025 Guidance**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular; and
- References to "**2025 ISP Loan Agreement**" have the meaning assigned to such term in "*Risk Factors*" of this Offering Circular.

Please see "*Glossary*" for a list of technical terms used in this Offering Circular.

SUMMARY

This summary highlights selected information about the Company, the Group and the Offering contained elsewhere in this Offering Circular. This summary is not complete and does not contain all the information you should consider before investing in the New Shares. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Circular, including the sections titled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Capitalization*," and "*Business Description*," as well as the Consolidated Financial Statements and the notes thereto included in this Offering Circular. Please refer to "*Currency and Definitions—Definitions*" for the definition of certain terms used in this summary. You should read the entire Offering Circular carefully before making any investment decision.

Overview

The Group is the leading operator in the distribution of natural gas in Italy and Greece. For over 185 years, we have been distributing gas throughout Italy and, starting from 2022, throughout Greece. The natural gas distribution business is highly regulated both in Italy and Greece, under the authority of the ARERA and the RAEWW, respectively. We are also active in the water services, energy efficiency and information technology sectors, with more than 6,500 employees across the segments in which we operate, 12.9 million customers served in Italy and Greece, approximately 154,000 kilometers of networks and more than 13 billion cubic meters of gas distributed every year.

The ordinary shares of Italgas, parent company of the Group, are traded on Euronext under the symbol "IG."

The Acquisition

On October 5, 2024, the Company entered into a definitive agreement with F2i SGR S.p.A., in the name, on behalf of F2i Terzo Fondo per le Infrastrutture and Finavias S.à r.l., as sellers, relating to the acquisition of 2i Rete Gas. A summary description of the terms and conditions of the Acquisition Agreement is set forth under "*Business Description—Material Contracts—Italgas Group—Other Contracts—Acquisition Agreement*."

On April 1, 2025, marking a pivotal moment in our history and establishing our Group as the European leader in gas distribution, we completed the Acquisition. On April 9, 2025, the shareholders' meeting of 2i Rete Gas approved the 2i Rete Gas Reverse Stock Split, which became effective on April 16, 2025. As a result, Italgas currently holds 100% of the share capital of 2i Rete Gas, and the 2i Rete Gas Group forms part of the Group.

In connection with the authorization to consummate the Acquisition, the AGCM ordered certain remedies, including divestitures and behavioral measures, as further described in this Offering Circular.

SUMMARY OF THE OFFERING

Ordinary Shares Outstanding as of June 2, 2025	811,753,913 Ordinary Shares.
New Shares offered	202,938,478 Ordinary Shares.
Ordinary Shares Outstanding after Offering	1,014,692,391 Ordinary Shares.
Subscription Price	€5.026 per New Share.
Subscription Ratio and Rights	Each Shareholder will receive one Right for every Ordinary Share of the Issuer registered in its securities account on the Record Date. Recipients or purchasers of Rights will be entitled to subscribe at the Subscription Price for one (1) New Share for every four (4) Rights held. Fractions of New Shares will not be issued and any fractions arising through the exercise of Rights will be rounded down to the nearest whole New Share.
Trading of Rights	From the start of business on June 2, 2025 until the close of business on June 13, 2025, Shareholders of Italgas may trade their Rights on Euronext.
Subscription Period	Rights must be exercised between the start of business on June 2, 2025 and the close of business on June 19, 2025 (the "**Exercise Date**").
Unsubscribed Rights	Any Rights not exercised by shareholders or their transferees by the Exercise Date will be forfeited by the holders thereof without compensation and will be offered by Italgas to the public in the Rights Auction on Euronext for at least two trading days. See "*The Offering—Rights Auction*." The Rights Auction (if any) will take place following the Subscription Period. The dates of commencement and end of the Rights Auction will be announced by the Company in a press release. Should all New Shares be subscribed by the end of the Subscription Period, and should there not be a Rights Auction, the Company will announce any resulting changes to the Offering timeline on its website.
Exercise of Rights	Each holder of Rights may exercise all or only part of its Rights. Rights shall be exercised by delivering a duly executed subscription form in accordance with the rules of Monte Titoli S.p.A., the Italian centralized securities clearing system ("**Monte Titoli**"). Subscription forms will be available during the Subscription Period from authorized financial intermediaries who are account holders with Monte Titoli. Investors located in the United States must also deliver to Italgas a representation letter in the form of Annex B attached to this Offering Circular in order to subscribe for shares in the Rights Offering. Investors wishing to exercise Rights during the Subscription Period must deliver subscription forms prior to the Exercise Date. Investors wishing to exercise Rights during the Rights Auction (if any) must deliver subscription forms prior to the Second Exercise Date. For further details on how to exercise Rights see "*The Offering*." Each holder of Rights who wishes to exercise such Rights should consult with the financial institution through which it holds such Rights as to the manner and timing of exercise and the form of exercise documentation, as well as the method of payment of the Subscription Price and other related matters required to effect such exercise.

CDP Reti Subscription Commitment	As of the date hereof, CDP Reti holds shares amounting to a total interest in Italgas of 25.961%. CDP Reti has irrevocably undertaken to subscribe all the New Shares that it will be entitled to subscribe in line with its existing interest in Italgas's share capital, for a maximum aggregate amount of approximately €265 million, thereby allowing CDP Reti to maintain its current percentage interest in Italgas following the issuance of the New Shares (the "**CDP Reti Subscription Commitment**"). The CDP Reti Subscription Commitment is not backed by any collateral and is subject to certain conditions. See "*Principal Shareholders*" for further information.
Payment for New Shares	Payment of the Subscription Price will be made through the authorized financial intermediary with whom each subscriber has its deposit account.
Delivery of New Shares	Subject to any delays beyond the control of the Company, the New Shares subscribed for on or before: (i) the last day of the Subscription Period will be delivered to the accounts of authorized financial intermediaries of Monte Titoli, the Italian centralized securities clearing system, at the end of the settlement on the last day of the Subscription Period and will become available on the same date; and (ii) the Second Exercise Date, if any, will be delivered to the accounts of authorized financial intermediaries of Monte Titoli on the Second Exercise Date and will become available on the same date. For further information, see "*The Rights Offering*."
Cum-Rights Trading	The Ordinary Shares will trade with Rights ("**Cum-Rights**") on Euronext until and including May 30, 2025.
Record Date..	The Record Date for the purpose of determining entitlement to Rights is June 3, 2025. At the start of business on June 2, 2025, the Rights will be credited through the book-entry system of Monte Titoli to the accounts of persons who held Ordinary Shares on the Record Date.
Ex-Rights Trading	The ex-Rights date for the Ordinary Shares is June 2, 2025. The Ordinary Shares will trade on Euronext without Rights on and after that date
Restrictions on Ability of Certain Holders of Ordinary Shares or Other Investors to Participate	The Rights Offering and the Rights Auction are addressed only to persons to whom it may lawfully be made. The distribution of this Offering Circular, the exercise of any Rights and the subscription for and purchase of any New Shares may be restricted by law. Persons into whose possession this Offering Circular comes or who wish to exercise any Rights or subscribe for New Shares must inform themselves about and observe any such restrictions. Shareholders resident in all countries outside Italy, but in particular those resident in such countries as Australia, Canada, Swizerland, Brazil or Japan, may not exercise Rights or subscribe for New Shares other than to the limited extent permitted by the securities laws and regulations of the relevant countries. See "*Purchase of Remaining New Shares by the Underwriters—Selling Restrictions*." Shareholders who do not wish to exercise, or who are prohibited from exercising, the Rights credited to their accounts may sell such Rights on Euronext between June 2, 2025 and June 13, 2025. Neither the Rights nor the New Shares have been, or will be, registered under the Securities Act or the securities laws of any state in the United States, and such Rights and New Shares may only be offered or sold as part of the

Offering: (i) outside the United States to certain institutional investors in offshore transactions in reliance on Regulation S, or (ii) within the United States to QIBs in transactions that do not involve a public offering in accordance with Section 4(a)(2) of the Securities Act or, with respect to the resale of the New Shares, on Rule 144A or another exemption from the registration requirements of the Securities Act.

Each person who is located in the United States who wishes to exercise any Rights or subscribe for New Shares, will be required as a condition of such exercise and subscription, to complete and return to Italgas, and to the financial intermediary through which its Rights are held, a representation letter in the form set out in Annex B to this Offering Circular. Each other person who exercises any Rights and subscribes for New Shares will be deemed to represent and warrant to Italgas and the Underwriters that it can lawfully acquire the New Shares and, in particular, that it and the person, if any, for whose account or benefit it is acquiring such New Shares: (i) is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from the registration requirements of the Securities Act and (ii) is aware that the New Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S and in the United States only to QIBs in transactions that are exempt from registration under the Securities Act. Further, each investor that exercises Rights and subscribes for New Shares shall be deemed to acknowledge and agree that Italgas, the Underwriters, their respective affiliates and others may rely upon the truth and accuracy of the foregoing representation and warranty.

Transfer Restrictions................................. The Rights may only be transferred outside the United States in compliance with Rule 903 or Rule 904 under Regulation S and in compliance with applicable securities laws and regulations of all relevant jurisdictions.

Any Rights or New Shares offered and sold to investors located in the United States will be "restricted securities" (as defined in Rule 144 under the Securities Act) and such Rights or New Shares may not be reoffered, resold, pledged or otherwise transferred, except: (i) outside the United States in accordance with Rule 903 or Rule 904 under Regulation S; (ii) in the case of the New Shares, (a) to a QIB in a transaction not involving a public offering that is exempt from registration under the Securities Act and that meets the requirements of Rule 144A; (b) pursuant to an effective registration statement under the Securities Act; or (c) in accordance with Rule 144 under the Securities Act; and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Role of the Underwriters; Remaining Underwritten New Shares.......................... Any New Shares not subscribed for following the close of the Rights Auction (i.e., the Remaining New Shares), up to a maximum aggregate amount of approximately €755 million will be subscribed for by the Underwriters in accordance with, and subject to, the terms and conditions of the Underwriting Agreement (the "**Remaining Underwritten New Shares**"). See "*Purchase of Remaining New Shares by the Underwriters*."

Lock-Up Agreement.................................. The Underwriting Agreement, as described under "*Purchase of Reminaing New Shares by the Underwriters*," provides that, starting from the date of execution of the Underwriting Agreement and for the 180 days after the closing date of the Offering, neither the Company nor any of its affiliates will, without the prior written consent of the Joint Global Coordinators, (A) issue, offer, pledge, sell, contract to sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any ordinary shares of the Company, or any securities convertible into or exercisable or exchangeable for ordinary shares of the Company, or announce any of the aforementioned transactions; or (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any ordinary shares of the Company or announce any of the aforementioned transactions, whether any such transaction described in (A) or (B) above is to be settled by delivery of ordinary shares, in cash or otherwise, or (C) publicly announce such an intention to effect any such transaction.

The foregoing undertakings are subject to certain exceptions. See "*Purchase of Reminaing New Shares by the Underwriters*" for further information.

Risk Factors	Investing in Italgas's Rights and/or New Shares involves risks. Prior to making an investment decision, prospective investors should carefully consider the matters discussed under "*Risk Factors*."
Use of Proceeds	Assuming that the Rights Offering is fully subscribed, we estimate that the net proceeds from the Rights Offering will be approximately €994.2 million. Total expenses related to the Rights Offering, including underwriting fees and other costs, are expected to amount to approximately €25.8 million. Italgas intends to use such proceeds, as described under "*Use of Proceeds*."
Dilution	Shareholders who will exercise in full their Rights to subscribe New Shares will suffer no dilution of their holdings of our share capital at the Record Date. Shareholders who do not exercise their Rights or do not subscribe the entire quota pertaining to them would suffer dilution of their proportionate interest in the total share capital up to a maximum of 20%, assuming full subscription of the Offering, as described further under "*Dilution*."
Rights ISIN..	During the Subscription Period (including the period during which Shareholders or their transferees may trade their Rights on Euronext), the Rights will have the following ISIN: IT0005651549. During the Rights Auction, any Rights not exercised by Shareholders or their transferees by the Exercise Date will have the following ISIN: IT0005651556.
Ordinary Shares ISIN	The New Shares will be fungible with the existing Ordinary Shares and will therefore have the same ISIN as the existing Ordinary Shares: IT0005211237.

This timetable is indicative and may be subject to change if some events or circumstances outside Italgas's control occur, which could prejudice the success of the Offering. Changes to the Subscription Period, if any, will be announced by Italgas on its website (www.italgas.it).

All time references to times above are to Italian time. Investors are urged to consult with an authorized financial intermediary, Monte Titoli or Borsa Italiana, for the specific times, during which, they may exercise Rights or subscribe for New Shares.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

Italgas Group's Summary Financial Information and Other Financial Data

The following summary consolidated financial information as of and for the three-month periods ended March 31, 2024 and 2025 as well as of and for the years ended December 31, 2022, 2023 and 2024 has been derived from, and should be read in conjunction with, the Consolidated Financial Statements, included elsewhere in this Offering Circluar. This section also contains certain non-IFRS measures that are used by the Company's management to monitor the Italgas Group's economic, financial and operating performance. See also "Presentation of Financial and Other Information," "Risk Factors," "Capitalization"and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Consolidated Income Statement Information

The following table shows the Company's interim condensed consolidated income statement for the three-month periods ended March 31, 2024 and 2025.

	For the three-month period ended March 31,			
	2024	*of which related parties*	**2025**	*of which related parties*
	(in € thousands)			
Revenues	570,849	*257,839*	643,747	*286,563*
Other income	16,224	*1,650*	17,848	*1,489*
Total revenues and other income	**587,073**		**661,595**	
Costs for raw materials, consumables, supplies and goods	(26,319)	*(3,202)*	(22,797)	*(3,005)*
Costs for services	(127,087)	*(2,499)*	(129,063)	*(2,618)*
Lease expenses	(23,814)	*(344)*	(25,644)	*(352)*
Personnel costs	(69,163)		(70,938)	
Other expenses	(15,982)	*(15,833)*	(10,000)	*(12,427)*
Total costs and other expenses	**(262,365)**		**(258,442)**	
Amortisation, depreciation and impairment of assets	**(131,969)**		**(123,382)**	
Operating result	**192,739**		**279,771**	
Financial expense	(33,226)		(41,687)	
Financial income	7,061		7,003	
Gain/(loss) on derivative financial instruments measured at fair value	140		(116)	
Total net financial expense	**(26,025)**		**(34,800)**	
Share of the profit of investments in associates / joint ventures	3,733	*3,733*	2,495	*2,495*
Other income (expense) from equity investments	41		39	
Total net income from equity investments	**3,774**		**2,534**	
Profit before taxes	**170,488**		**247,505**	
Income taxes	45,245		68,154	
Profit for the period	**125,243**		**179,351**	
Attributable to:				
Owners of the parent company	117,532		168,765	
Non-controlling interests	7,711		10,586	
Earnings per share (€ per share)				
- basic and diluted from continuing operations	0.14		0.21	
- total basic and diluted	0.14		0.21	

The following table shows the Company's consolidated income statement for the years ended December 31, 2022, 2023 and 2024.

	For the year ended December 31,					
	2022	*of which related parties*	**2023**	*of which related parties*	**2024**	*of which related parties*
			(in € thousands)			
Revenues	2,182,712	*(229,456)*	2,564,193	*45,865*	2,478,644	*744,304*
Other income	129,764	*17,863*	74,648	*3,129*	60,792	*6,835*
Total revenues and other income	**2,312,476**		**2,638,841**		**2,539,436**	
Costs for raw materials, consumables, supplies and goods	(154,746)	*(9,325)*	(195,869)	*(14,166)*	(168,459)	*(6,622)*
Costs for services	(654,094)	*(6,853)*	(792,394)	*(13,300)*	(604,545)	*(10,198)*
Lease expenses	(102,319)	*(1,021)*	(89,133)	*(1,125)*	(102,496)	*(1,235)*
Personnel costs	(257,492)		(276,800)		(285,133)	
Allocations to provisions for risks and charges, net	1,797		-		-	
Impairment of trade receivables, net	342		(124)		822	
Other expenses	(25,440)	*(155,131)*	(57,718)	*(72,858)*	(60,921)	*(86,154)*
Total costs and other expenses	**(1,191,952)**		**(1,412,038)**		**(1,220,732)**	
Amortisation, depreciation and impairment of assets	**(479,186)**		**(545,546)**		**(536,555)**	
Operating result	**641,338**		**681,257**		**782,149**	
Financial expense	(61,367)		(103,642)	-	(149,566)	*(1,171)*
Financial income	4,043		5,490	*1*	28,521	*253*
Gain/(loss) on derivative financial instruments measured at fair value	1,049		(77)		379	
Total net financial expense	**(56,275)**		**(98,229)**		**(120,666)**	
Share of the profit of investments in associates / joint ventures	662	*662*	1,652	*1,652*	9,945	*9,945*
Dividends	48	*48*	-	-	-	-
Other income (expense) from equity investments	2,722		1,416	*25*	1,264	
Total net income from equity investments	**3,432**		**3,068**		**11,209**	
Profit before taxes	**588,495**		**586,096**		**672,692**	
Income taxes	152,369		118,625		165,257	
Profit for the year	**436,126**		**467,471**		**507,435**	
Attributable to:						
Owners of the parent company	407,288		439,568		478,854	
Non-controlling interests	28,838		27,903		28,581	
Earnings per share (€ per share)						
- basic and diluted from continuing operations	0.50		0.54		0.59	
- total basic and diluted	0.50		0.54		0.59	

The following table shows Company's consolidated statement of comprehensive income for the years ended December 31, 2022, 2023, 2024 and the Company's interim condensed consolidated statement of comprehensive income for the three-month periods ended March 31, 2024 and 2025.

	For the year ended December 31,			For the three-month period ended March 31	
	2022	2023	2024	2024	2025
			(in € thousands)		
Profit for the year / period	**436,126**	**467,471**	**507,435**	**125,243**	**179,351**
Other comprehensive income					
Components that may be reclassified subsequently to the income statement:					
Fair value gain/(loss) arising from hedging instruments during the period	56,593	(21,637)	(13,543)	(612)	(430)
Tax effect	(13,582)	5,192	3,251	147	103
Total components that may be reclassified subsequently to the income statement	**43,011**	**(16,445)**	**(10,292)**	**(465)**	**(327)**
Components that will not be reclassified to the income statement:					
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	11,659	222	(626)	(107)	-
Change in fair value of investments measured at FVTOCI	802	(515)	112	317	165
Tax effect	(3,458)	75	142	(59)	(46)
Total components that will not be reclassified to the income statement	**9,003**	**(218)**	**(372)**	**151**	**119**
Total other components of comprehensive income, net of tax effect	**52,014**	**(16,663)**	**(10,664)**	**(314)**	**(208)**
Total comprehensive income for the year / period	**488,140**	**450,808**	**496,771**	**124,929**	**179,143**
Attributable to Owners of the parent company	**458,853**	**423,790**	**467,371**	**117,258**	**168,557**
Attributable to non-controlling interests	**29,287**	**27,018**	**29,400**	**7,671**	**10,586**

Consolidated Statement of Financial Position Information

The following table shows the Company's consolidated statement of financial position as of December 31, 2022, 2023, 2024 and the Company's interim condensed consolidated statement of financial position as of March 31, 2025.

	As of December 31,						As of March 31,	
	2022	*of which related parties*	**2023**	*of which related parties*	**2024**	*of which related parties*	***2025***	*of which related parties*
	(in € thousands)							
ASSETS								
Cash and cash equivalents	451,946		249,963		402,662		2,573,196	
Current financial assets	5,770	*2,246*	4,248	*2,127*	3,592	*2,125*	4,968	*2,125*
Trade and other receivables	1,142,950	*28,586*	853,488	*184,114*	905,092	*234,138*	971,146	*237,183*
Inventories	120,486		79,052		57,232		58,282	
Current tax receivables	8,703		17,475		-		-	
Other current financial assets	17,455		18,094		5,878		5,803	
Other current non-financial assets	80,775	*4*	152,864	*2*	232,559	*288*	241,649	*590*
Total current assets	**1,828,085**		**1,375,184**		**1,607,015**		**3,855,044**	
Property, plant and equipment	379,026		386,040		383,327		390,354	
Intangible assets	8,509,368		8,772,609		8,833,270		8,859,155	
Investments accounted for using the equity method	47,243		131,771		155,715		158,210	
Non-current financial assets	22,945	*612*	23,778	*3,655*	339,747	*1,570*	341,762	*1,595*
Non-current tax receivables	54,862		12,876		17,612		17,357	
Other non-current financial assets	35,442		13,708		10,982		10,512	
Other non-current non-financial assets	153,575	*232*	417,069	*287*	619,322	*406*	571,263	*455*
Total non-current assets	**9,202,461**		**9,757,851**		**10,359,975**		**10,348,613**	
Assets held for sale	**11**		**6,613**		**5,351**		**4,871**	
TOTAL ASSETS	**11,030,557**		**11,139,648**		**11,972,341**		**14,208,528**	
LIABILITIES AND EQUITY								
Current financial liabilities	142,437	*118*	1,033,434	*636*	980,569	*4,580*	1,948,796	*5,024*
Trade and other payables	1,197,117	*444,040*	829,862	*65,775*	1,184,609	*64,410*	1,194,778	*71,292*
Current tax liabilities	16,105		20,448		25,562		104,924	
Other current financial liabilities	290		-		-		-	
Other current non-financial liabilities	30,072	*194*	17,393	*222*	14,063	*1,093*	26,140	*1,269*
Total current liabilities	**1,386,021**		**1,901,137**		**2,204,803**		**3,274,638**	
Non-current financial liabilities	6,402,913	*(2,048)*	5,886,922	*1,566*	6,205,299	*141,566*	7,201,568	*141,791*
Provisions for risks and charges	144,277		109,851		92,122		87,277	
Provisions for employee benefits	69,917		65,330		61,279		59,207	
Deferred tax liabilities	91,633		47,780		48,345		36,768	
Other non-current financial liabilities	34		-		-		-	
Other non-current non-financial liabilities	545,192		527,884		566,985		575,529	
Total non-current liabilities	**7,253,966**		**6,637,767**		**6,974,030**		**7,960,349**	
TOTAL LIABILITIES	**8,639,987**		**8,538,904**		**9,178,833**		**11,234,987**	
EQUITY								
Share capital	1,002,608		1,003,228		1,003,844		1,004,478	
Other reserves	202,360		191,529		175,584		175,613	
Retained earnings	496,006		645,747		799,635		1,278,489	
Profit for the year	407,288		439,568		478,854		168,765	

	As of December 31,						As of March 31,	
	2022	*of which related parties*	2023	*of which related parties*	2024	*of which related parties*	*2025*	*of which related parties*
				(in € thousands)				
Equity attributable to the Owners of the parent company	**2,108,262**		**2,280,072**		**2,457,917**		**2,627,345**	
Non-controlling interests	**282,308**		**320,672**		**335,591**		**346,196**	
TOTAL EQUITY	**2,390,570**		**2,600,744**		**2,793,508**		**2,973,541**	
TOTAL LIABILITIES AND EQUITY	**11,030,557**		**11,139,648**		**11,972,341**		**14,208,528**	

Summary Consolidated Statement of Cash Flows Information

The following table shows summary cash flow information from the Company's consolidated statement of cash flows for the years ended December 31, 2022, 2023, 2024 and the Company's interim condensed consolidated statement of cash flows for the three-month periods ended March 31, 2024 and 2025.

	For the year ended December 31,			For the three-month period ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
			(in € thousands)		
Net cash from operating activities (A)	548,169	572,672	1,098,715	341,621	412,154
Net cash used in investing activities (B)	(1,283,826)	(857,604)	(809,134)	(199,586)	(226,838)
Net cash from / (used in) financing activities (C)	(204,160)	82,949	(136,882)	218,499	1,985,218
Net cash flow for the year (A+B+C)	**(939,817)**	**(201,983)**	**152,699**	**360,534**	**2,170,534**
Opening cash and cash equivalents	**1,391,763**	**451,946**	**249,963**	**249,963**	**402,662**
Closing cash and cash equivalents	**451,946**	**249,963**	**402,662**	**610,497**	**2,573,196**

Other financial data

The tables below show, as of and for the years ended December 31, 2022, 2023 and 2024, and as of and for the three-month periods ended March 31, 2024 and 2025, certain non-IFRS measures used by the management to monitor the financial and operating performance. See "*Presentation of Financial and Other Information—Non-IFRS measures*" for important information on non-IFRS measures and for a definition of the non-IFRS measures presented in the table below. For the definition of such non-IFRS measures, please see "*Presentation of Financial and Other Information—Non-IFRS measures*."

Some of the indicators contained below have been adjusted to present the operating and financial performance excluding the effects of transactions that management consider do not form part of the Company's ordinary course activities, as identified by the Italgas Group and set out below in more detail. The adjusted indicators refer to (i) Total revenues and other income adjusted, (ii) Adjusted EBITDA, (iii) Adjusted EBIT, (iv) Adjusted net profit attributable to the Group, (v) Capital Expenditure, and (vi) Net financial debt.

	As of and for the year ended December 31,			As of and for the three-month period ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
			(in € millions)		
Total revenues and other income adjusted	1,537.3	1,774.8	1,778.8	431.3	459.3
Adjusted EBITDA	1,082.7	1,183.7	1,350.9	325.7	345.3
Adjusted EBIT	622.8	681.2	820.7	192.7	225.4
Adjusted net profit attributable to the Group	395.7	439.6	506.6	117.5	132.6
Capital Expenditure	814.3	906.5	887.0	160.9	165.7
Net financial debt	6,035.1	6,634.3	6,762.8	n/a	6,555.9

Reconciliations of the following non-IFRS measures to the most directly comparable IFRS measures are presented in the tables below.

Total revenues and other income adjusted

Footnotes relating to each of the following tables on Total revenues and other income adjusted are found below the last table in this section.

The following table provides the reconciliation of Total revenues and other income adjusted for the years ended December 31, 2022, 2023, and 2024 as well as for the three-month periods ended March 31, 2024 and 2025.

	For the year ended December 31,			For the three-month period ended March 31,	
	2022	2023	2024	2024	2025
			(in € millions)		
Revenues	2,182.7	2,564.2	2,478.6	570.8	643.7
Other income	129.8	74.6	60.8	16.2	17.8
Total revenues and other income	**2,312.5**	**2,638.8**	**2,539.4**	**587.1**	**661.6**
Less:					
Revenues for infrastructure construction and improvements (IFRIC 12) (i)	(727.8)	(787.1)	(746.5)	(146.8)	(136.2)
Release of connection contributions relating to the year (ii)	(19.2)	(19.2)	(19.0)	(4.7)	(4.6)
Reimbursement of faulty meters (ii)	(2.3)	(5.8)	(16.6)	(0.7)	(1.7)
Repayments from third parties (iii)	(7.3)	(8.8)	(14.3)	(3.6)	(5.4)
Other reimbursement (iii)	-	(0.4)	(0.1)	-	-
Works performed on behalf of the Campania region of Italy (iii)	-	-	(2.6)	-	(0.0)
Capital gain from the transfer and sale of Medea's transport assets to ERG (iv)	(5.1)	-	-	-	-
Recognition of Janagas's assets at *fair value* (iv)	(13.5)	-	-	-	-
Contribution pursuant to ARERA Resolution no. 737/2022/R/gas (v)	-	(42.7)	-	-	-
Revenues from Gas distribution in start-up locations (vi)	-	-	4.6	-	-
Reimbursements for smart metering/remote management for the years 2011-2016 (vi)	-	-	9.9	-	-
Prize for the security of the Gas distribution service for year 2020 (vi)	-	-	24.0	-	-
Revenues pursuant to Resolution no. 87/2025/R/gas (ix)	-	-	-	-	(54.4)
Total revenues and other income adjusted	**1,537.3**	**1,774.8**	**1,778.8**	**431.3**	**459.3**

The following tables provide the reconciliation of Total revenues and other income adjusted by operating segment for the three-month periods ended March 31, 2025 and 2024.

	For the three-month period ended March 31, 2025					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
			(in € millions)			
Total revenues and other income	**626.9**	**24.1**	**15.1**	**21.8**	**(26.3)**	**661.6**
Revenues for infrastructure construction and improvements (IFRIC 12) (i)	(135.9)	(0.3)	-	-	-	(136.2)
Release of connection contributions relating to the year (ii)	(4.6)	-	-	-	-	(4.6)
Reimbursement of faulty meters (ii)	(1.7)	-	-	-	-	(1.7)
Repayments from third parties (iii)	(5.7)	(0.3)	-	-	0.6	(5.4)
Revenues pursuant to Resolution no. 87/2025/R/gas (ix)	(54.4)	-	-	-	-	(54.4)
Total revenues and other income adjusted	**424.6**	**23.5**	**15.1**	**21.8**	**(25.7)**	**459.3**

	For the three-month period ended March 31, 2024					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
			(in € millions)			
Total revenues and other income	**565.1**	**14.1**	**11.9**	**22.1**	**(26.1)**	**587.1**
Revenues for infrastructure construction and improvements (IFRIC 12) (i)	(146.3)	(0.4)	(0.1)	-	-	(146.8)
Release of connection contributions relating to the year (ii)	(4.7)	-	-	-	-	(4.7)
Reimbursement of faulty meters (ii)	(0.7)	-	-	-	-	(0.7)
Repayments from third parties (iii)	(4.0)	-	-	-	0.4	(3.6)
Total revenues and other income adjusted	**409.4**	**13.7**	**11.8**	**22.1**	**(25.7)**	**431.3**

The following tables provide the reconciliation of Total revenues and other income adjusted by operating segment for the years ended December 31, 2024, 2023 and 2022.

	For the year ended December 31, 2024					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
			(in € millions)			
Total revenues and other income	**2,408.4**	**99.1**	**48.6**	**85.3**	**(102.0)**	**2,539.4**
Revenues for infrastructure construction and improvements (IFRIC 12) (i)	(744.3)	(1.8)	(0.4)	-	-	(746.5)
Release of connection contributions relating to the year (ii)	(19.0)	-	-	-	-	(19.0)
Reimbursement of faulty meters (ii)	(16.6)	-	-	-	-	(16.6)
Repayments from third parties (iii)	(14.3)	-	-	-	-	(14.3)
Other reimbursement (iii)	(0.1)	-	-	-	-	(0.1)
Works performed on behalf of the Campania region of Italy (iii)	-	(2.6)	-	-	-	(2.6)
Revenues from Gas distribution in start-up locations (vi)	4.6	-	-	-	-	4.6
Reimbursements for smart metering/remote management for the years 2011-2016 (vi)	9.9	-	-	-	-	9.9
Prize for the security of the Gas distribution service for year 2020 (vi)	24.0	-	-	-	-	24.0
Total revenues and other income adjusted	**1,652.7**	**94.7**	**48.2**	**85.3**	**(102.0)**	**1,778.8**

	For the year ended December 31, 2023					
	Gas distribution	Water service (vii)	Energy efficiency	Corporate (vii)	Inter-segment eliminations	**Total**
			(in € millions)			
Total revenues and other income	**2,344.9**	**11.0**	**299.9**	**82.7**	**(99.8)**	**2,638.8**
Revenues for infrastructure construction and improvements (IFRIC 12) (i)	(783.9)	(2.3)	(0.9)	-	-	(787.1)
Release of connection contributions relating to the year (ii)	(19.2)	-	-	-	-	(19.2)
Reimbursement of faulty meters (ii)	(5.8)	-	-	-	-	(5.8)
Repayments from third parties (iii)	(8.8)	-	-	-	-	(8.8)
Other reimbursement (iii)	(0.4)	-	-	-	-	(0.4)
Contribution pursuant to ARERA Resolution no. 737/2022/R/gas (v)	(42.7)	-	-	-	-	(42.7)
Total revenues and other income adjusted	**1,484.2**	**8.8**	**299.0**	**82.7**	**(99.8)**	**1,774.8**

	For the year ended December 31, 2022					
	Gas distribution	Water service (vii)	Energy efficiency(viii)	Corporate (vii)	Inter-segment eliminations	**Total**
	(in € millions)					
Total revenues and other income	**2,145.7**	**11.8**	**156.0**	**101.2**	**(102.2)**	**2,312.5**
Revenues for infrastructure construction and improvements (IFRIC 12) (i)	(724.9)	(2.7)	(0.2)	-	-	(727.8)
Release of connection contributions relating to the year (ii)	(19.2)	-	-	-	-	(19.2)
Reimbursement of faulty meters (ii)	(2.3)	-	-	-	-	(2.3)
Repayments from third parties (iii)	(7.3)	-	-	-	-	(7.3)
Capital gain from the transfer and sale of Medea's transport assets to ERG (iv)	(5.1)	-	-	-	-	(5.1)
Recognition of Janagas's assets at fair value (iv)	(13.5)	-	-	-	-	(13.5)
Total revenues and other income adjusted	**1,373.4**	**9.1**	**155.8**	**101.2**	**(102.2)**	**1,537.3**

(i) Revenues and costs for infrastructure construction and improvements, arising from service concession arrangements, are recognized in accordance with IFRIC 12. These amounts are included equally in both *Total revenues and other income* and *Total costs and other expenses*, with no effect on operating result.

(ii) Release of connection contributions relating to the year and Reimbursement of faulty meters refer to "pass-through" costs associated with the replacement of connections and meters and they are included in *Other income*. These costs are fully recoverable by Italgas Group through separate charges, with no impact on the operating result.

(iii) Repayments from third parties and Other reimbursement refer to "pass-through" costs, they are included in *Other income,* and are fully recoverable by the Italgas Group through separate charges, with no impact on the operating result. These repayments primarily relate to the reimbursement of costs incurred by Medea, including the recharging of expenses for purchase of raw materials (LNG) and transportation costs. For the year ended December 31, 2024, works performed on behalf of Campania region of Italy refers to activities performed by Acqua Campania for the benefit of the Campania region of Italy and they are included in *Other income*.

(iv) Capital gain from the transfer and sale of Medea's transport assets to ERG, as well as the Recognition of Janagas's assets at *fair value*, are excluded from *Total revenues and other income*, being classified as "special items" for the fiscal year ended December 31, 2022. These items refer to the capital gain realized from the sale of Medea's transmission assets and the bargain recognized following the acquisition of the Janagas's assets, respectively.

(v) Revenues and costs related to ARERA Resolution n. 737/2022/R/gas affect the fiscal year ended December 31, 2023 and pertain to the reimbursement of the residual value of a specific class of smart meters (those not exceeding G6 caliber, produced until 2016 and activated by 2018). The contribution is included in *Other income* for €42.7 million, while charges are reflected in *Total costs and other expenses* for €18.8 million and impairment of faulty smart gas meters are included in *Amortisation, depreciation and impairment of assets* for €23.9 million, with no impact on the operating result.

(vi) Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated gas distribution revenues, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016;
- lower regulated gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the gas distribution service for the year 2020.

(vii) In 2023, the activities related to the water service business and corporate activities did not constitute operating segments subject to separate reporting. Following the acquisition of Acqua Campania in 2024, the Italgas Group started to report those segments separately in accordance with IFRS 8 – Segment Reporting. In 2024, the Italgas Group presented the water service segment and corporate segment for the years ended December 31, 2023 and 2022 for comparative purposes.

(viii) In 2022, the activities related to the energy efficiency business did not constitute an operating segment subject to separate reporting. Following the increase in the energy efficiency business 2023, the Group started to report this segment separately in accordance with IFRS 8 – Segment Reporting. In 2023, the Italgas Group presented energy efficiency segment for the year ended December 31, 2022 for comparative purposes.

(ix) Revenues pursuant to ARERA Resolution n.87/2025/R/gas affect the three-month period ended March 31, 2025 for €54.4 million and relates to revenue adjustments for gas distribution to cover the higher unit costs recognized for tariff purposes related to the years 2020-2024 resulting from the adoption of Resolution No. 87/2025/R/gas. This resolution introduces a revenues adjustments mechanism for gas distribution companies (based on the X-factor and other key elements). These revenues are included in *Revenues* of the Unaudited Interim Condensed Consolidated Financial Statements.

Adjusted EBITDA

Footnotes relating to each of the following tables on Adjusted EBITDA are found below the last table in this section.

The following table provides the reconciliation of Adjusted EBITDA for the years ended December 31, 2022, 2023 and 2024 as well as for the three-month periods ended March 31, 2024 and 2025.

	For the year ended December 31,			For the three-month period ended March 31,	
	2022	2023	2024	2024	2025
	(in € millions)				
Profit for the year / period	**436.1**	**467.5**	**507.4**	**125.2**	**179.4**
Income taxes	152.4	118.6	165.3	45.2	68.2
Other income from equity investments	(2.7)	(1.4)	(1.3)	(0.0)	(0.0)
Dividends	(0.0)	-	-	-	-
Share of the profit of investments in associates/joint ventures	(0.7)	(1.7)	(9.9)	(3.7)	(2.5)
Gain/(loss) on derivative financial instruments measured at fair value	(1.0)	0.1	(0.4)	(0.1)	0.1
Financial income	(4.0)	(5.5)	(28.5)	(7.1)	(7.0)
Financial expense	61.4	103.6	149.6	33.2	41.7
Amortisation, depreciation and impairment of assets	479.2	545.5	536.6	132.0	123.4
Release of connection contributions relating to the year (i)	(19.2)	(19.2)	(19.0)	(4.7)	(4.6)
Capital gain from the transfer and sale of Medea's transport assets to ERG (ii)	(5.1)	-	-	-	-
Recognition of Janagas's assets at fair value (ii)	(13.5)	-	-	-	-
Contribution pursuant to ARERA Resolution no. 737/2022/R/gas (iii)	-	(42.7)	-	-	-
Smart meter charges pursuant to ARERA Resolution no. 737/2022/R/gas (iii)	-	18.8	-	-	-
Revenues from Gas distribution in start-up locations (iv)	-	-	4.6	-	-
Reimbursements for smart metering/remote management for the years 2011-2016 (iv)	-	-	9.9	-	-
Prize for the security of the Gas distribution service for year 2020 (iv)	-	-	24.0	-	-
Use of provision for impairment of assets (faulty gas smart meters) (v)	-	-	12.6	5.7	1.1
Revenues pursuant to Resolution no. 87/2025/R/gas (viii)	-	-	-	-	(54.4)
Adjusted EBITDA	**1,082.7**	**1,183.7**	**1,350.9**	**325.7**	**345.3**

The following tables provide the reconciliation of Adjusted EBITDA by operating segment for the three-month periods ended March 31, 2025 and 2024.

	For the three-month period ended March 31, 2025					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
	(in € millions)					
Operating result	**278.1**	**1.3**	**1.1**	**(0.7)**	**-**	**279.8**
Amortisation, depreciation and impairment of assets	114.6	7.2	1.0	0.6	-	123.4
Release of connection contributions relating to the year (i)	(4.6)	-	-	-	-	(4.6)
Use of provision for impairment of assets (faulty gas smart meters) (v)	1.1	-	-	-	-	1.1
Revenues pursuant to Resolution no. 87/2025/R/gas (viii)	(54.4)	-	-	-	-	(54.4)
Adjusted EBITDA	**334.8**	**8.5**	**2.1**	**(0.1)**	**-**	**345.3**

	For the three-month period ended March 31, 2024					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
			(in € millions)			
Operating result	**191.9**	**1.0**	**(0.5)**	**0.4**	**-**	**192.7**
Amortisation, depreciation and impairment of assets	125.7	4.6	1.0	0.7	-	132.0
Release of connection contributions relating to the year (i)	(4.7)	-	-	-	-	(4.7)
Use of provision for impairment of assets (faulty gas smart meters) (v)	5.7	-	-	-	-	5.7
Adjusted EBITDA	**318.6**	**5.6**	**0.5**	**1.1**	**-**	**325.7**

The following tables provide the reconciliation of Adjusted EBITDA by operating segment for the years ended December 31, 2024, 2023 and 2022.

	For the year ended December 31, 2024					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
			(in € millions)			
Operating result	**773.7**	**12.3**	**0.4**	**(4.3)**	**-**	**782.1**
Amortisation, depreciation and impairment of assets	502.6	27.5	3.8	2.7	-	536.6
Release of connection contributions relating to the year (i)	(19.0)	-	-	-	-	(19.0)
Reimbursements for smart metering/remote management for the years 2011-2016 (iv)	9.9	-	-	-	-	9.9
Revenues from Gas distribution in start-up locations (iv)	4.6	-	-	-	-	4.6
Prize for the security of the Gas distribution service for year 2020 (iv)	24.0	-	-	-	-	24.0
Use of provision for impairment of assets (faulty gas smart meters) (v)	12.6	-	-	-	-	12.6
Adjusted EBITDA	**1,308.5**	**39.7**	**4.2**	**(1.5)**	**-**	**1,350.9**

	For the year ended December 31, 2023					
	Gas distribution	Water service (vi)	Energy efficiency	Corporate (vi)	Inter-segment eliminations	**Total**
			(in € millions)			
Operating result	**636.9**	**(0.7)**	**51.2**	**(6.2)**	**-**	**681.3**
Amortisation, depreciation and impairment of assets	538.6	0.9	3.4	2.7	-	545.5
Release of connection contributions relating to the year (i)	(19.2)	-	-	-	**-**	(19.2)
Contribution pursuant to ARERA Resolution no. 737/2022/R/gas (iii)	(42.7)	-	-	-	**-**	(42.7)
Smart meter charges pursuant to ARERA Resolution no. 737/2022/R/gas (iii)	18.8	-	-	-	**-**	18.8
Adjusted EBITDA	**1,132.5**	**0.2**	**54.6**	**(3.6)**	**-**	**1,183.7**

	For the year ended December 31, 2022					
	Gas distribution	Water service (vi)	Energy efficiency (vii)	Corporate (vi)	Inter-segment eliminations	**Total**
			(in € millions)			
Operating result	**622.1**	**(0.3)**	**25.3**	**(5.7)**	**-**	**641.3**
Amortisation, depreciation and impairment of assets	472.5	0.7	3.0	2.9	-	479.2
Release of connection contributions relating to the year (i)	(19.2)	-	-	-	-	(19.2)
Capital gain from the transfer and sale of Medea's transport assets to ERG (ii)	(5.1)	-	-	-	-	(5,1)
Recognition of Janagas's assets at fair value (ii)	(13.5)	-	-	-	-	(13.5)
Adjusted EBITDA	**1,056.8**	**0.4**	**28.3**	**(2.8)**	**-**	**1,082.7**

(i) Release of connection contributions relating to the year and Reimbursement of faulty meters refer to "pass-through" costs associated with the replacement of connections and meters and they are included in *Other income*. These costs are fully recoverable by Italgas Group through separate charges to its users, with no impact on the operating result.

(ii) Capital gain from the transfer and sale of Medea's transport assets to ERG, as well as the Recognition of Janagas's assets at *fair value*, are excluded from *Total revenues and other income*, being classified as "special items" for the fiscal year ended December 31, 2022.

These items refer to the capital gain realized from the sale of Medea's transmission assets and the bargain recognized following the acquisition of the Janagas's assets, respectively.

(iii) Revenues and costs related to ARERA Resolution n. 737/2022/R/gas affect the fiscal year ended December 31, 2023 and pertain to the reimbursement of the residual value of a specific class of smart meters (those not exceeding G6 caliber, produced until 2016 and activated by 2018). The contribution is included in *Other income* for €42.7 million, while charges are reflected in *Total costs and other expenses* for €18.8 million and impairment of faulty smart gas meters are included in *Amortisation, depreciation and impairment of assets* for €23.9 million, with no impact on the operating result.

(iv) Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated gas distribution revenues, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016;
- lower regulated gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the gas distribution service for the year 2020.

(v) Use of provision for impairment of assets (faulty gas smart meters) mainly relate to the use of the provision for the faulty smart meters in the year ended December 31, 2024 and the three-month period ended March 31, 2024 and 2025. They are excluded from *Amortisation, depreciation and impairment of assets,* as "special item."

(vi) In 2023, the activities related to the water service business and corporate activities did not constitute operating segments subject to separate reporting. Following the acquisition of Acqua Campania in 2024, the Italgas Group started to report those segments separately in accordance with IFRS 8 – Segment Reporting. In 2024, the Italgas Group presented the water service segment and corporate segment for the years ended December 31, 2023 and 2022 for comparative purposes.

(vii) In 2022, the activities related to the energy efficiency business did not constitute an operating segment subject to separate reporting. Following the increase in the energy efficiency business in 2023, the Italgas Group started to report this segment separately in accordance with IFRS 8 – Segment Reporting. In 2023, the Italgas Group presented the energy efficiency segment for the year ended December 31, 2022 for comparative purposes.

(viii) Revenues pursuant to ARERA Resolution n.87/2025/R/gas affect the three-month period ended March 31, 2025 for €54.4 million and relates to revenue adjustments for gas distribution to cover the higher unit costs recognized for tariff purposes related to the years 2020-2024 resulting from the adoption of Resolution No. 87/2025/R/gas. This resolution introduces a revenues adjustments mechanism for gas distribution companies (based on the X-factor and other key elements). These revenues are included in *Revenues* of the Unaudited Interim Condensed Consolidated Financial Statements.

Adjusted EBIT

Footnotes relating to each of the following tables on Adjusted EBIT are found below the last table in this section.

The following table provides the reconciliation of Adjusted EBIT for the years ended December 31, 2022, 2023 and 2024 as well as for the three-month periods ended March 31, 2024 and 2025.

	For the year ended December 31,			For the three-month period ended March 31,	
	2022	2023	2024	2024	2025
			(in € millions)		
Profit for the year / period	**436.1**	**467.5**	**507.4**	**125.2**	**179.4**
Income taxes	152.4	118.6	165.3	45.2	68.2
Other income from equity investments	(2.7)	(1.4)	(1.3)	(0.0)	(0.0)
Dividends	(0.0)	-	-	-	-
Share of the profit of investments in associates/joint ventures	(0.7)	(1.7)	(9.9)	(3.7)	(2.5)
Gain/(loss) on derivative financial instruments measured at fair value	(1.0)	0.1	(0.4)	(0.1)	0.1
Financial income	(4.0)	(5.5)	(28.5)	(7.1)	(7.0)
Financial expense	61.4	103.6	149.6	33.2	41.7
Capital gain from the transfer and sale of Medea's transport assets to ERG (i)	(5.1)	-	-	-	-
Recognition of Janagas's assets at fair value (i)	(13.5)	-	-	-	-
Contribution pursuant to ARERA Resolution no. 737/2022/R/gas (ii)	-	(42.7)	-	-	-
Smart meter charges pursuant to ARERA Resolution no. 737/2022/R/gas (ii)	-	18.8	-	-	-
Impairment of faulty smart gas meters (ii)	-	23.9	-	-	-
Revenues from Gas distribution in start-up locations (iii)	-	-	4.6	-	-
Reimbursements for smart metering/remote management for the years 2011-2016 (iii)	-	-	9.9	-	-
Prize for the security of the Gas distribution service for year 2020 (iii)	-	-	24.0	-	-
Revenues pursuant to Resolution no. 87/2025/R/gas (vi)	-	-	-	-	(54.4)
Adjusted EBIT	**622.8**	**681.2**	**820.7**	**192.7**	**225.4**

The following tables provide the calculation of Adjusted EBIT by operating segment for the three-month periods ended March 31, 2025 and 2024.

	For the three-month period ended March 31, 2025					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
			(in € millions)			
Operating result	**278.1**	**1.3**	**1.1**	**(0.7)**	**-**	**279.8**
Revenues pursuant to Resolution no. 87/2025/R/gas (vi)	(54.4)	-	-	-	-	(54.4)
Adjusted EBIT	**223.7**	**1.3**	**1.1**	**(0.7)**	**-**	**225.4**

	For the three-month period ended March 31, 2024					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
			(in € millions)			
Operating result	**191.9**	**1.0**	**(0.5)**	**0.4**	**-**	**192.7**
Adjusted EBIT	**191.9**	**1.0**	**(0.5)**	**0.4**	**-**	**192.7**

The following tables provide the calculation of Adjusted EBIT by operating segment for the years ended December 31, 2024, 2023 and 2022.

	For the year ended December 31, 2024					
	Gas distribution	Water service	Energy efficiency	Corporate	Inter-segment eliminations	**Total**
	(in € millions)					
Operating result	**773.7**	**12.3**	**0.4**	**(4.3)**	**-**	**782.1**
Reimbursements for smart metering/remote management for the years 2011-2016 (iii)	9.9	-	-	-	-	9.9
Revenues from Gas distribution in start-up locations (iii)	4.6	-	-	-	-	4.6
Prize for the security of the Gas distribution service for year 2020 (iii)	24.0	-	-	-	-	24.0
Adjusted EBIT	**812.3**	**12.3**	**0.4**	**(4.3)**	**-**	**820.7**

	For the year ended December 31, 2023					
	Gas distribution	Water service (iv)	Energy efficiency(v)	Corporate (iv)	Inter-segment eliminations	**Total**
	(in € millions)					
Operating result	**636.9**	**(0.7)**	**51.2**	**(6.2)**	**-**	**681.3**
Contribution pursuant to ARERA Resolution no. 737/2022/R/gas (ii)	(42.7)	-	-	-	-	(42.7)
Smart meter charges pursuant to ARERA Resolution no. 737/2022/R/gas (ii)	18.8	-	-	-	-	18.8
Impairment of faulty smart gas meters pursuant to ARERA Resolution no. 737/2022/R/gas (ii)	23.9	-	-	-	-	23.9
Adjusted EBIT	**636.9**	**(0.7)**	**51.2**	**(6.2)**	**-**	**681.2**

	For the year ended December 31, 2022					
	Gas distribution	Water service(iv)	Energy efficiency(v)	Corporate (iv)	Inter-segment eliminations	**Total**
	(in € millions)					
Operating result	**622.1**	**(0.3)**	**25.3**	**(5.7)**	-	**641.3**
Capital gain from the transfer and sale of Medea's transport assets to ERG (i)	(5.1)	-	-	-	-	(5.1)
Recognition of Janagas's assets at fair value (i)	(13.5)	-	-	-	-	(13.5)
Adjusted EBIT	**603.5**	**(0.3)**	**25.3**	**(5.7)**	**-**	**622.8**

(i) Capital gain from the transfer and sale of Medea's transport assets to ERG, as well as the Recognition of Janagas's assets at *fair value*, are excluded from *Total revenues and other income*, being classified as "special items" for the fiscal year ended December 31, 2022. These items refer to the capital gain realized from the sale of Medea's transmission assets and the bargain recognized following the acquisition of the Janagas's assets, respectively.

(ii) Revenues and costs related to ARERA Resolution n. 737/2022/R/gas affect the fiscal year ended December 31, 2023 and pertain to the reimbursement of the residual value of a specific class of smart meters (those not exceeding G6 caliber, produced until 2016 and activated by 2018). The contribution is included in *Other income* for €42.7 million, while charges are reflected in *Total costs and other expenses* for €18.8 million and impairment of faulty smart gas meters are included in *Amortisation, depreciation and impairment of assets* for €23.9 million, with no impact on the operating result.

(iii) Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated gas distribution revenues, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016;
- lower regulated gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the gas distribution service for the year 2020.

(iv) In 2023, the activities related to the water service business and corporate activities did not constitute operating segments subject to separate reporting. Following the acquisition of Acqua Campania in 2024, the Italgas Group started to report those segments separately in accordance with IFRS 8 – Segment Reporting. In 2024, the Italgas Group presented the water segment and corporate segment for the years ended December 31, 2023 and 2022 for comparative purposes.

(v) In 2022, the activities related to the energy efficiency business did not constitute an operating segment subject to separate reporting. Following the increase in the energy efficiency business occurred in 2023, the Italgas Group started to report this segment separately in accordance with IFRS 8 – Segment Reporting. In 2023, the Italgas Group presented the energy efficiency segment for the year ended December 31, 2022 for comparative purposes.

(vi) Revenues pursuant to ARERA Resolution n.87/2025/R/gas affect the three-month period ended March 31, 2025 for €54.4 million and relates to revenue adjustments for gas distribution to cover the higher unit costs recognized for tariff purposes related to the years 2020-2024 resulting from the adoption of Resolution No. 87/2025/R/gas. This resolution introduces a revenues adjustments mechanism for gas distribution companies (based on the X-factor and other key elements). These revenues are included in *Revenues* of the Unaudited Interim Condensed Consolidated Financial Statements.

Adjusted net profit attributable to the Group

The following table provides the reconciliation of Adjusted net profit attributable to the Group for the years ended December 31, 2022, 2023 and 2024 as well as for the three-month periods ended March 31, 2024 and 2025.

	For the year ended December 31,			For the three-month period ended March 31,	
	2022	2023	2024	2024	2025
			(in € millions)		
Profit for the year / period attributable to Owners of the parent company	**407.3**	**439.6**	**478.9**	**117.5**	**168.8**
Capital gain from the transfer and sale of Medea's transport assets to ERG, attributable to Italgas Group (i)	(2.6)	-	-	-	-
Recognition of Janagas's assets at fair value, attributable to Italgas Group (i)	(7.0)	-	-	-	-
Capital gain on the sale of the controlling interest in Gaxa to Edison, attributable to Italgas Group (ii)	(2.7)	-	-	-	-
Contribution pursuant to ARERA Resolution no. 737/2022/R/gas, attributable to Italgas Group (iii)	-	(39.7)	-	-	-
Smart meter charges, attributable to Italgas Group (iii)	-	17.3	-	-	-
Impairment of faulty smart gas meters, attributable to Italgas Group (iii)	-	22.4	-	-	-
Reimbursements for smart metering/remote management for the years 2011-2016, attributable to Italgas Group (iv)	-	-	9.9	-	-
Revenues from Gas distribution in start-up locations, attributable to Italgas Group (iv)	-	-	4.6	-	-
Prize for the security of the Gas distribution service for year 2020, attributable to Italgas Group (iv)	-	-	24.0	-	-
Revenues pursuant to Resolution no. 87/2025/R/gas attributable to Italgas Group (v)	-	-	-	-	(51.5)
Financial expenses on Bridge Credit Facility attributable to Italgas Group (vi)					1.3
Income taxes on reconciling items, attributable to Italgas Group (vii)	0.8	-	(10.8)	-	14.1
Adjusted net profit attributable to the Group	**395.7**	**439.6**	**506.6**	**117.5**	**132.6**

(i) Capital gain from the transfer and sale of Medea's transport assets to ERG, as well as the Recognition of Janagas's assets at *fair value*, are excluded from *Total revenues and other income*, being classified as "special items" for the fiscal year ended December 31, 2022. These items refer to the capital gain realized from the sale of Medea's transmission assets and the bargain recognized following the acquisition of the Janagas's assets, respectively, attributable to Italgas Group (51.85%).

(ii) Capital gain on the sale of the controlling interest in Gaxa to Edison is excluded from *Financial income*, as "special items" for the fiscal year ended December 31, 2022. This capital gain pertains to the sale of controlling interest in Gaxa, fully attributable to Italgas Group.

(iii) Revenues and costs related to ARERA Resolution n. 737/2022/R/gas affect the fiscal year ended December 31, 2023 and pertain to the reimbursement of the residual value of a specific class of smart meters (those not exceeding G6 caliber, produced until 2016 and activated by 2018). The contribution attributable to Italgas Group is included in *Other income* for €39.7 million, while charges are reflected in *Total costs and other expenses* for €17.3 million and impairment of faulty smart gas meters are included in *Amortisation, depreciation and impairment of assets* for €22.4 million, with no impact on the operating result, and relates to Italgas Reti S.p.A. (100%) and Toscana Energia S.p.A (50.66%).

(iv) Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated gas distribution revenues, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016;
- lower regulated gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the gas distribution service for the year 2020.

(v) Revenues pursuant to ARERA Resolution n.87/2025/R/gas affect the three-month period ended March 31, 2025 for €54.4 million (of which € 51.5 million attributable to Itagas Group) and relates to revenue adjustments for gas distribution to cover the higher unit costs recognized for tariff purposes related to the years 2020-2024 resulting from the adoption of Resolution No. 87/2025/R/gas. This resolution introduces a revenues adjustments mechanism for gas distribution companies (based on the X-factor and other key elements). These revenues are included in *Revenues* of the Unaudited Interim Condensed Consolidated Financial Statements.

(vi) Financial expenses of €1.3 million for the three-month period ended March 31, 2025 relate to the drew on the Bridge Credit Facility of €1,000.0 million, granted under the financing agreement signed on October 5, 2024 with banks, and are included in *Total net financial expense*.

(vii) Income taxes on reconciling items refer to the tax effect, calculated by applying the tax rate to each reconciling item. Specifically, for the year ended December 31, 2022, the calculation was based on (i) a tax rate of 29.12% on the capital gain from the transfer and sale of Medea's transport assets to ERG, attributable to Italgas Group, (ii) a tax rate of 1.2% on capital gain on the sale of the controlling interest in Gaxa to Edison, attributable to Italgas Group, benefiting from the *participation exemption* tax regime, and (iii) a nihil tax rate on the recognition of Janagas's assets at fair value, attributable to Italgas Group, due to its tax irrelevance. For the years ended December 31, 2023 and 2024. income taxes were calculated by applying a tax rate of 28% to each reconciling item. For the three-month period ended March 31, 2025 income taxes were calculated by applying a tax rate of (i) 28.0% on revenues pursuant to ARERA Resolution n.87/2025/R/gas attributable to Italgas Group and equal to €14.4 million and (ii) 24.0% on financial expenses on Bridge Credit Facility attributable to Italgas Group and equal to €0.3 million. At the aggregate level, for the three-month period ended March 31, 2025 the Income taxes on reconciling items attributable to Italgas Group were € 14.1 million.

Capital Expenditure

The following table provides the calculation of Capital Expenditure for the years ended December 31, 2022, 2023 and 2024 as well as for the three-month periods ended March 31, 2024 and 2025.

	For the year ended December 31,			For the three-month period ended March 31,	
	2022	2023	2024	2024	2025
			(in € millions)		
Additions to Property, plant and equipment, excluding investments in Right of Use assets	10.7	24.5	33.5	3.5	8.1
Additions to Right of Use assets	26.4	37.2	22.0	3.6	14.9
Additions to Intangible assets	777.3	844.9	878.7	201.1	142.8
Less:					
Additions for the awarding of ATEM tender contracts (i)	-	-	(47.2)	(47.2)	-
Capital Expenditure	**814.3**	**906.5**	**887.0**	**160.9**	**165.7**

(i) Additions for the awarding of ATEM tender contracts refer to service concession arrangements accounted pursuant to IFRIC 12 and are related to the tender adjudication of Belluno ATEM occurred in 2024.

Net financial debt

The following table provides the calculation of Net financial debt as of December 31, 2022, 2023 and 2024 as well as of for the three-month period ended March 31, 2025.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
		(in € million)		
A Cash (i)	450.9	248.9	401.6	2,572.1
B Cash equivalents (i)	1.1	1.1	1.1	1.1
C Other current financial assets (ii)	23.2	22.3	9.5	10.8
D Liquidity (A+B+C)	**475.2**	**272.3**	**412.1**	**2,584.0**
E Current financial debt (iii)	3.4	498.7	318.3	1,308.9
F Current portion of non-current financial debt (iii)	139.3	534.8	662.2	639.9
G Current financial debt (E+F)	**142.7**	**1,033.4**	**980.6**	**1,948.8**
H Net current financial debt (G-D)	**(332.4)**	**761.1**	**568.4**	**(635.2)**
I Non-current financial debt (excluding the current portion and debt instruments) (iv)	1,689.0	1,101.3	945.9	946.1
J Debt instruments (iv)	4,678.5	4,771.9	5,248.4	6,245.0
K Trade and other non-current payables	-	-	-	-
L Non-current financial debt (I+J+K)	**6,367.5**	**5,873.2**	**6,194.3**	**7,191.1**
M. Net financial debt (H+L)	**6,035.1**	**6,634.3**	**6,762.8**	**6,555.9**

(i) Cash and Cash equivalents are included in “Cash and cash equivalents” of the Consolidated Statement of Financial Position.

(ii) Other current financial assets include “Current financial assets” and “Other current financial assets” of the Consolidated Statement of Financial Position.

(iii) Current financial debt and Current portion of non-current financial debt refer to “Current financial liabilities” of the Consolidated Statement of Financial Position. They include current lease liabilities amounting to €21.6 million, €33.1 million and €46.3 million as of December 31, 2022, 2023 and 2024, respectively, and to €45.3 million as of March 31, 2025.

(iv) Non-current financial debt (excluding the current portion and debt instruments) and debt instruments include “Non-current financial liabilities” of the Consolidated Statement of Financial Position. They include non-current lease liabilities amounting to €50.5 million, €46.0 million and €44.2 million as of December 31, 2022, 2023 and 2024, respectively, and to €43.8 million as of March 31, 2025.

2i Rete Gas Summary Financial Information and Other Financial Data

Summary historical consolidated financial information

The following summary consolidated financial information as of and for the years ended December 31, 2022, 2023 and 2024 and has been derived from the 2i Rete Gas Group Audited Consolidated Financial Statements included elsewhere in this Offering Circular. The following summary consolidated financial information as of and for the years ended December 31, 2022, 2023 and 2024 has been derived from, and should be read in conjunction with, the 2i RG Consolidated Financial Statements, including elsewhere in this Offering Circluar. The section also contains certain non-IFRS measures that are used by the 2i Rete Gas's management to monitor the 2i Rete Gas Group's economic, financial and operating performance. See also "Presentation of Financial and Other Information," "Risk Factors," "Capitalization"and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Consolidated statement of financial position

	As of December 31,		
	2022	**2023**	**2024**
	(in € millions)		
Assets			
Non-current assets:			
Property, plant and equipment	38.1	37.0	33.3
IFRS 16 right-of-use assets	26.1	24.1	23.3
Intangible assets	4,584.3	4,706.6	4,814.2
Net deferred tax assets	114.9	128.3	138.6
Equity investments	3.7	3.8	3.8
Non-current financial assets	116.7	12.8	14.4
Other non-current assets	33.3	23.9	52.8
Total non-current assets	**4,917.1**	**4,936.5**	**5,080.4**
Current assets:			
Inventories	18.9	23.8	21.9
Trade receivables	55.4	197.4	272.2
Short-term financial receivables	2.8	2.9	1.6
Other current financial assets	0.5	4.2	4.0
Cash and cash equivalents	46.0	324.9	80.7
Income tax receivables	13.7	3.1	2.4
Other current assets	547.5	313.6	236.7
Total current assets	**684.8**	**869.9**	**619.5**
Non-current assets (or assets included in disposal groups) held for sale:			
Non-current assets (or assets included in disposal groups) held for sale	1.7	-	0.3
Total non-current assets (or assets included in disposal groups) held for sale	**1.7**	**-**	**0.3**
Total Assets	**5,603.6**	**5,806.4**	**5,700.2**
Equity and Liabilities			
Equity - Owners of the Parent			
Share capital	3.6	3.6	3.6
Treasury Shares	-	-	-
Other Reserves	607.3	600.7	592.5
Retained earnings/(accumulated losses)	517.8	572.5	629.5
Net profit/(loss) for the year	169.8	182.1	222.2
Total equity - Owners of the Parent	**1,298.5**	**1,358.9**	**1,447.8**
Equity - non-controlling interests			
Non-controlling interests	2.2	1.8	1.8
Net profit/(loss) for the year - non-controlling interests	(0.3)	-	0.1
Total Equity - non-controlling interests	**1.9**	**1.8**	**1.9**
Total Equity	**1,300.4**	**1,360.7**	**1,449.7**
Non-current liabilities:			
Long-term loans	3,087.0	3,036.3	2,520.7
Post-employment and other employee benefits	30.2	28.6	27.0
Provision for risks and charges	10.5	10.8	17.2
Deferred tax liabilities	-	-	-
Non-current financial liabilities	-	-	-
Non-current IFRS 16 financial liabilities	18.8	16.4	15.5
Other non-current liabilities	353.9	355.4	359.3
Total non-current liabilities	**3,500.4**	**3,447.5**	**2,939.7**

	As of December 31,		
	2022	2023	2024
	(in € millions)		
Current liabilities:			
Short-term loans	-	-	205.0
Current portion of long-term loans	118.1	507.4	517.8
Current portion of long-term and short-term provisions	65.0	81.5	85.9
Trade payables	449.0	222.8	213.4
Income tax payables	1.3	16.4	20.9
Current financial liabilities	19.6	32.7	30.0
Current IFRS 16 financial liabilities	6.7	7.3	7.4
Other current liabilities	143.1	130.1	230.4
Total current liabilities	**802.8**	**998.2**	**1,310.8**
Non-current liabilities (or liabilities included in disposal groups) held for sale:			
Non-current liabilities (or liabilities included in disposal groups) held for sale	0.2	-	-
Total non-current liabilities (or liabilities included in disposal groups) held for sale	**0.2**	**-**	**-**
Total Liabilities	**4,303.2**	**4,445.7**	**4,250.5**
Total Equity and Liabilities	**5,603.6**	**5,806.4**	**5,700.2**

Consolidated Income Statement Data

	For the year ended December 31,		
	2022	2023	2024
	(in € millions)		
Revenue			
Revenue from sales and services	694.7	783.5	867.1
Revenue from intangible assets / assets under development	320.5	336.6	349.1
Other revenue	36.9	32.6	28.9
Total revenues	**1,052.1**	**1,152.7**	**1.245.1**
Costs			
Raw materials and consumables	45.5	57.1	60.6
Services	348.8	358.2	364.2
Labour cost	123.2	138.9	148.0
Amortisation, depreciation and impairment losses	213.4	232.2	241.3
Other operating costs	29.8	48.6	52.1
Capitalised costs for internal work	(0.9)	(1.1)	(1.1)
Total costs	**759.8**	**833.9**	**865.1**
EBIT	**292.3**	**318.8**	**380.0**
Income/(expenses) from equity investments	-	(0.1)	0.4
Financial income	1.3	6.6	9.4
Financial expenses	(58.6)	(72.2)	(72.9)
Total incomes/(expenses) from financial activities	**(57.3)**	**(65.7)**	**(63.1)**
Profit/(loss) before tax	**235.0**	**253.1**	**316.9**
Taxes	65.5	71.0	94.6
Profit/(loss) from continuing operations	**169.5**	**182.1**	**222.3**
Profit/(loss) from discontinued operations	**-**	**-**	**-**
NET PROFIT FOR THE YEAR	**169.5**	**182.1**	**222.3**
Net profit/(loss) for the year attributable to:			
- Owners of the Parent	169.8	182.1	222.2
- Non-controlling interests	(0.3)	-	0.1

Statement of Comprehensive Income

	For the year ended December 31,		
	2022	2023	2024
	(in € millions)		
Net profit/(loss) recognised in the profit and loss account	**169.5**	**182.1**	**222.3**
- Net profit/(loss) attributable to owners of the Parent	169.8	182.1	222.2
- Net profit/(loss) attributable to non-controlling interests	(0.3)	0.0	0.1

	For the year ended December 31,		
	2022	2023	2024
	(in € millions)		
Other comprehensive income			
Items that will never be restated under profit/(loss):			
Revaluations of net liabilities/assets for defined benefits - owners of the Parent	3.5	(0.5)	-
Deferred tax assets and liabilities on items which will never be classified under profit/(loss) - owners of the Parent	(1.0)	0.7	-
	2.5	0.2	-
Items that may be restated subsequently under profit/(loss):			
Change in fair value of hedging derivatives - owners of the Parent	113.9	(7.6)	-
Change in fair value of hedging derivatives reclassified in profit for the year - owners of the Parent	(1.2)	(6.7)	(10.9)
Change in fair value of hedging derivatives (tax effect) - owners of the Parent	(27.3)	1.8	-
Change in fair value of hedging derivatives reclassified in profit for the year (tax effect) - owners of the Parent	0.3	1.6	2.6
	85.7	(10.9)	(8.3)
Total other comprehensive income	**88.2**	**(10.7)**	**(8.3)**
Total comprehensive income	**257.6**	**171.4**	**214.1**
Total comprehensive income attributable to:			
- Owners of the Parent	257.9	171.4	213.9
- Non-controlling interests	(0.3)	0.0	0.1

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves									
	Share capital	Share premium reserve	Legal reserve	Reserves for valuation of derivatives	Other reserves	Retained earnings/ (accumulated losses)	Profit/ (loss) for the year	Total - Owners of the Parent	Total - Non-controlling interests	Total consolidated equity
	(in € millions)									
As of December 31, 2021	**3.6**	**286.5**	**0.7**	**(1.2)**	**233.1**	**411.8**	**210.9**	**1,145.5**	**2.2**	**1,147.7**
Allocation of profit/(loss) for 2021:										
Breakdown of profit/(loss)	-	-	-	-	-	105.9	-105.9	-	-	**-**
- Dividend payout	-	-	-	-	-	-	-105.0	**-105.0**	-	**-105.0**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***-105.0***	-	***-105.0***
- Change in IAS reserves	-	-	-	85.6	2.5	-	-	**88.1**	-	**88.1**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	169.8	**169.8**	-0.3	**169.5**
As of December 31, 2022	**3.6**	**286.5**	**0.7**	**84.4**	**235.6**	**517.7**	**169.8**	**1,298.5**	**1.8**	**1,300.3**
Allocation of profit/(loss) for 2022:										
Breakdown of profit/(loss)	-	-	-	-	-	58.8	-58.8	-	-	**-**
- Dividend payout	-	-	-	-	-	-	-111.0	**-111.0**	-	**-111.0**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***-111.0***	-	***-111.0***
- Other changes	-	-	-	-	4.1	-4.1	-	**-**	-	**-**
- Change in IAS reserves	-	-	-	-10.9	0.2	-	-	**-10.7**	-	**-10.7**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	182.1	**182.1**	-	**182.1**
As of December 31, 2023	**3.6**	**286.5**	**0.7**	**73.5**	**239.9**	**572.4**	**182.1**	**1,358.9**	**1.8**	**1,360.7**
Allocation of profit/(loss) for 2023:										
Breakdown of profit/(loss)	-	-	-	-	-	57.1	(57.1)	-	-	**-**
- Dividend payout	-	-	-	-	-	-	(125.0)	**(125.0)**	-	**(125.0)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(125.0)***	-	***(125.0)***
- Change in IAS reserves	-	-	-	(8.3)	-	-	-	**(8.3)**	-	**(8.3)**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	222.2	**222.2**	0.1	**222.3**
As of December 31, 2024	**3.6**	**286.5**	**0.7**	**65.2**	**239.9**	**629.5**	**222.2**	**1,447.8**	**1.9**	**1,449.7**

Consolidated Statement of Cash Flow Data

	For the year ended December 31,		
	2022	2023	2024
	(in € million)		
Cash flow (used in)/generated from operating activities	467.5	392.3	626.4
Cash flow used in investing activities	(653.3)	(367.9)	(361.0)
Cash flow (used in)/generated from financing activities	(211.2)	254.5	(509.6)
Net cash flow	**(397.0)**	**278.9**	**(244.2)**
Cash and cash equivalents at the beginning of the period	443.0	46.0	324.9
Cash and cash equivalents at the end of the period	46.0	324.9	80.7
Changes in cash and cash equivalents	**(397.0)**	**278.9**	**(244.2)**

Other financial data

The tables below show, as of and for the years ended December 31, 2022, 2023 and 2024, certain non-IFRS measures used by the management to monitor the financial and operating performance. See "*Presentation of Financial and Other Information*" for important information on non-IFRS measures and for a definition of the non-IFRS measures presented in the table below. For the definition of such non-IFRS measures, please see "*Presentation of Financial and Other Information—Non-IFRS measures*."

	For the year ended December 31,		
	2022	2023	2024
	(in € million)		
Revenues 2i RG Group (excluding IFRIC 12)	731.6	816.1	896.0
EBITDA 2i RG Group (excluding IFRIC 12)	502.5	547.4	617.5
EBIT 2i RG Group	292.3	318.8	380.0
Net financial debt 2i RG Group	3,200.5	3,267.8	3,208.7

Reconciliations of the following non-IFRS measures to the most directly comparable IFRS measures are presented in the tables below.

The following table present the reconciliation of Revenues 2i RG Group (excluding IFRIC 12) to total revenues for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
	(in € million)		
Total revenues	**1,052.1**	**1,152.7**	**1,245.1**
- Revenue from intangible assets / assets under development	320.5	336.6	349.1
Revenues 2i RG Group (excluding IFRIC 12)	**731.6**	**816.1**	**896.0**

The following table presents a reconciliation of EBIT 2i RG Group and EBITDA 2i RG Group (excluding IFRIC 12) to net profit (loss) for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
		(in € million)	
Net profit/(loss) for the year	**169.5**	**182.1**	**222.3**
+ Income taxes for the year	65.5	71.0	94.6
+ Net financial income/(expenses) and income/(expenses) from equity investments	57.3	65.7	63.1
EBIT 2i RG Group	**292.3**	**318.8**	**380.0**
+ Amortisation, depreciation and impairment losses	213.4	232.2	241.3
EBITDA 2i RG Group	**505.7**	**551.0**	**621.3**
- IFRIC 12 effects	3.2	3.6	3.8
EBITDA 2i RG Group (excluding IFRIC 12)	**502.5**	**547.4**	**617.5**

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The following table shows the reconciliation of Net financial debt 2i RG Group to cash for the periods indicated:

		For the year ended December 31,		
		2022	2023	2024
			(in € million)	
A	Cash	46.0	324.9	80.7
B	Cash equivalents	-	-	-
C	Other current financial assets	3.7	7.3	7.0
D	**Liquidity (A) + (B) + (C)**	**49.7**	**332.2**	**87.7**
E	Current financial debt	19.6	32.7	235.0
F	Current portion of non-current financial debt	124.8	514.7	525.2
G	**Current financial debt (E) + (F)**	**144.4**	**547.4**	**760.2**
H	**Net current financial debt (G) - (D)**	**94.7**	**215.2**	**672.5**
I	Non-current financial debt (excluding the current portion and debt instruments)	371.1	350.5	331.4
J	Debt instruments	2,734.7	2,702.1	2,204.8
K	Trade and other non-current payables	-	-	-
L	**Non-current financial debt (I) + (J) + (K)**	**3,105.8**	**3,052.6**	**2,536.2**
M	**Net financial debt 2i RG Group (H) + (L)**	**3,200.5**	**3,267.8**	**3,208.7**

RISK FACTORS

An investment in the Rights or the New Shares involves a high degree of risk. In addition to the other information contained in this Offering Circular, before making an investment in the Rights and the New Shares, you should carefully consider the following risk factors. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations. If any of the possible events described below were to occur, our business, financial condition and results of operations could be materially and adversely affected, and accordingly, the value and the trading price of the New Shares may decline, resulting in a loss of all or part of any investment in the New Shares. The order in which the risks below are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our business, financial condition, results of operations or share price. The risk factors described below must be read together with the other information contained in this Offering Circular.

Risks relating to our financial and capital condition

Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty

On October 4, 2024, in connection with the Acquisition, our Board of Directors approved, and subsequently announced on October 7, 2024, our 2024-2030 Strategic Plan (the "**Strategic Plan**" or "**2024-2030 Strategic Plan**"), containing the strategic guidelines, the short/medium-term objectives, as well as the financial forecasts of the Group, including the financial effects of the 2i Rete Gas Group and the synergies that the Acquisition is expected to produce, with respect to the years 2025-2030. When preparing the Strategic Plan, we considered July 1, 2025 as closing date of the Acquisition (as opposed to April 1, 2025). Therefore, the Strategic Plan does not take into account the possible effects of the Acquisition with regard to the year ended December 31, 2024, nor for the first half of 2025. The implementation of the Strategic Plan (including the integration of the 2i Rete Gas Group within the Group) is key for the future development of the Group's economic performance. There is a risk that the Acquisition will not generate the expected profit margins.

On May 6, 2025, the Board of Directors approved the consolidated financial results of the Italgas Group at March 31, 2025 and the guidance for the fiscal year 2025, which takes into account the 2025 Q1 results and includes the contribution of 2i Rete Gas for the nine months starting from April 1, 2025 (the "**2025 Guidance**"). Such Guidance was made available to the market on May 7, 2025.

Our ability to meet the objectives and targets (including the Forecasts) of the Strategic Plan and of the 2025 Guidance, including with respect to the integration of the 2i Rete Gas Group, depends on a number of assumptions and circumstances, some of which are beyond our control and which may be subject to significant variations, such as in the event of changes in the macroeconomic scenario, market conditions, or other factors. Furthermore, due to the uncertainty associated with the occurrence of any future event, there may be significant deviations between final values and budgeted values and between the Forecasts and the results we will actually achieve. In particular, our Forecasts are based, *inter alia*, on the following hypothetical assumptions which are subject to a high degree of uncertainty: (i) the evolution of the macro-economic scenario such as, by way of example, the trend in the inflation rate and interest rates, which may also impact the regulatory framework in which we operate; (ii) the announcement, timing and award of new tender competitions for ATEMs as well as the renewal of concessions expired as of the date of this Offering Circular; (iii) the stability of the existing regulatory framework and the related sector regulations; (iv) the successful integration of the 2i Rete Gas Group following the Acquisition; (v) the execution of synergies and cost efficiencies, combined with the widespread application of artificial intelligence envisaged following the completion of the Acquisition; (vi) the execution of and full subscription for the Capital Increase, (vii) the absence of capital gains/losses in relation to the sale of assets to comply with the remedies ordered by the AGCM in the context of the clearance for the Acquisition; (viii) WACC value for the period 2025-2030; and (ix) the timing and expected proceeds of the disposition of assets required by the AGCM in connection with the Acquisition.

Assumptions by their nature are inherently subjective, and those underlying the Strategic Plan and the 2025 Guidance may prove to be inaccurate, in whole or in part, which could prevent us from achieving the Strategic Plan's and/or the 2025 Guidance's objectives and targets. If any of the assumptions underlying the Strategic Plan and the 2025 Guidance do not occur or occur to a different extent or at different times than envisaged, the Group may be unable to achieve the objectives and targets set forth in the Strategic Plan and/or the 2025 Guidance, may have to revise the Strategic Plan and our business, financial condition and results of operations may be materially and adversely affected as well as on the expected return on investments in the Ordinary Shares.

For further information on the Strategic Plan and Forecasts, including the underlying assumptions, risks and uncertainties, see "*Annex A—Forecast Data.*" See also "*—We operate in a highly regulated sector. Changes in the applicable tariff regulations and WACC criteria may have a material adverse effect on our economic, financial and equity results,*" "*—The Group is exposed to risks deriving from its financial indebtedness*," and "*—An evolution of the energy transition scenarios different from that envisaged in our Strategic Plan may have material adverse effects on our business, financial condition and results of operations.*"

The Group is exposed to risks deriving from its financial indebtedness

As of March 31, 2025 and as of December 31, 2024, the Net financial debt of the Italgas Group was €6,555.9 million and €6,762.8 million, respectively, while the Net financial debt of the 2i Rete Gas Group was €3,087.8 million and €3,208.7 million, respectively. Following the Acquisition, the Net financial debt of the Group increased significantly due to the assumption of the Net financial debt of the 2i Rete Gas Group as well as to the use of the cash proceeds of the 2025 Notes issuance and the use of the Bridge Credit Facility to finance the purchase price of the Acquisition and the related transaction costs. On May 16, 2025, the Issuer entered into two new Euro-denominated loan agreements, for an amount of €300 million each, the CAIXA Loan Agreement and the 2025 ISP Loan Agreement. See also "*Business Description—Material Contracts—Italgas Group—Financing Agreements*."

As of March 31, 2025 and as of December 31, 2024, the Gross financial debt of the Italgas Group amounted to €9,139.9 million and €7,174.9 million, respectively, while the Gross financial debt of the 2i Rete Gas Group amounted to €3,100.4 million and €3,296.4 million, respectively. The Gross financial debt of the Italgas Group as of March 31, 2025 includes the net proceeds from the 2025 Notes issued on March 6, 2025 as well as to the use of the Bridge Credit Facility on March 31, 2025.

The Strategic Plan, in line with the thresholds established by rating agencies for maintaining the Issuer's current rating, contemplates progressively reducing Leverage to a value within the 65%-70% range as of December 31, 2026, to approximately 65% as of December 31, 2028, down to 62% as of December 31, 2030. See "*Presentation on Financial and Other Information*" for further information on Leverage.

The Leverage reduction objective set forth in the Strategic Plan is based on various assumptions, including cash generation expected over the life of the Strategic Plan and the early repayment of almost the entirety of the Bridge Credit Facility through the net proceeds of the Capital Increase, with the remaining amounts outstanding under the Bridge Credit Facility to be repaid with the Company's cash on hand. We may not be able to reduce our Leverage in line with the targets set forth in the Strategic Plan, and we may not be able to refinance our financial debt at maturity (or to refinance it at the conditions envisaged in the Strategic Plan, or at more favorable conditions) if any of the underlying assumptions prove to be incorrect, including in the event the Capital Increase is not completed or is not fully subscribed. See also "*—If the Underwriters, upon the occurrence of any of the events contemplated under the Underwriting Agreement, were to exercise their right to terminate the Underwriting Agreement, or if CDP were to fail to fulfill its obligations under the CDP Reti Subscription Commitment, we may not receive all the proceeds expected from the Offering*." In addition, failure to reduce the Leverage in line with the provisions of the Strategic Plan may also result in a worsening of the creditworthiness and consequently an even significant increase in financial charges compared to forecasts. See also "*—We are exposed to risks relating to the possible deterioration of our credit rating*."

The Strategic Plan also assumes the refinancing of indebtedness at maturity and the availability of additional financing to meet funding needs during the period covered by the Plan. In the future, for instance in the event of unforeseen circumstances, we may have to refinance our financial debt in breach of the covenants in certain of our loan agreements and in our notes. Any such event may have material adverse effects on our business, financial condition and results of operations, and may also result in a deterioration in creditworthiness and consequently even a significant increase in financial charges to our Group, including compared to forecasts, with a possible material adverse effect on our business, financial condition and results of operations.

As of March 31, 2025 and December 31, 2024, the financing agreements governing the entirety of the Italgas Group's Gross financial debt include certain restrictive covenants (including financial covenants, negative pledges, events of default, cross default and/or cross acceleration clauses). The CAIXA Loan Agreement and the 2025 ISP Loan Agreement also include similar covenants. As of March 31, 2025 and December 31, 2024, 100% and 97.7%, respectively, of the Gross financial debt of the 2i Rete Gas Group provided, as the case may be in relation to one or more contracts, clauses that entail limits on the use of financial resources (financial covenants, negative pledges, events of default, cross default and/or cross acceleration clauses, as a consequence of limitations on the operations of the 2i Rete Gas Group, etc.). In addition, the notes issued by 2i Rete Gas include a change of control clause which can only be triggered upon, within sixty days from the relevant change of control event, (i) downgrading of such notes below the investment grade threshold, or (ii) revocation of the rating of such notes by the relevant rating agencies, as further described under "*Business Description—Material Contracts—2i Rete Gas Group—Financing Agreements*." On October 10, 2024 and October 9, 2024 respectively, and therefore following the announcement of the Acquisition, such agencies confirmed the rating of 2i Rete Gas previously assigned, in both cases above investment grade.

Some loan agreements include cross-default clauses that could result in acceleration of the applicable repayment obligations upon the mere occurrence of events of default (of any type, not only for payment default) under other financing agreements. See "*Business Description—Material Contracts*" for further information. These provisions, if triggered, could lead to the early repayment of one or more loans, which could have a material adverse effect on our business, financial condition and results of operations.

Our commitments with respect to our financial debt could limit our ability to operate or expand our business as planned and this could have a material adverse effect on our equity, economic and financial position.

In the event that our ability to obtain access to credit is limited, including due to our economic and financial performance, we may be forced to delay the raising of capital or to find financial resources at more onerous terms and conditions. If we are unable to raise new funds or to be unable to liquidate assets, that could expose us to the risk of having to incur additional costs to meet our commitments, resulting in material adverse effects on our business, financial condition and results of operations.

We are exposed to risks relating to the possible deterioration of our credit rating

The rating agencies Moody's and Fitch have assigned a long-term rating to Italgas, as well as a rating to the Italgas's medium-long term financial debt. Italgas's long-term rating is: (i) Baa2 with stable outlook, confirmed on October 10, 2024 by Moody's Ratings ("**Moody's**"); and (ii) BBB+ with stable outlook, confirmed on October 9, 2024 by Fitch Ratings ("**Fitch**").

Moody's has indicated that it could downgrade Italgas's rating, among other things, in the event of a structural deterioration in the credit profile of the Issuer, resulting for example in a ratio of funds from operations ("FFO") to net debt of less than 10% or in the ratio of retained cash flow ("RCF") to net debt of less than 6%, each as calculated by Moody's, as well as any unfavorable regulatory developments, political interference or the introduction of adverse tax policies. Moody's has also indicated that the Acquisition has a certain degree of execution risk, among other things, in connection with the remedies ordered by the AGCM, which could impact both the time necessary for the reduction of the Group's debt and the realization of the expected synergies.

Fitch has indicated that it could downgrade Italgas's rating, among other things, in the event of (i) the Issuer's inability to show a plan to reduce the ratio between net debt and the sum of the RAB and equity investments to 65% within 18-24 months of Closing of the Acquisition; (ii) a ratio between debt and FFO at or greater than 7.0x, (iii) interest coverage through FFO of less than 4.5x, or (iv) a weakening of the company's risk profile due to a less predictable regulatory context or the introduction of adverse policies. Finally, Fitch noted (i) potential risks related to remedies ordered by the AGCM, in particular in connection with the risk that the proceeds from the assets divestements ordered by the authority be significantly lower than expected, as well as (ii) long-term regulatory risks linked to the energy transition and its impact on gas networks in favor of electric networks due to the progressive decrease in the use of natural gas and a more realistic approach to the growth prospectives of green hydrogen.

Prior to the Acquisition, Moody's and Standard & Poor's ("**S&P**") had assigned a long-term rating to 2i Rete Gas, as well as a medium-long term rating to 2i Rete Gas's financial debt. 2i Rete Gas's long term rating was: (i) Baa2 with stable outlook, confirmed on October 10, 2024 by Moody's, and (ii) BBB with stable outlook, confirmed on October 9, 2024 by S&P.

Moody's has indicated that it could downgrade 2i Rete Gas's rating, among other things, in the event of a deterioration in the financial profile of 2i Rete Gas, resulting in a ratio of funds from operations ("FFO") to net debt of less than 10% or in the ratio of net debt to immobilizations of more than 85%, due, for instance, to performance below expectations, higher investments or higher dividends, as well as any unfavorable regulatory developments, political interference or the introduction of adverse tax policies.

Generally, a credit rating assesses the credit worthiness of an entity and informs an investor about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Credit ratings play a critical role in determining the costs for entities accessing the capital market in order to borrow funds and the rate of interest they can achieve. A downgrade or even the possibility of a downgrade in the rating assigned by the rating agencies could have an adverse effect on our ability to access sources of financing and to compete in the capital markets, which could increase our borrowing costs or even jeopardize further issuances, with potential adverse effects on our business, financial condition and results of operations. Any reduction in such ratings could result in an increase of the cost of certain existing loan agreements of the Group, or in the acceleration and/or refinancing of outstanding debt. For instance, in the event of that Italgas's credit rating is revoked or downgraded below BBB- (Fitch) or Baa3 (Moody's), the EIB, as lender, has the right, pursuant to the loan agreements between the EIB and Italgas, to request additional guarantees of Italgas as well as to accelerate the payment of the outstanding loans, therefore triggering cross-acceleration or cross-default provisions in other financing agreements of the Group. In addition, potential changes in Italy's sovereign rating and the trend in the macroeconomic context are material risks that could impact us. Therefore, a worsening in the sovereign rating of Italy or the deterioration of operating conditions in Italy, could lead to a worsening of one or more ratings assigned by the rating agencies to us. See "*Business Description—Material Contracts*" for further information on the Group's financing agreements.

Impairments of non-current assets and goodwill may have adverse effects on our results of operations

Pursuant to IAS 36 (Impairment of assets), we are required to test our assets that have an indefinite useful life (including goodwill) and current intangible assets for impairment at least annually or, if there is an indication of impairment (a so-called trigger event), more frequently. Similarly, our assets that have a defined useful life (including concession service arrangements) are subject to impairment testing at least annually and, if there is an indication of impairment, more frequently. Therefore, as a result of impairment tests, we may be required to write down our assets.

As of March 31, 2025 and as of December 31, 2024, the value of concession service arrangements for the Italgas Group (including related work in progress and payments on account IFRIC 12) amounted to €8,511.9 million and to €8,480.9 million, respectively, and their impact on the total consolidated assets of the Italgas Group and on consolidated equity amounted to 59.9% and 286.3% respectively, as of March 31, 2025, and 70.8% and 303.6% respectively, as of December 31, 2024. As of March 31, 2025 and as of December 31, 2024, the value of the goodwill of the Italgas Group was equal to €190.5 million, and the ratio of goodwill to total consolidated assets of the Italgas Group and to consolidated equity was 1.3% and 6.4% respectively, as of March 31, 2025, and 1.6% and 6.8%, at December 31, 2024, respectively.

The decision on whether to proceed with any write-downs of concession service arrangements and goodwill and the quantification thereof depends on evaluations of complex and uncertain factors, including the evolution of regulatory legislation, estimates related to the performance of the reference market and investment and divestment decisions.

Impairment may be recognized, among other things, if the future economic performance of the Group and the related cash flows are different from the estimates used for the purposes of the impairment test, resulting in write-downs of goodwill and concession service arrangements, with consequent material adverse effects on our business, financial condition and results of operations.

The 2024 Unaudited Pro Forma Consolidated Financial Information includes concession service arrangements and pro forma goodwill of €12,943.8 million and €1,125.0 million, respectively, of which €934.5 million of goodwill relates to the provisional allocation of the consideration of the Acquisition. On the basis of these pro forma figures, the impact of the concession service arrangements on the total pro forma consolidated assets and on pro forma consolidated equity was 71.4% and 342.3% respectively as of December 31, 2024. The ratio of goodwill to our total pro forma consolidated assets and to the total pro forma consolidated equity was 6.2% and 29.8% respectively as of December 31, 2024. The allocation of the purchase price for the Acquisition, considered in the aforementioned pro forma financial information, is provisional. The appropriate purchase price allocation relating to the Acquisition will be defined within the time limit set out by IFRS 3 – Business Combinations.

For more information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Interest rate fluctuations, inflation and deflation could negatively affect our earnings and cash flows

As of March 31, 2025, 22.4% of our Gross financial debt was at floating rate (14.6% as of December 31, 2024) and 77.6% at fixed rate (85.4% as of December 31, 2024). As of December 31, 2024, we carried out a sensitivity analysis on the impact of a potential generalized change in reference interest rates of +/- 10 bps on an annual basis. The estimated effects on the consolidated income statement correspond to a negative impact in terms of an increase in financial charges of approximately €0.6 million in the event of a 10 bps increase in the level of interest rates and a positive impact in terms of a reduction in financial charges of approximately €0.6 million in the event of a reduction of 10 bps.

With regard to the 2i Rete Gas Group, as of March 31, 2025, the Gross financial debt was 3.5% at floating rate (3.3% as of December 31, 2024) and 96.5% at fixed rate (96.7% as of December 31, 2024).

Fluctuations in interest rates may affect the market value of our financial assets and liabilities and the level of net financial charges. An increase in interest rates, if not transposed, in whole or in part, or transposed with delay with respect to the adjustment of the costs of financial debt, in the regulatory WACC, could have adverse effects on our business, financial condition and results of operations.

In addition, changes in the prices of goods, equipment, materials and labor could have an impact on our financial results, which may also be materially impacted any change caused by inflationary or deflationary processes, if not appropriately reflected, – in whole or in part or with a delay with respect to actual price increases – in the RAB's inflationary adjustment mechanism.

The 2024 Unaudited Pro Forma Consolidated Financial Information included in this Offering Circular is presented for illustrative purposes only and may not be indicative of the results of operations or financial condition of the Group following completion of the Pro Forma Transactions (including the Acquisition).

The 2024 Unaudited Pro Forma Consolidated Financial Information is included in this Offering Circular for illustrative purposes only and has been based on certain adjustments, assumptions and preliminary estimates regarding the main effects on our consolidated statement of financial position and consolidated income statement for the year ended December 31, 2024 of the Pro Forma Transactions. The 2024 Unaudited Pro Forma Consolidated Financial Information included in this Offering Circular simulates, for information purposes only and based on valuation criteria consistent with historical data and in compliance with applicable legislation, the main retroactive effects of the aforementioned transactions, as if such transactions had occurred on January 1, 2024, for purposes of the historical consolidated income statement, and as of December 31, 2024 for purposes of the historical consolidated statement of financial position.

The adjustments, assumptions and preliminary estimates underlying the 2024 Unaudited Pro Forma Consolidated Financial Information are based on the information available at the time of the preparation of this Offering Circular and are subject to change. They may prove to be inaccurate, and other factors may affect our business, results of operations and financial condition following the Pro Forma Transactions. Accordingly, the historical and pro forma financial information included in this Offering Circular does not represent our results of operations or financial condition, for instance, had Italgas and 2i Rete Gas operated as a combined entity during the periods presented, or of our results of operations or financial condition following completion of the Pro Forma Transactions.

In particular, with reference to the assumptions, since the information for estimating the relevant fair value is not yet available, the difference between the consideration for the Acquisition paid at the Closing Date and the assets and liabilities of 2i Rete Gas as of December 31, 2024 referred to in the 2024 Unaudited Pro Forma Consolidated Financial Information has been provisionally allocated to goodwill. As a consequence, since the purchase price allocation (PPA) process pursuant to IFRS 3 – Business Combinations is yet to be completed, the amount allocated to goodwill may be subject to changes if it is allocated to intangible assets with a finite useful life. The related amortization would be accounted for in the consolidated income statement, which could have a material adverse impact on the Group's business, financial condition and results of operations.

For additional details regarding the 2024 Unaudited Pro Forma Consolidated Financial Information, see "*Annex C – 2024 Unaudited Pro Forma Consolidated Financial Information*."

Risks relating to our business and the industry in which we operate

We are exposed to risks relating to recent and potential future acquisitions, including the Acquisition

In recent years, the Italgas Group and the 2i Rete Gas Group have completed a number of acquisitions aimed at consolidating their presence in the gas distribution sector, as well as, with reference to the Italgas Group, entering the gas distribution market in Greece, the energy efficiency services sector and the water sector. The Strategic Plan envisages, among other things, a growth strategy which may, from time to time, include acquisitions and which included the completion of the Acquisition, as well as the strengthening of our presence in the water sector and in the energy efficiency services sector. As of the date of this Offering Circular, net of the Acquisition, we have not yet signed binding agreements functional to the implementation of this strategy of growth through external lines.

As part of this growth strategy, we are exposed to typical acquisition and integration risks, which may have a material adverse effect on our business, financial condition and results of operations. Examples of such risks include delays in the completion of the transactions or difficulties in the integration processes as well unexpected costs and liabilities or the potential inability to obtain the expected operating benefits or synergies, all of which are subject to uncertainty. We may be exposed to liabilities (including tax liabilities) not detected during the due diligence process or not covered (in whole or in part) by contractual provisions. In addition, other assessments of the acquired business made at the time of the initial investment could prove to be incorrect.

With reference to the Acquisition, the occurrence of any of the events described above or the inaccuracy of assumptions made could lead to results that are substantially different from those assumed in the estimates and forecasts made in evaluating the Acquisition and assumed in the Strategic Plan, which may have material adverse effects on our business, financial condition and results of operations. If we incur liabilities as a result of the Acquisition and these liabilities, in whole or in part, are not covered by the warranty and indemnity insurance policy or if indemnification is not available for any other reason, this may have material adverse effects on our business, financial position and results of operations. See "*Business Description—Material Contracts*" for further information on the Acquisition Agreement.

We are subject to risks associated with the award and withdrawal of gas distribution concessions

We carry out our gas distribution activities in Italy and Greece on the basis of public concessions. As of March 31, 2025, 91.1% of Total revenues and other income before inter-segment eliminations of the Italgas Group (91.2% as of December 31, 2024) was attributable to the gas distribution business, of which 80.9% related to the gas distribution in Italy and 10.1% related to the gas distribution in Greece. As of March 31, 2025, 100% of the 2i Rete Gas Group's Revenues (excluding the effect of IFRIC 12) were attributable to the gas distribution business in Italy. On a pro forma basis, as of December 31, 2024, 94.0% of Total revenues and other income of the Group related to gas distribution in Italy.

On March 11, 2025, the AGCM authorized the Acquisition, requiring us, *inter alia*, to dispose of (i) 20% of the total redelivery points ("**RPs**") of the Post-Acquisition Group, together with the related assets, in thirty-one ATEMs, and (ii) a number of RPs of the Post-Acquisition Group, together with the related assets, equal to the number of RPs acquired as a result of the Acquisition, in four other ATEMs. The proceeds deriving from such dispositions may be different from those envisaged in the Strategic Plan due, among other things, to their timing and of the market's interest in these assets, with a consequent material adverse impact on our ability to achieve the Forecasts and our business, financial condition and results of operations.

In accordance with Italian law, the award of concessions for the gas distribution service is done by way of public tender competitions. Upon expiry of a concession, the incumbent operator is required to continue providing the service (and has the right to be compensated for it) until a new concession is awarded by way of a new public tender. See "*Business Description—Regulatory Framework: Gas Distribution Regulations*" for further information on applicable laws and regulations.

At the date of this Offering Circular, the Italgas Group operated the gas distribution and metering service in Italy in 1,508 municipalities where concessions have expired (equal to 79.5% of the total number of municipalities under concession held by the Italgas Group at that date). At the same date, the 2i Rete Gas Group operated in 2,177 Italian municipalities where the concessions have expired (equal to 97.71% of the total number of municipalities under concession held by the 2i Rete Gas Group at that date). Therefore, revenues generated from expired concessions represent a significant portion of the Group's total revenues.

As a result of this situation and applicable laws and regulation, it is possible that some or all of these concessions will be not re-assigned to the Group as a result of the new public tender competitions, when launched. Italian laws and regulations provide that when a tender for a particular area is awarded to a new operator, the incoming operator must pay to the outgoing operator an amount as consideration for the transfer of the infrastructure for that area. Nevertheless, if we fail to obtain the re-assignment of a significnat number of expired concessions in the relevant tender process, our business, financial condition and results of operations may be materially adversely affected.

In addition, the Strategic Plan envisages that in 2030 the award of new tender competitions for ATEMs, together with future non-organic growth, will represent 10% of Total revenues and other income adjusted, 7% of Adjusted EBITDA and 6% of Adjusted EBIT (net, as the case may be, of lower revenues and/or costs and/or depreciation and amortisation relating to the assets required to be sold pursuant to the order of the AGCM in connection with the Acquisition). These forecasts are based on various assumptions regarding the scheduling of future tender competitions as well as on the assumption that the Group will increase the number of concessions that it operates by way of the award of new public tenders (including with respect to certain concessions currently expired) net of the impact of the divestitures of the ATEMs ordered by the AGCM in connection with the Acquisition. Our ability to achieve the objectives included in the Strategic Plan with respect to tender competitions will depend on the announcement of new tender competitions over the period covered by the plan and the timing thereof. An insufficient call for new tender competitions, a different scheduling thereof, or our inability to be assigned new concessions, in each case compared to the assumptions underlying the Strategic Plan, could materially and adversely affect our allocation of resources, capital expenditures and growth of the gas distribution business in Italy compared to the estimates of the Strategic Plan.

Public tender competitions are very complex and their outcome is characterized by a high degree of uncertainty due the technical-economic and management criteria applied to determine the assignments, which may also be subject to updates from time to time. In addition, for the purposes of awarding tenders, the existence of formal requirements is also assessed. As a result, we may not be awarded certain concessions, or may be awarded concessions on less favorable terms, than envisaged in the Strategic Plan, which would have material adverse effects on our business, financial condition and results of operations. See also "*—Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty*" and "*Annex A—Forecast Data.*"

As the award of concessions for the natural gas distribution service in Italy is subject to the legislation on public contracts, the related tender procedures are often subject to disputes as is typical of the public procurement sector. Participation in the public tender competitions and the operation of the gas distribution and metering service are subject to the operator being in possession of certain eligibility requirements. The commission of specific offenses and the existence of certain criminal proceedings pending against certain individuals having representation, direction or control powers over the Group companies may impact our participation in ATEM tender competitions and our ability to maintain our concessions, potentially resulting in suspension or withdrawal of the relevant concessions. As of the date of this Offering Circular, some individuals who have or had representation, direction or control powers over us are subject to pending proceedings which, in the event of an adverse outcome could have an adverse impact on our ability to participate in tender competitions and to maintain our concessions. See "*Business Description—Legal Proceedings*."

In the context of ongoing concessions, failure to comply with the commitments undertaken by the Italgas Group and the 2i Rete Gas Group under the existing concession contracts may lead to the application of penalties by the grantor, the emergence of disputes and, possibly, early termination of the concession, with consequent adverse effects on our business, financial condition and results of operations. Also, failure to renew concessions or possible difficulties in determining the value of the RAB (and consequently the reimbursement value) could have an adverse effect on our business, financial condition and results of operations. In particular, uncertainty and regulatory and procedural developments could hamper long-term planning, as well as our ability to complete our investment plan. In addition, the complexity of the regulations governing expiry of the concessions we hold may result in disputes and legal or arbitration proceedings, which could have material adverse effects on our business, financial condition and results of operations. On the other hand, as we may be awarded concessions in ATEMs previously managed in whole or in part by other operators, we may incur, at least initially, costs that are higher than our operating standards or initial estimates with possible adverse effects on our business, financial condition and results of operations.

Finally, under the financing agreements between the European Investment Bank (the "**EIB**"), as lender, and the Italgas Group or the 2i Rete Gas Group, as borrowers, the lender has the right to request early repayment of loans if (i) there is a reduction in concessions such as to cause a significant decrease in the weight of income deriving from gas distribution on consolidated EBITDA of the Italgas Group or the 2i Rete Gas Group, respectively, and (ii) the EIB considers that the effects of the loss of concessions cannot be satisfactorily mitigated. In such a scenario, we may raise the resources we need through note issuances and/or bank loans which, depending on market conditions, may be more expensive, with adverse effects on our business, financial condition and results of operations. See also "*—The Group is exposed to risks deriving from its financial indebtedness*" and "*Business Description—Material Contracts*."

Uncertainty on the reimbursement value owed to outgoing operators may lead to disputes and have material adverse effects on our business, financial condition and results of operations

Pursuant to applicable Italian law, when a tender for a particular area is awarded to a new operator, the incoming operator must pay to the outgoing operator an amount as consideration for the transfer of the infrastructure for that area, determined according to the provisions of the applicable concession and regulations. See "*Business Description-Regulatory Framework: Gas Distribution Regulations-Reimbursement value owed to the outgoing operator of the gas distribution network*."

There may be cases, included with regard to the ATEMs subject to the AGCM order mentioned above, in which such reimbursement value may be lower than the value of the RAB, which is the reimbursement value assumed in the preparation of the Strategic Plan, included as a result of the aforesaid AGCM behavioral redemies, or in which such reimbursement may be realized within a timeline different from that envisaged in the Strategic Plan. This may have a material adverse effect on our business, financial condition and results of operations. See also "*—Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty*" and "*Annex A—Forecast Data.*"

The reimbursement value of the entire portfolio of Italgas Group concessions is based on the methodology set forth in Article 5 of Ministerial Decree 226/2011 as amended and supplemented and in the Guidelines (industrial estimation criterion, so-called "RIV," or residual industrial value), except for certain assets which are not subject to the reimbursement obligation and for certain concessions which, as permitted by the regulations in effect at the time of signing the concession contract, include specific contractual provisions regarding the calculation of the reimbursement value (i.e., the concessions for the capital city of Rome, which represents 21.73% of the RAB of the Italgas Group based on the 2024 provisional tariffs approved by Resolution 186/2024/R/gas, the concession for the Municipality of Venice, which represents 2.83% of the RAB of the Italgas Group based on the 2024 provisional tariffs approved by Resolution 186/2024/R/gas, and the concessions other smaller municipalities).

The uncertainty arising from the plurality of regulatory sources and their complexity as well as from the possible different interpretations of the provisions that impact the determination of the reimbursement value could give rise to litigation or legal disputes, increasing, in turn, the uncertainty on the amount of the reimbursement value and on the timing of its payment, which could have adverse effects on our business, financial condition and results of operations. As of the date of this Offering Circular, Italgas Reti is engaged in active litigations with 2i Rete Gas and the municipality of Naples before the Court of Naples. See "*Business Description—Legal Proceedings*" for further information.

In addition, in connection with the Acquisition, the AGCM has ordered certain behavioral remedies that the Group is required to follow when participating in tender competitions in certain ATEMs identified by the authority, split into a first group comprising thirthy-five ATEMs and a second group comprising thirty ATEMs. According to such remedies, the Group will have to grant to the incoming operator in such ATEMs a dilation of the reimbursement value payment for such concessions for a maximum period of three years (eighteen months with regard the second group of ATEMs) from the date on which such operator will start providing the gas distribution service in the relevant ATEM, subject to interest rate equal to the ten-year Midswap Rate, as appearing on the relevant Bloomberg page at the execution date of the concession agreement, plus 60bps margin. Alternatively, and only with regard to the first group of thirty-five ATEMs, the Issuer may elect to pay to the incoming operator an amount equal to the (i) the amount of the reimbursement for which the abovementioned payment dilation is not granted , *multiplied by* (ii) an interest rate equal to the ten-year Midswap Rate of reference plus 360bps margin, *multiplied by* three years.

Moreover, both the Italgas Group, through its subsidiary Toscana Energia, and the 2i Rete Gas Group have entered into certain loan agreements with the EIB (representing 0.6% and 10.8% of the Gross financial debt of the Italgas Group and the 2i Rete Gas Group as of March 31, 2025, respectively). These agreements include, *inter alia*, financial covenants requiring compliance with certain ratios, including the net financial position to RAB ratio, as defined pursuant to the contractual documentation. As of December 31, 2024, the aforementioned covenants were complied with. Failure to comply with such covenants may result in the early repayment of one or more loans, with adverse effects on our business, financial conditions and results of operations. See also "—*The Group is exposed to risks deriving from its financial indebtedness*" and "*Business Description—Material Contracts*."

We may incur significant costs in connection with the use and replacement of smart meters

Pursuant to ARERA Resolution 155/2008, as amended, we have installed smart meters in over 85% of the Group's RPs. At March 31, 2025, the net book value of smart meters installed by the Italgas Group, recorded in the financial statements as intangible assets, amounted to €666.9 million (€670.2 million as of December 31, 2024) and the net book value of smart meter inventories amounted to €26.5 million (€27.0 million as of December 31, 2024). At the same date, the net book value of the smart meters installed by the 2i Rete Gas Group, recorded in the financial statements as intangible assets, amounted to €401.3 million (€401.7 million as of December 31, 2024) and the net book value of the inventories of smart meters amounted to €11.2 million (€13.7 million as of December 31, 2024).

The ARERA has established the regulatory useful life of smart meters at 15 years, which represents the period during which such assets are considered, in terms of annual depreciation rates, in the calculation of the applicable tariffs by the ARERA. Given the high proportion of technological components of which smart meters are composed, their actual useful life could be lower than that envisaged by the ARERA. This could be due, among other things, to signal or battery problems, device system errors, installation problems or outdated software. The ARERA also establishes the performance standards for smart meters and the compensation obligation to be borne by the gas distributor if these performances are not met, should the performance standards not be met. In the event of malfunctions of the smart meters, or failure to comply with the performance standards defined by the ARERA, we provide diagnostic activity in order to identify the causes of the malfunction and to determine whether any contractual guarantees given by the supplier of the relevant smart meter may be applicable. Ultimately, in order to avoid the compensation obligations mentioned above, we may have to, replace the faulty meter with a new meter, bearing the related replacement costs, and seeking recourse, if available, against the supplier or recording a capital loss (equal to the residual tariff value of the smart meter), which is not recognized for tariff purposes by the current regulation (given the regulatory useful life of the meter), with material adverse effects on our business, financial condition or results of operations.

In addition, despite the measures adopted to ensure high security standards and to mitigate the risks of cyber-attacks, we may be subject to IT security incidents that may compromise the functioning of the smart meters and/or the protection of the data collected and which may have a material adverse effect on our business, financial condition and results of operations. Since 2022, the Group has not suffered any cybersecurity-related incidents that resulted in data breach events or compromised the corporate IT systems, including with respect to smart meters.

The Strategic Plan contemplates the replacement of our meters with smart meters of new generation, including the Nimbus smart meters, as further described in "*Annex A—Forecast Data*." The implementation of the above meter replacement plan and the envisaged prevalence of smart meters (over other types of meters) could lead to an increase in operating costs related to the meters' management, operating anomalies in the metering chain, as well as additional charges related to the disposal of any defective meters that cannot be repaired before the relevant amortisation period ends. Even though the installation and use of new generation smart meters aims at guaranteeing greater accuracy and timeliness in the measurement and recording of actual energy consumption, as there is no verified historical data on the durability of these meters or the reliability of the related technology, there is a risk that we may face higher than budgeted replacement or maintenance costs, which could have material adverse effects on our business, financial condition and results of operations.

Moreover, we may be impacted by possible discontinuity in the supply chain we rely on in connection with the production of the Nimbus smart meteres, as well as be subject to other factors negatively impacting our production and operation of such meters, including in connection with malfunctioning and unexpected maintaince of the meters, any of which may result in increased costs, delays in distributions and operation of the meters and have a material adverse effect on our business, financial condition and results of operations.

If the energy transition scenarios unfold differently than anticipated in our Strategic Plan, this could materially and adversely affect our business, financial condition and results of operations

The current energy transition trends suggest a gradual shift towards a greater use of renewable energy sources with a reduced climate-changing impact. The actual evolution of the energy transition scenario, however, is subject to a high degree of uncertainty due to the levels of supply and demand in the energy market, as well as a number of other factors including: (i) the time to achieve grid parity between conventional sources and renewable energy; (ii) the development of renewable gas production, in particular with reference to the potential volumes of biomethane and hydrogen, as well as the related end uses; (iii) the adoption of incentive schemes for renewable fuels; (iv) the adaptation of electricity infrastructures to scenarios of high penetration of non-programmable renewables (photovoltaic and wind, in particular) and electrification; and (v) the development and dissemination of technological solutions available for domestic use.

The Strategic Plan is based on the assumption that the main markets in which we operate will remain stable in the coming years and that the biomethane and green gas market will grow driven by the European energy transition, in line with the objectives of the REPowerEU plan, launched in May 2022 by the European Commission, which envisages an increase in biomethane production in Europe by 2030, up to ten times higher than 2022 levels, with the aim of ensuring the diversification of supplies and accelerating the transition to renewable sources.

The Strategic Plan also includes targeted strategies aimed at enhancing the role of our Group in promoting the energy transition. See "*Annex A—Forecast Data*" for further information. A shift towards electrification in contrast with the assumptions set forth in the Strategic Plan, and the consequent increase in the use of systems powered by electricity rather than natural gas / renewable gases, could result in a failure to meet the objectives of the Strategic Plan and have material adverse effects on our business, financial position and results of operations.

We are exposed to risks relating to our infrastructure

Our business activities are based on strategic infrastructures, including gas distribution networks, systems for connection to the national transportation network, as well as various systems for the preheating, decompression, odorization and metering of gas, secondary pressure reduction units located near the networks serving users, and traditional and electronic meters installed at the gas redelivery points to end users and related systems. These assets are subject to operational risks, which include the malfunctioning and unexpected interruption of service due to accidental events, such as failures or malfunctioning of equipment or control systems, reduced plant efficiency, human error, as well as extraordinary risks such as explosions, fires, earthquakes, landslides, floods and other natural or exceptional events beyond our control, including terrorist attacks. The occurrence of such events could lead to a temporary or prolonged interruption of service and significant harm to people, infrastructures and the environment, with consequent compensation obligations and with material adverse effects on our reputation as well as our business, financial position and results of operations.

We are also exposed to physical climate risks, related to climate phenomena and their increasingly severe manifestations, the extent of which also depends on the location and vulnerability of the assets. A significant part of our activities is carried out in environments which, by their nature, are subject to the action of atmospheric events, even of significant intensity. Although with reference to the financial years 2023 and 2024, as well as to the date of this Offering Circular, there have been no extreme or chronic weather events that have caused significant damage to our plants and infrastructures, future events of particular intensity may cause an interruption of industrial activities and an increase in restoration and maintenance costs, with material adverse effects on our business, financial condition and results of operations.

As we make significant investments in the construction and maintenance of our strategic assets and incur costs related to extraordinary asset maintenance, we cannot predict the exact level of investments required to achieve the strategic objectives and the level of required maintenance costs. Such investments and costs are subject to variable factors, some of which are beyond our control, such as: (a) delays or difficulties in obtaining administrative and environmental authorizations; (b) opposition from political forces, organizations or local communities; (c) increases in the cost of materials, equipment and labor; (d) changes in legislation or regulations during the implementation of projects; (e) difficulties in accessing financing at favorable conditions and (f) non-performance or delay in the performance of the services due by our suppliers (resulting in difficulties in replacing suppliers or in procuring the goods and services necessary to carry out the activities). These factors could lead to an increase in costs or a lengthening of the time needed to complete the projects, impacting, among other things, our ability to comply with the contractual obligations in place in respect of the granting authorities, exposing us to economic penalties by the authorities themselves.

For example, in 2010, Cilento Reti Gas S.r.l., a subsidiary of 2i Rete Gas Group, entered into an agreement with several municipalities of the Cilento region of Italy to construct and manage the gas distribution network in the Cilento region, subject to public funding becoming available within certain dates. The construction of the network has suffered significant delays and cost increases due, among other things, to changes to the project and delays in the supply of public subsidies due to the transfer of responsibilities from the Ministry of Economic Development (now the Ministry of Enterprises and Made in Italy) to the Campania region of Italy. In addition, the profitability envisaged for the project has also been significantly reduced due to (i) changes to ARERA regulations affecting the cap on tariff revenues (in particular, ARERA Resolution 704/2016 and ARERA Resolution no. 525/2022/R/gas); and (ii) the reduction in end-user demand for new activations. As a result, Cilento Reti Gas S.r.l. has requested the competent authorities to rebalance the economic and financial plan of the concession, as well as, pending achievement of the rebalancing, the temporary redefinition of the scope of the activities. Discussions are also ongoing with the Campania Region and the ARERA in order to obtain tariff coverage of higher costs than those contemplated by applicable law and regulations. At the date of this Offering Circular, no final decision has been made on the matter by the above-mentioned authorities. The Cilento Concession provides for the application of penalties in the event of delay (equal to €200 per municipality for each day of delay) and the right of the municipalities involved to terminate the concession in the event of failure to carry out the required investments. At the date of this Offering Circular, no penalties have been applied, and none of the municipalities concerned has threatened to terminate the Cilento Concession. If the economic and financial plan is not varied or the tariffs are not increased in order to cover the additional costs, or if legal actions are taken by the municipalities aimed at obtaining execution of the original concession plan, the penalties provided for by the Cilento concession are enforced, or the agreement with the Cilento municipalities is terminated as a result of the delays in the construction, or of the partial completion, of the gas distribution network, there may be adverse effects on our business, financial condition and results of operations.

See "*Business Description—Overview*" for further information on our projects and operations.

We are exposed to risks linked to the macroeconomic scenario and political, social and economic instability in natural gas supply countries

A significant part of the natural gas transported through the Italian and Greek national transportation networks and, ultimately, distributed by the Italgas Group and the 2i Rete Gas Group is imported from or transited through countries that are politically, socially or economically unstable or that may experience instability in the future. As a consequence, the import of natural gas from or its transit through these countries is subject to inherent risks including, but not limited to: high inflation, exchange rate volatility, inadequate legislation on insolvency and creditor protection, social tensions and unrest, limits on investment and on the import and export of goods, tax and excise increases, forced renegotiation of contracts, nationalization of assets, political unrest, tensions with other countries, changes in trade policies and monetary restrictions.

If a user of our distribution service is unable to obtain natural gas from such countries, or is otherwise affected by such adverse conditions, this could have an adverse impact on our business, financial position and results of operations.

The state of tension generated following the outbreak of the conflicts between Russia and Ukraine and in the Middle East on a political-military level and the consequent economic sanctions adopted by the international community against Russia, have led to significant effects and turbulence on globalized markets, both on the financial front and on prices and exports of raw materials. Our Group does not have production activities or personnel located in the Middle East, Russia, Ukraine or countries geopolitically aligned with Russia, nor does it have commercial or financial relations with these countries. We are not subject to any material restrictions on the execution of financial transactions through the banking system, also following the exclusion of Russia from the Swift international payment system. However, the current market characterized by restrictions and slowdowns in the supply chain, particularly with regard to components, political-economic tensions due to the Russia-Ukraine conflict may exacerbate these difficulties and have repercussions on our business that cannot be estimated foreseen.

We may be unable to attract or retain sufficient skilled personnel to meet our operational requirements

As of the date of this Offering Circular, we employ highly qualified personnel and management with high specialization and technical skills. As many of our activities and services are the result of complex design and require specific technical knowledge, the future success of our business depends, among other things, on our continued ability to identify, hire, train and retain qualified personnel. Such ability may depend on several factors, some of which are beyond our control, such as the conditions of the local markets in which we operate.

As regards the Italgas Group, in the years ended December 31, 2023 and December 31, 2024, the management turnover rate was 10.3% and 7.4% respectively. The 2i Rete Gas Group did not record a significant turnover of its management in the same years.

Interruption or termination of the employment relationships with a significant number of key persons, including management, the inability to offer adequate remuneration compared to the market or adequate welfare benefits or tools according to employees' expectations as well as failure to identify, in a short time, people with similar professionalism and experience who are able to make the same contribution to the business, guaranteeing safety and efficiency of the service and ensuring compliance with the required quality standards and regulatory requirements, may have adverse effects on our economic, equity and financial position.

We are exposed to risks associated to litigation and regulatory proceedings and cannot offer assurances regarding the outcomes of any particular proceeding

At the date of this Offering Circular, we are party to certain civil, administrative, criminal, labor and tax proceedings. We are also involved in certain disputes related to concessions with some Italian municipalities. See "*Business Description—Legal Proceedings*" for further information.

While both the Italgas Group and the 2i Rete Gas Group have accrued in their respective consolidated balance sheets provisions for risks in relation to disputes in which they are involved in accordance with IFRS, such provisions may be insufficient to cover the losses or expenses actually incurred, or inadequate to cover the actual costs arising from further litigation. The outcome of administrative, civil, tax, labor or criminal or arbitration proceedings in which we are involved or may be involved in the future may damage our reputation, activities, operating results, financial position and/or prospects. In the event that the claims for damages are settled unfavorably to the Group or any provisions are insufficient to fully cover the losses or expenses actually incurred by the Group, there could be a negative impact on our economic, equity and financial position.

A disruption in our information technology, including as a result of cybercrimes, could disrupt our business operations and compromise confidential and sensitive information. Failure to comply with applicable legislation may result in significant penalties and fines to our Group

Our activities are closely linked to the functioning of the IT systems and technological platforms that we use in our business, and our operations are increasingly dependent on these tools. Moreover, our Strategic Plan assumes an increasing use of artificial intelligence across our businesses. See "*Business Description—Overview*" for further information on the use of technology and AI in our Group.

In particular, we rely on our IT infrastructure which includes business management systems such as ERP and CRM, applications developed by the digital factory as well as other non-proprietary systems and software, in order to process, transmit and store information in electronic form, including confidential information. The IT infrastructure supports both staff processes (such as administrative and accounting processes and processes for the preparation of financial information) and management and operational monitoring processes (including the remote monitoring and control of the network and remote reading of installed meters). In addition, the Strategic Plan assumes the use of information technologies to an increasing extent, through the extension of digital applications to the entire network and the development and adoption of solutions based on artificial intelligence across the various businesses to maximize the operational efficiency of the Group and improve consumer service.

Several companies of our Group are subject to EU Directive 2016/1148 (the "**NIS1 Directive**") as operators of essential services (OESs) in the energy sector. Inclusion in this list entails the obligation for these companies to adopt appropriate technical and organizational measures for risk management and the prevention of IT incidents, aimed at ensuring continuity of the services provided. As of 2024, EU Directive 2022/2055 ("the "**NIS2 Directive**"), aimed, among other things, at further strengthening security measures for networks and information systems, is also applicable to several companies of the Group. Failure to comply with such rules and regulations could result in penalties, as well as reputational damage.

In light of the growing technological complexity of digital infrastructures, the Group is exposed to the risk of cyber-attacks. In 2024, the Italgas Group recorded an average of around 147 phishing email reports and, in the last six months of 2024, a total of around 4,978 attempts to connect to network infrastructures. In 2024, the 2i Rete Gas Group recorded an average of around 235 phishing email reports per month and, in the last six months of 2024, a total of around 3,661 attempts to connect to network infrastructures. During such two-year period, and up to the date of this Offering Circular, no cybersecurity-related incidents were recorded that generated data breach events or compromise of company systems.

Our IT systems are exposed to failures, telecommunications interruptions, malfunctioning of the services offered by cloud providers, cyber-attacks and security breaches and other exceptional events that could compromise the operation of its IT infrastructure, the availability of the data and information managed and consequently the operation and/or timeliness of processes. We could face illegal attempts to access our computer systems, including coordinated attacks by hacker groups, including as a result of the current geopolitical scenario characterized by conflicts and tensions that directly or indirectly involve Europe. Such attacks, if not stopped promptly, could result in the loss, theft or unauthorized disclosure or processing of confidential information and personal data, the extraction or alteration of information, or the interruption of operational processes. Risk management could require further measures to be taken in the future which may result in additional costs for the Group.

Moreover, notwithstanding the adoption of such measures, the occurrence of one or more such events, or similar events, or the failure to plan and execute adequate contingent measures in the event of an interruption, could have a negative reputational effect, a negative effect on our ability to guarantee operations compliant with the ARERA rules in Italy, as well as the RAEWW rules in Greece, and on our ability to compete with competitors, as well as cause even prolonged disruptions and interruptions of our activity. The loss, theft or unauthorized disclosure or processing of personal data as a result of cybersecurity incidents could result in negative reputational effects for the our Group, as well as result in the imposition, by the Italian data protection authority or similar competent authorities in other countries, of sanctions against the Group. The occurrence of any of the above events could have adverse effects on our financial position, cash flows and/or results of operations, as well as on our reputation.

Risks related to the legal and regulatory framework

We operate in a highly regulated sector. Changes in the applicable tariff regulations and WACC criteria may have a material adverse effect on our business, financial condition and results of operations

We operate in a highly regulated sector subject to frequent regulatory updates at European and national level, in Italy and Greece. Applicable laws, regulations, and regulatory authority decisions– including those of the ARERA in Italy and RAEWW in Greece – directly affect our revenues, returns on capital and the way we conduct our business. See "*Business Description—Regulatory Framework: Gas Distribution Regulation*" for further information.

As of December 31, 2024, Total revenues and other income relating to activities deriving from the gas distribution segment of the Italgas Group in Italy amounted to €2,127.8 million (€556.7 million as of March 31, 2025), corresponding to 80.6% of Total revenues and other income before the inter-segment eliminations (80.9% as of March 31, 2025). At the same date, the revenues relating to gas distribution activities of the 2i Rete Gas Group in Italy amounted to €1,245.1 million, corresponding to 100% of the revenues of the 2i Rete Gas Group. As of December 31, 2024, Total revenues and other income relating to gas distribution activities of the Italgas Group in Greece amounted to €279.2 million (€69.5 million as of March 31, 2025), corresponding to 10.6% of Total revenues and other income before inter-segment eliminations (10.1% as of March 31, 2025). As of December 31, 2024, Total revenues and other income relating to activities deriving from the water services segment of the Italgas Group in Italy amounted to €99.1 million (€24.1 million as of March 31, 2025), corresponding to 3.8% of the Total revenues and other operating income before inter-segment eliminations (3.5% as of March 31, 2025).

The beginning of a new regulatory period for gas distribution services in Italy starting from 2026 or the adoption of new criteria for determining and updating the WACC for the period after 2027, the introduction of the new regulatory period for gas distribution services in Greece starting from 2027, as well as the introduction of the new regulatory period for water services in Italy starting from 2029 and the determination of new remuneration rates on invested capital for such services in the current regulatory period, may lead to adverse changes in the applicable regulations, including tariff regulations, WACC criteria, or inflation indexation mechanisms. In addition, changes in macroeconomic variables (e.g. inflation, deflators, interest rates) may lead to changes in certain tariff parameters, remuneration rates and WACC calculations applicable to the Group. Any change to the current regulatory framework could materially and adversely affect our operations, financial condition and results of operations, as well as have a material impact on the Forecasts included in the Strategic Plan, which assumes a stable regulatory framework. In Greece, differences between projected and actual consumption volumes or tariff levels may lead to lower collections compared to the allowed revenues, which difference is recovered or returned through future tariff adjustments under the "recoverable difference" mechanism, potentially causing temporary working capital mismatches. Additionally, our investments in newly metanized areas (the Sardinia region of Italy and certain other areas in Southern Italy) are subject to a specific three-phases claw-back mechanism that may result in retroactive reductions in the recognition of capital expenditures. With respect to the water service sector in Italy, failure to timely approve new tariffs by the EGA, or the approval of tariffs which do not guarantee sufficient coverage of operating costs, may result in adverse effects on our business, financial condition and results of operations. See also "*—Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty*" above. We cannot foresee the effect that future changes in legislative, regulatory and fiscal policies could have on our business and on the industrial sector in which we operate.

In addition, we are exposed to the risk of regulatory non-compliance with regard to service quality and safety standards, which results in the possibility of being subject to investigations which may result in sanctioning/prescriptive proceedings, as well as the cancellation of bonuses/payment of penalties in favor of the system and/or the of indemnities to sales companies or end customers, with consequent material adverse effects on our economic, financial and equity results.

Our system of internal controls to detect and prevent certain corporate crimes under Italian law could be found to be inadequate, thereby subjecting us to fines and other penalties

Pursuant to Legislative Decree no. 231 of 2001 ("**Decree 231**"), the Issuer is subject to liability for certain offences committed, including abroad, in its interest or to its advantage, by persons in senior management positions or those persons' subordinates, unless it proves (a) that it effectively implemented an organization, management and control model suitable for preventing the commission of the criminal offenses in question (the "**Model 231**"); (b) that the oversight of the implementation and compliance of the Model 231 and the updating thereof has been entrusted to a body of the entity with autonomous powers of initiative and control (the "**Supervisory Body**"); (c) that there has been no omission or insufficient supervision on the part of the Supervisory Body; and (d) that the persons who committed the offence acted by fraudulently evading the measures provided for by the company in compliance with Decree 231.

Although Italgas and the Italian subsidiaries of the Group have adopted the model contemplated by Decree 231, and at the date of this Offering Circular we are not involved in criminal proceedings pursuant to Decree 231, in the event an offense is committed, the Italian judicial authorities could determine that the model adopted was not suitable for preventing the relevant offense, that it was not effectively implemented, or that the supervisory activities of the Supervisory Body were insufficient with the result that we will be subject to fines, seizure of any price of or profit from the offense, or other sanctions, such as a prohibition on contracting with governmental agencies, or the suspension or withdrawal of certain authorizations and permits, with possible adverse effects on our reputation, economic, financial and equity position. Moreover, any administrative liability under Decree 231 could result in the suspension or revocation of the concessions held by the Group. Moreover, as certain loan agreements to which we are a party provide that non-compliance with the regulations provided for by Decree 231 constitutes an event of default, any non-compliance with this regulation could result in early repayment obligations under certain of our loan agreements, with consequent significant adverse effects on our economic, financial and equity position.

As of the date hereof, the non-Italian subsidiaries of the Group have adopted an organizational, management and control system consistent with the principles of control identified by Italgas and adapted to the applicable local regulations, the specific characteristics of the individual entity and its activities. However, such model may turn out not to be adequate to prevent breaches of local laws and regulations, with possible material adverse effects on our business, financial condition and results of operations.

In addition, the Acquisition will require an update of the Models 231; pending the adoption of the updated models, the current models may be temporarily not fully up to date.

Changes to taxation or the interpretation or application of tax laws could have an adverse effect on our results of operations and financial condition

We are subject to taxation in Italy and in Greece. We are exposed to risks related to changes in national tax laws, rules and regulations, international tax treaties, and to risks related to their application and interpretation in the countries in which we operate. Such changes may adversely affect our economic, equity and financial position. Tax laws are complex and subject to subjective valuations and interpretive decisions, and, even though at the date of this Offering Circular there are no ongoing tax audits or litigation, we may from time to time be subject to tax audits and proceedings. The tax authorities may not agree with our interpretations of, or the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and extraordinary transactions. In case of challenges by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of penalties and have a material adverse effect on our business, financial condition and results of operations.

As of March 31, 2025, the Italgas Group and the 2i Rete Gas Group had deferred tax assets of €285.7 million and €268.5 million, respectively (€280.2 million and €266.9 million, respectively, as of December 31, 2024), which are recognized in accordance with accounting standards. In the event of a possible contraction in our future taxable income compared to the revenues forecast in the Strategic Plan, there could be an economic impact deriving from the reduction in deferred tax assets. Such events could have an adverse effect on our economic, equity and financial position. See also "*–Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty*."

Failure to comply with international laws related to data protection could result in fines, penalties, and litigation, and have a material adverse effect on our business

In order to carry out our business activities, such as, for example, remote meter reading, activities at end customers' sites, emergency response and scheduled leak detection, human resources management, video surveillance and vehicle management, we manage personal data of employees, end customers, suppliers and visitors.

European Personal Data Protection Regulation No. 2016/679, as well as the guidelines of the European Data Protection Board, the European legislation on security in the processing of personal data and the provisions of the applicable data protection authorities require companies operating in the European Union to adopt and review their personal data protection management model to ensure the protection of personal data, imposing strict requirements on such companies, such as in connection with the processing and storage of such data, and imposing penalties to data controllers and data processors in the event of violations of the applicable requirements and provisions.

While the Italgas Group has adopted a Data Protection Organizational Model and a Data Protection Compliance Standard to ensure compliance with applicable data protection regulations, and the 2i Rete Gas Group, prior to the Acquisition, has adopted a specific manual and adopted other measures also aimed at ensuring compliance with applicable data protection regulations, in the event of non-compliance with such regulations or in case of data breach events, we would be exposed to claims for compensation for damage caused by the violation of the data protection rules or by the incorrect processing of the data subject to protection, to sanctions applied by the competent authorities, as well as consequent reputational damage and material adverse effects on the our economic, financial and equity position.

Risks related to environmental, social and governance factors

We are subject to health and safety and environmental regulations. Failure to comply with such regulations may, among other things, have a material adverse effect on our business, financial position and results of operations

We are subject to environmental and health-and-safety laws and regulations. While we believe that we are conducting our business in compliance with such laws and regulations, the risk of incurring unexpected expenses, including as a result of claims for compensation of damages to property or harm to people, such as a result of accidents in the workplace, as well as reputational risks, are inherent in the nature of our business.

In the event of a violation of the laws and/or regulations on safety at work, environment and use of hazardous substances, we could be exposed to the application of significant fines, penalties and sanctions, including, by way of example, the suspension of production activities, as well as be involved in litigation, including for alleged personal injury or property damage as a result of alleged exposure to hazardous substances or processes of workmanship. Each and all of the above may have material adverse effects on our business, financial position and results of operations.

We are exposed to the risk that accidents may occur in the workplace. With reference to the Italgas Group, at December 31, 2024, there were 11 employee incidents in the workplace (where incidents in the workplace is understood to refer to events that caused an absence from work for at least more than one day) (11 in 2023) and the frequency rate of employee accidents at work, calculated as the number of accidents divided by the hours worked and multiplied by 1,000,000, is equal to 1.56 (1.60 in 2023). With reference to the 2i Rete Gas Group, at December 31, 2024, there were 10 employee incidents in the workplace (9 in 2023) and the frequency rate of employee accidents at work is equal to 2.84 (2.53 in 2023).

Moreover, we are and may in the future be subject to remediation obligations relating to certain sites where industrial activity is carried out or has been carried out in the past, including the distillation of coal for gas production, as well as obligations to remove and decommission obsolete plants and machinery and to remove and dispose of materials containing asbestos.

Any changes in the safety standards or laws and regulations regarding environmental protection and safety in the workplace in the geographical areas in which we operate, as well as the occurrence of unforeseen or exceptional circumstances, could result in extraordinary expenses in order for us to adapt to such changes.

We use (or have in the past used) hazardous or potentially hazardous products. Some of the activities we carry out that are not currently considered to be harmful, or whose danger has not yet been demonstrated, could be considered to be harmful in the future as a result of changes in the regulatory framework. We, and the sites in which we operate, are subject to laws and regulations (including urban planning) on pollution, environmental protection and the use and disposal of hazardous substances and waste. These laws and regulations expose us to costs and liabilities relating to our activities and plants, including those relating to waste disposal sites or the decommissioning of plants.

The LPG depots of our subsidiary Medea S.p.A., which is active in the management of a natural gas and propane air network, located in the cities of Cagliari, Sassari, Oristano and Nuoro, are subject to Directive 2012/18/EU ("Seveso Directive"), transposed in Italy by Legislative Decree 105/2015. The Seveso Directive lays down strict safety requirements to prevent major incidents that could have serious consequences for the environment and public health.

Our activities are subject to potential accidents that may cause extensive environmental damage and have serious health impact on local communities, including by causing major incidents with potential spills of hazardous substances, as well as result in operational impacts, penalties and environmental remediation obligations and jeopardizing the reputation of our Group.

During the design phase aimed at determining applicable remediation activities, the estimate of the risks associated with the site subject to remediation and the estimate of the resources necessary for the implementation of the related intervention plan may not be sufficient to cover all the costs and liabilities that will arise from the remediation activities required by law, with adverse effects on our business, financial condition and results of operations.

In addition, certain loan agreements to which we are party provide that non-compliance with environmental legislation constitutes an event of default. Any non-compliance could result in acceleration of the payment obligations under such loans, with material adverse effects on our business, financial condition and results of operations. See also "*–The Group is exposed to risks deriving from its financial indebtedness*."

Failure to meet our sustainability targets may expose us to numerous risks

The sectors in which we operate are undergoing significant transformation, driven by increasing expectation and scrutiny from stakeholders with respect to environmental, social and governance ("**ESG**") objectives, including decarbonization. Industrial sustainability is a key element of our strategy and constitutes one of the pillars of the Strategic Plan. See also "*–Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty*." We currently provide certain ESG-related disclosures, and, from time to time, we establish and publicly announce goals and commitments related to ESG matters. The Strategic Plan includes some ESG-related targets. In addition, our ESG guidelines and commitments are set out in our 2024-2030 Sustainable Value Creation Plan (the "**SVCP**"). On May 23, 2024, the 2i Rete Gas Group approved a three-year sustainability plan that sets out a series of ESG objectives.

If we are not able to achieve the objectives of our ESG-related goals and targets, if we achieve them within different timeframes from those envisaged, or if we are unable to meet any ESG-related regulatory or reporting requirements, including as a result of unforeseeable events, may have material adverse effects on our reputation as well as on our business, financial position and results of operations.

In particular, failure to achieve the targets included in the SVCP, such as, by way of example, failure to achieve Scope 1 and 2 greenhouse gas emission reductions, could entail, among other things, penalties related to non-compliance with emission limits set by the authorities and higher costs for energy consumption, with consequent failure to achieve our profitability targets.

An inadequate sustainability strategy and/or insufficient communication on ESG issues could also, among other things, adversely affect our reputation and lead to a failure to meet the expectations of our stakeholders, who are increasingly sensitive to such topics, a reduction in scores by sustainability rating agencies, with a consequent loss of credibility and investors or limitations, in the future, by credit institutions and/or access to the capital markets, as well as a failure to meet certain sustainability-related covenants in the existing loan agreements of the Group, with a consequent increase in the spreads applies to such loans and in the Group's financial charges.

Risk Factors Relating to the Rights, the New Shares and the Offering

If the Underwriters, upon the occurrence of any of the events contemplated under the Underwriting Agreement, were to exercise their right to terminate the Underwriting Agreement, or if CDP were to fail to fulfill its obligations under the CDP Reti Subscription Commitment, we may not receive all the proceeds expected from the Offering

On May 28, 2025, the Issuer and the Underwriters entered into the Underwriting Agreement. The Underwriting Agreement includes terms and conditions that are standard for similar transactions, is governed by Italian law and contains, inter alia, the Underwriters' commitment to subscribe, on a several basis and without any joint liability among them, any and all Remaining Underwritten New Shares which remained unsubscribed following the Rights Auction for a maximum amount of approximately €755 million, as well as standard provisions regarding the conditionality of the underwriting commitments of the Underwriters and the Joint Global Coordinators' right to terminate the agreement. In particular, the Underwriting Agreement contemplates the Joint Global Coordinators' right to terminate the Underwriting Agreement, up until the date contemplated for the Underwriters' subscription of the New Shares, in the circumstances described in the section entitled "*Purchase of Remaining New Shares by the Underwriters*" below. If the Joint Global Coordinators, upon the occurrence of any of the events contemplated under the Underwriting Agreement, were to exercise their right to terminate the underwriting commitments and the Rights were not subscribed or were subscribed only in part, we may not receive all the expected proceeds from the Offering.

On May 22, 2025 CDP Reti irrevocably undertook to subscribe, at the Subscription Price, for the New Shares for a maximum aggregate amount of approximately €265 million, corresponding to its full share of the Capital Increase. The CDP Reti Subscription Commitment is not backed by any collateral and is subject to certain conditions. See "*Principal Shareholders*" for further information. Should CDP Reti not fulfil the CDP Reti Subscription Commitment and the CDP Reti Subscription Commitment not take place in full or in part, we may not receive all the expected proceeds from the Offering.

The Issuer has financed the Acquisition and its related transaction costs, through the use of (i) the net proceeds from the 2025 Notes, for €994.6 million, (ii) loans from the Bridge Credit Facility for €995.3 million and, for the remainder, and (iii) cash on hand. In light of the above and as part of the strategy envisaged in the Strategic Plan for the reduction of Leverage following the completion of the Acquisition, the Issuer has undertaken the execution of and full subscription for the Capital Increase as well as to use the entirety of the net proceeds deriving from the Capital Increase for the repayment, almost in full, of the Bridge Credit Facility.

At the date of this Offering Circular, there is no certainty as to the success of the Capital Increase. If we fail to receive all the expected proceeds from the Offering, we may be unable to reduce our Leverage in line with the assumptions underlying the Strategic Plan, leading to a potential deterioration in our creditworthiness and possibly a significant increase in financial charges compared to forecasts, with a consequent material adverse effect on our ability to generate profits and to meet the Forecasts, as well as generally on our business, financial condition and results of operations. See "*—Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty*" and "*—The Group is exposed to risks deriving from its financial indebtedness*."

The market for the Rights and the New Shares may be volatile or illiquid

The New Shares will be traded on Euronext Milan, and their holders will be able to liquidate their investment through sales on Euronext Milan. Following the completion of the Offering, the New Shares will present risk elements of an investment in listed securities of the same nature. However, the New Shares, as well as the Rights, could present liquidity problems due to certain events and factors.

Fluctuations in the price of the Rights or the Shares (including the New Shares) could be due to a number of factors, some of which are beyond our control, and therefore would not necessarily reflect our operating results, and which do not necessarily depend on the number of Rights or New Shares object of the transaction. Such factors include, among others: (i) market liquidity and/or volatility, including as resulting from the uncertainties of the global macroeconomic context (due, for example, to the protracted Russia-Ukraine conflict and the Israeli-Palestinian conflict); (ii) a significantly worse management/income performance of our Group than expected; (iii) changes in the general conditions of the industry in which we operate; (iv) changes in the legislative and regulatory framework to which we are subject; (v) the sale of significant quantities of our shares or of Rights by holders who do not intend to exercise them in whole or in part; and (vi) changes to the legal and regulatory framework to which we are subject. The market price of the Rights and the New Shares may therefore vary, even considerably, and, as a result, investors may incur a partial or total loss of the capital they invested.

Shareholders who do not exercise their Rights will see their interest in our share capital diluted

As the New Shares are offered *pro-rata* to all shareholders, there will be no dilutive effects in terms of percentage of ownership on the total share capital with regard to our shareholders who elect to fully subscribe for the New Shares to which they are entitled.

Shareholders who decide not to subscribe for the New Shares to which they are entitled under the Offering will see their interest in our share capital diluted. The percentage of such dilution will be disclosed, among other things, by means of a notice issued by the Issuer, filed with CONSOB and made available to the public on the Issuer's website (www.italgas.it). Availability of such notice will be given to the public by the start of trading on the open market day prior to the start of the Subscription Period. Any shareholder that does not exercise in their entirety Rights distributed to such shareholder would suffer dilution of its ownership interest in the total share capital up to a maximum of 20%, assuming full subscription of the Offering. See "*Dilution*" for further information.

Our ability to pay dividends may be limited and the level of future dividends is subject to change

While our dividend policy is to target a distribution of a dividend equal to the greater of (i) the amount resulting from the dividend per share for the year 2023 equal to €0.352 increased by 5% annually and (ii) a dividend per share equal to 65% of adjusted net income per share, the payment of dividends in the future will be subject to the results we achieve, the establishment and maintenance of the reserves required by law, the general performance of operations and the development plans of the Post-Acquisition Group, as well as to the approval of our Shareholders' Meeting. Furthermore, Italgas is a holding company, and its economic performance and profitability depend on the dividends distributed by the Subsidiaries. As a result, the Issuer's ability to pay dividends will primarily depend on the ability of its subsidiaries to generate earnings and distribute dividends.

See "*Dividends and Dividend Policy*" for additional information on our dividend policy.

Certain relationships between the Group, CDP Reti and/or the Underwriters may present conflicts of interest

As of the date of this Offering Circular, each of the Underwriters and/or the respective parent, subsidiary or commonly controlled entities have an interest in relation to the Offering and carry out and/or could carry out activities in potential conflict of interest with the Issuer and/or the Group as:

(i) they have received and/or will receive commissions and/or fees in relation to their roles as Joint Global Coordinators, Co-Global Coordinator and Joint Bookrunner, as applicable, as well as in respect of the commitments made, as the case may be, under the Pre-Underwriting Agreement and the Underwriting Agreement;

(ii) they have and/or may have engaged in certain activities with the Issuer, CDP Reti and/or their respective shareholders and/or subsidiaries and/or associates, such as, by way of example, by providing investment banking, lending, advisory and/or investment services, and they have received, receive and/or may receive commissions and/or fees for the provision of such services and/or the conclusion of such agreements and transactions; and

(iii) in the ordinary course of their portfolio management, trading, brokerage and financing of assets, they may at any time hold upward or downward positions, financial instruments as a pledge and trade or otherwise carry out, on their own account or on behalf of customers, investments in shares and/or notes listed on any regulated market and/or unlisted, or grant loans to companies that may be involved in the Offering.

In particular, (i) on October 5, 2024, the Issuer, as borrower, entered into the Bridge Loan Agreement, with J.P. Morgan Chase Bank, N.A. – Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company – Milan Branch, Citibank N.A. – Milan Branch, Morgan Stanley Bank AG and Société Générale – Milan Branch, which the Issuer expects to repay almost in full using the entirety of the proceeds of the Offering; (ii) J.P. Morgan SE and Société Générale acted as arrangers and dealers, Banca Akros S.p.A. – Banco BPM Group, BofA Securities Europe SA, Citigroup Global Markets Europe AG and Morgan Stanley & Co. International plc acted as dealers in the context of the Issuer's Euro Medium Terms Notes program, approved by the Board of Directors on October 24, 2024; (iii) J.P. Morgan and Bank of America Europe Designated Activity Company – Milan Branch have issued a fairness opinion to the Board of Directors in the context of the Acquisition.

The fees due to the Underwriters, included in the expenses relating to the Offering, are estimated at approximately a maximum of €15 million, corresponding to approximately 1.47% of the estimated proceeds of the Offering, assuming full subscription of the Offering.

USE OF PROCEEDS

Assuming that the Rights Offering is fully subscribed, we estimate that the net proceeds from the Rights Offering will be approximately €994.2 million. Total expenses related to the Rights Offering, including underwriting fees and other costs, are expected to amount to approximately €25.8 million.

We intend to use the entirety of the net proceeds from the Rights Offering to repay the Bridge Credit Facility used to finance the Acquisition and the related transaction costs almost in its entirety, with the aim of reducing the financial indebtedness of the Post-Acquisition Group.

Should the Rights Offering not be fully subscribed or otherwise not be successful, Italgas plans to repay the outstanding Bridge Credit Facility through the issuance of new notes under the EMTN Program.

CAPITALIZATION

The following table sets forth the Italgas Group's capitalization and liquidity as of March 31, 2025 and as adjusted for the application of the proceeds of the Rights Offering, assuming all Rights have been exercised as if such event had occurred on March 31, 2025. The management of the Italgas Group has prepared the information presented in the "Adjustments" and "As adjusted" columns for illustrative purposes only. Such information addresses a hypothetical situation and, therefore, does not represent the actual capitalization or financial position.

This table should be read in conjunction with the information set forth under "*Presentation of Financial and Other Information*," "*Risk factors*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and the Consolidated Financial Statements, included elsewhere in this Offering Circular.

	As of March 31, 2025	**Adjustments** [(1)]	**As adjusted**
		(in € millions)	
Cash and funding sources:			
A. Cash [(2)]	2,572.1	(5.8)	2,566.3
B. Cash equivalents [(2)]	1.1	-	1.1
C. Other current financial assets [(3)]	10.8	-	10.8
Liquidity: (A+B+C)	**2,584.0**	**(5.8)**	**2,578.2**
Financial debt:			
D. Current financial debt [(4)]	1,308.9	(1,000)	308.9
E. Current portion of non-current financial debt [(4)]	639.9	-	639.9
F. Non-current financial debt (excluding current portion and debt instruments) [(5)]	946.1	-	946.1
G. Debt instruments [(5)]	6,245.0	-	6,245.0
H. Trade and other non-current payables	-	-	-
Total financial debt (D+E+F+G+H)	**9,139.9**	**(1,000)**	**8,139.9**
Total equity	**2,973.5**	**994.2**	**3,967.7**
Capitalization [(6)]	**12,113.4**	**(5.8)**	**12,107.6**

(1) Adjustments are related to the use of the estimated net proceeds and to the payment of the expenses of the Rights Offering, including underwriting fees and other costs.

(2) Cash and Cash equivalents are included in "Cash and cash equivalents" of the Company's consolidated statement of financial position.

(3) Other current financial assets include "Current financial assets" and "Other current financial assets" of the Company's consolidated statement of financial position.

(4) Current financial debt and Current portion of non-current financial debt refer to "Current financial liabilities" of the Company's consolidated statement of financial position. They include current lease liabilities (IFRS 16 and IFRIC 12) amounting to €45.3 million as of March 31, 2025.

(5) Non-current financial debt (excluding the current portion and debt instruments) and debt instruments include "Non-current financial liabilities" of the Company's consolidated statement of financial position. They include non-current lease liabilities (IFRS 16 and IFRIC 12) amounting to €43.8 million as of March 31, 2025.

(6) Capitalization is calculated as the sum of Total financial debt and Total equity (including controlling and non-controlling interest).

DIVIDENDS AND DIVIDEND POLICY

This summary contains all the information which Italgas considers to be material regarding dividends, if any, payable by Italgas and certain provisions of our bylaws and of Italian law applicable to listed companies in effect as of the date of this Offering Circular. This summary does not purport to be complete and is qualified in its entirety by reference to Italgas's bylaws or Italian law and regulations, as the case may be.

General

We have adopted a dividend policy valid until the 2026 financial year. Specifically, our dividend policy, which was announced in October 2024 during the presentation of the Strategic Plan, provides for the distribution of a dividend equal to the greater of (i) the amount resulting from the dividend per share for the year 2023, equal to €0.352, increased by 5% annually and (ii) a dividend per share equal to 65% of the adjusted net income per share.

In accordance with Italian law, the payment of annual dividends is made out of our distributable profits and reserves on an unconsolidated basis for each relevant year pursuant to a proposal of our Board of Directors. Any such proposal by our Board of Directors is subject to approval by our shareholders at the annual general meeting, which must be convened for the approval of our annual financial statements within 120 days (or 180 days) after the end of the financial year to which such financial statements relate. On May 6, 2024, the Shareholders' Meeting resolved to distribute a dividend of €0.352 per share. On February 12, 2025, the Board of Directors resolved to propose to the shareholders' meeting, convened for May 13, 2025, the distribution of a dividend of €0.406 per share (and the shareholders' meeting approved the distribution of such dividend, which was paid out starting from May 21, 2025).

The New Shares will rank equally in all respects with Ordinary Shares currently outstanding and will entitle their holders to receive those dividends declared in respect of Italgas's Ordinary Shares after the date that the New Shares are issued.

The New Shares will confer other rights, including voting rights, as from their date of issuance, but such rights will, in practice, be exercisable by their holders only from the date of the registration of the relevant New Shares in the subscriber's individual book-entry securities account with a financial intermediary registered with Euronext.

Mandatory Reserves

The payment by us of any annual dividend is proposed by our Board of Directors and is subject to the approval of the shareholders at the annual shareholders' meeting. Under Italian law, before dividends may be paid out of our unconsolidated net income in any year, an amount equal to 5% of such net income must be allocated to our Company's legal reserve until such reserve is at least equal to 20% of the par value of our issued share capital. If our capital is reduced as a result of accumulated losses, dividends may not be paid until the capital is reconstituted or reduced by the amount of such losses.

Our Board of Directors may authorize the payment of advances on future dividends, subject to certain limitations.

Repayment and Prescription

Any annual dividends declared by us are settled in compliance with applicable laws. Shareholders will not be required to repay to us annual dividends paid on the basis of duly approved financial statements, if the shareholders collected such dividends in good faith. Dividends not collected within five years from the date they become payable will be forfeited in our favor and will be added to our reserves.

Manner and Time of Payment

Any dividends we declare are paid to shareholders through Euronext or such other authorized centralized securities custody and administration systems with which the intermediaries instructed by the shareholders have deposited their shares, in accordance with the Consolidated Financial Act, as amended. See "*Description of Share Capital – Form and Transfer of Shares*."

Taxation

See "*Taxation*" for a description of Italian tax laws and regulations applicable to dividends.

DILUTION

Our Shareholders on the Record Date will receive Rights to subscribe for New Shares covered by the Rights Offering and, thus, in the event they exercise such rights in full, they will suffer no dilution of their holdings of our share capital at the Record Date.

Any Shareholder that does not exercise in their entirety Rights distributed to such Shareholder would suffer dilution of its ownership interest in the total share capital up to a maximum of 20%, assuming full subscription of the Offering.

If the Capital Increase is subscribed and paid up only by CDP Reti, and the Underwriters do not subscribe to any of the New Shares, the maximum dilution percentage would be 6.09%.

The following table illustrates the increase in the number of our Ordinary Shares as a result of the Rights Offering, assuming full subscription:

Number of Ordinary Shares outstanding prior to the Offering	811,753,913
Number of New Shares issued in the Offering	202,938,478
Number of Ordinary Shares outstanding after the Offering	1,014,692,391
Total share capital following the Offering	€1,256,122,060.44

The New Shares will represent 20% of the outstanding share capital of the Company after giving effect to the Offering.

THE OFFERING

General Information

Italgas is offering 202,938,478 New Shares at the Subscription Price pursuant to pre-emptive subscription rights granted to its Shareholders. Italgas is increasing its share capital to €1,256,122,060.44 by the issuance of 202,938,478 New Shares, for a total subscription amount of €1,020 million, as approved by the Issuer's extraordinary shareholders' meeting on April 10, 2025 (the "**Capital Increase**"). The Offering was approved at the Board of Directors' meeting on May 28, 2025. Holders of Rights will be entitled to subscribe, at the Subscription Price, for a number of New Shares determined by multiplying the number of Rights they hold by the Subscription Ratio.

The Subscription Price of €5.026 per New Share was determined by the Board of Directors at its meeting on May 28, 2025, taking into account (among other factors) the Group's results of operations, financial condition and prospects, market practice for similar transactions, market conditions in general and the trading price of Italgas's Ordinary Shares prior to the Rights Offering. Following the issuance of all New Shares offered in the Offering, Italgas will have 1,014,692,391 Ordinary Shares outstanding.

Further information about the Rights, the procedures for exercising the Rights and the transfer of the Rights is summarized below.

Restrictions on the Ability of Certain Shareholders and Other Investors to Participate

The Rights Offering and the Rights Auction are addressed only to persons to whom they may lawfully be made. The distribution of this Offering Circular, the exercise of any Rights and subscription for and purchase of any New Shares may be restricted by law. Persons into whose possession this Offering Circular comes or who wish to exercise any Rights and subscribe for any New Shares must inform themselves about and observe any such restrictions. Shareholders resident in all countries outside Italy, but in particular those resident in such countries as Australia, Canada, Switzerland, Brazil or Japan, may not exercise Rights or subscribe for New Shares other than to the limited extent permitted by the securities laws and regulations of the relevant countries. Shareholders who do not wish to exercise, or who are prohibited from exercising, the Rights credited to their accounts may sell such Rights on Euronext between June 2, 2025 and June 13, 2025, included. See "*Purchase of Remaining New Shares by the Underwriters—Selling Restrictions*."

New Shares are offered to the public in Italy pursuant to the Italian Prospectus approved by CONSOB on May 28, 2025.

Neither the Rights nor the New Shares have been, or will be, registered under the Securities Act or the securities laws of any state in the United States. Such securities may only be offered or sold as part of the Offering (i) outside the United States to certain institutional investors in offshore transactions in reliance on Regulation S, or (ii) within the United States to QIBs in reliance on Section 4(a)(2) under the Securities Act or, only with respect to the New Shares, under Rule 144A or another exemption from the registration requirements of the Securities Act. Accordingly, Italgas is not extending the Offering into the United States other than pursuant to private placements conducted under the restrictions described below and under "*Transfer Restrictions*."

Each person who is located in the United States who wishes to exercise any Rights or subscribe for New Shares in the Rights Offering or as result of the Rights Auction will be required, as a condition of such exercise and subscription, to complete and return to Italgas, and to the financial intermediary through which its Rights are held, a representation letter in the form set out in Annex B to this Offering Circular. Each other person who exercises any Right and subscribes for New Shares will be deemed to represent and warrant to Italgas and the Underwriters that it can lawfully acquire the New Shares and, in particular, that it and the person, if any, for whose account or benefit it is acquiring such New Shares: (i) is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from the registration requirements of the Securities Act; and (ii) is aware that the New Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S and in the United States only to QIBs in transactions that are exempt from registration under the Securities Act. Further, each investor who exercises Rights and subscribes for New Shares shall be deemed to acknowledge and agree that Italgas, the Underwriters, their respective affiliates and others may rely upon the truth and accuracy of the foregoing representation and warranty.

Timetable for the Rights Offering and the Rights Auction

The timetable below lists certain important dates relating to the Offering. This timetable is indicative and may be subject to change if some events or circumstances outside Italgas's control occur, which could prejudice the success of the Offering. Changes to the Subscription Period and other changes in the timeline for the Offering, if any, will be announced by Italgas on its website (www.italgas.it). All time references are to Italian time.

Investors are urged to consult with an authorized financial intermediary, Monte Titoli or Borsa Italiana for the specific times during which they may exercise Rights or subscribe for New Shares.

Announcement of Rights Offering	May 28, 2025
Italian Prospectus Published	May 28, 2025
Trading of Ordinary Shares ex-Rights Commences on Euronext	June 2, 2025
Subscription Period for Exercise of Rights Commences	June 2, 2025
Trading of Rights Commences on Euronext	June 2, 2025
Trading of Rights Ceases on Euronext	June 13, 2025
Record Date	June 3, 2025
Exercise Date and Expiration of Subscription Period	June 19, 2025
Issue and Delivery of New Shares Subscribed by the Exercise Date	Delivered to Monte Titoli at the end of the last day of the Subscription Period and available on the same date(1)
Announcement of the Results of the Rights Offering, prior to the Rights Auction	Within five Business Days from the Expiration of the Subscription Period
Rights Auction (if any) Commences	Within one month following the Exercise Date(2)
Rights Auction (if any) Ends	On or around the second business day after the start date(2)
Second Exercise Date (Deadline for the Exercise of any Rights Acquired in the Rights Auction (if any)) and Announcement of the Results of the Offering	On or around the first business day after the end of the Rights Auction(2)
Issue and Delivery of New Shares Subscribed by the Second Exercise Date	Delivered to Monte Titoli at the end of the Second Exercise Date and available on the same date(1)

(1) Subject to any delays beyond our control.
(2) To be announced by Italgas in a press release.

Record Date and ex-Rights Date

The Record Date for the purpose of determining entitlement to Rights is June 3, 2025. The last day that the ordinary shares will trade Cum-Rights on Euronext is May 30, 2025. At the end of the settlement on the last day of the Subscription Period, the Rights exercised during the Subscription Period, as set forth in this Offering Circular, will be credited through the book-entry system of Monte Titoli to the accounts of persons who held ordinary shares on the Record Date.

The ex-Rights date for the ordinary shares is June 2, 2025. The ordinary shares will trade on Euronext without Rights on and after that date.

Subscription Period

The Rights may be exercised during the Subscription Period, which runs from June 2, 2025 until the Expiration of the Subscription Period, which is the close of business on June 19, 2025.

Shareholders of Italgas may trade their Rights on Euronext from June 2, 2025 through June 13, 2025, in accordance with the rules of Borsa Italiana, the provisions of Article 2441 of the Civil Code and any other applicable law provisions.

The intermediaries must give the relevant instructions to Monte Titoli by 2:00 p.m. on June 19, 2025, the last day of the Subscription Period. Each subscriber must therefore submit its subscription application subject to the conditions and timeframe communicated to it by its intermediary to ensure compliance with the above deadline. Any person exercising Rights will bear any risk associated with the delivery of their subscriptions and the payment of the Subscription Price for the New Shares for which they are subscribing. To this end, subscribers may need to submit their subscription applications sufficiently in advance of the above deadline. Each holder of Rights who wishes to exercise the Rights should consult with the financial institution through which it holds Ordinary Shares and such Rights as to the manner, timing and form of exercise documentation, method of payment of the Subscription Price and other related matters required to effect such exercise.

Should a Shareholder fail to exercise and/or sell on the markets the Rights within the relevant deadline, such Shareholder shall have forfeited the opportunity to exercise and/or sell on the market each such Right remaining unexercised and/or unsold in the market at that date, and such Rights will expire valueless without the Shareholder being entitled to any compensation, reimbursement of costs or economic benefit of any nature.

Rights Auction

To the extent that any Rights remain unexercised at the Exercise Date, such Rights will be forfeited by the holders thereof without compensation and will be offered by the Company on Euronext in the Rights Auction pursuant to Article 2441, paragraph 3, of the Italian Civil Code.

The Rights Auction (if any) will take place in the month following the expiration of the Subscription Period for at least two trading days. Any Rights purchased in the Rights Auction must be exercised by the Second Exercise Date. We will announce the dates of the Rights Auction (if any) and the Second Exercise Date in a press release which will be published on our website (www.italgas.it). Any Rights purchased in the Rights Auction but not exercised by the Second Exercise Date will be forfeited by the holders thereof without compensation and the New Shares underlying any such Rights and/or any Rights offered in the Rights Auction but not purchased therein (up to a maximum of 150,253,872 New Shares) will be subscribed by the Underwriters in accordance with and subject to the conditions contained in the Underwriting Agreement. See "*Purchase of Remaining New Shares by the Underwriters*".

Should all New Shares be subscribed by the end of the Subscription Period, and should there not be a Rights Auction, the Company will announce any resulting changes to the Offering timeline on its website.

Subscription Price

The Subscription Price is €5.026 per New Share.

Payments upon exercise of Rights

Each holder of Rights may exercise all or only part of its Rights. Fractions of New Shares will not be issued and any fractions arising from the exercise of Rights will be rounded down to the nearest whole ordinary share. Each holder of Rights may exercise its Rights and subscribe for New Shares by delivering a duly executed subscription form in accordance with the rules of Monte Titoli (subject to delivery of a representation letter in the form of Annex B hereto, if such investor is located in the United States). Subscription forms will be available during the Subscription Period from authorized financial intermediaries that are account holders with Monte Titoli. Holders of Rights that have subscribed to the Rights Offering or the Rights Auction will not be permitted to withdraw or reduce the amount of their subscription once they have submitted their subscription forms.

The authorized financial intermediary with which a subscription is made will require the person exercising Rights to pay the full Subscription Price for the New Shares being subscribed for.

Subscriptions with respect to Rights exercised by the Exercise Date must be received prior to 2:00 p.m. on June 19, 2025. Any persons exercising Rights will bear any risk associated with the delivery of their subscription forms and the payment of the Subscription Price for the New Shares being subscribed for. Deposits in the mail will not constitute delivery. Each holder of Rights that wishes to exercise such Rights should consult with the financial institution through which it holds Ordinary Shares and such Rights as to the manner, timing and form of exercise documentation, method of payment of the Subscription Price and other related matters required to effect such exercise.

Following the end of the Subscription Period and the receipt from Monte Titoli of details of all registered subscriptions and the end of the Rights Auction, Italgas will determine the aggregate number of New Shares subscribed for pursuant to the exercise of Rights. Italgas will publish a press release giving details of the number of New Shares subscribed for pursuant to the exercise of Rights during the Subscription Period and during the Rights Auction.

Transfer of Rights

The Rights may only be transferred outside the United States in compliance with Rule 903 or Rule 904 under Regulation S and in compliance with applicable securities laws and regulations of all relevant jurisdictions.

Delivery of New Shares

Upon due exercise of any Rights and payment of the Subscription Price, the authorized financial intermediary with which the subscription was made will register such holder’s name or such holder’s nominee’s name and the amount of the exercised Rights with Monte Titoli. Subject to any delays beyond the control of the Company, and assuming there will be a Rights Auction, the New Shares subscribed for on or before the expiration of the Subscription Period will be delivered to the accounts of authorized financial intermediaries of Monte Titoli, the Italian centralized securities clearing system, by the end of the accounting day, on the last day of the Subscription Period (i.e. June 19, 2025), and will become available on that same date. The New Shares subscribed for on or before the Second Exercise Date, if any, will be delivered to the accounts of authorized financial intermediaries of Monte Titoli on the Second Exercise Date and will become available on the same date.

MARKET INFORMATION

The Ordinary Shares are currently listed on Euronext. The following table presents the high and low official prices of the Ordinary Shares on Euronext for the periods indicated.

	Share Price	
	High	Low
	(€)	
Most recent Months		
May 2025	7.355	6.975
April 2025	7.240	6.360
March 2025	6.635	5.980
February 2025	6.230	5.745
January 2025	5.775	5.370
Annual		
2024	5.890	4.588
2023	6.030	4.708
2022	6.390	4.556
2021	6.052	4.876
Quarterly 2024		
Fourth Quarter	5.890	5.290
Third Quarter	5.450	4.588
Second Quarter	5.415	4.590
First Quarter	5.400	5.025
Quarterly 2023		
Fourth Quarter	5.235	4.708
Third Quarter	5.450	4.814
Second Quarter	6.030	5.245
First Quarter	5.665	5.155
Quarterly 2022		
Fourth Quarter	5.695	4.556
Third Quarter	5.685	4.768
Second Quarter	6.390	5.140
First Quarter	6.088	5.348
Quarterly 2021		
Fourth Quarter	6.052	5.410
Third Quarter	5.996	5.390
Second Quarter	5.794	5.344
First Quarter	5.595	4.876

Source: Bloomberg

On May 30, 2025, the last trading day prior to the date of this Offering Circular, the official price of the Ordinary Shares on Euronext was €7.230 per ordinary share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations of the Italgas Group

The following is a discussion and analysis of the Italgas Group's results of operations and financial condition as of and for the three-month periods ended March, 31 2024 and 2025 and for the years ended December 31, 2022, 2023 and 2024, as derived from the Consolidated Financial Statements.

Investors should read this discussion in conjunction with the sections entitled "Presentation of Financial and Other Information" and "Summary Consolidated Financial Information" in this Offering Circular. For a discussion of the risks and uncertainties which the Company faces, see "Risk Factors."

Overview

Italgas Group is the leading gas distributor in Italy and Greece, primarily focused on the management, operation and development of gases distribution networks. Italgas Group plays a key role in the energy infrastructure sector and is committed to ensuring the efficient and sustainable distribution of gas to millions of users. Furthermore, the Italgas Group is active in both the energy efficiency and water sectors. Italgas Group operates through the following business segments:

- **Gas distribution**: Italgas Group is active in the gas distribution and metering activities in Italy and Greece, managing a network that served for the year ended December 31, 2024 about 8 millions of active meters in the two countries. Specifically, the Italgas Group operates in Italy through the entities Italgas Reti S.p.A (throughout the country), Toscana Energia S.p.A (in the Tuscany region), and Medea (in the Sardinia region). Additionally, it operates within the Greek territory through the entity Enaon EDA. Gas distribution involves the construction, maintenance and operation of gas distribution infrastructure, including the installation and management of smart metering systems. Italgas is committed to enhancing its network's efficiency through digitalization and technological innovations, such as advanced data analytics and smart grid solutions. Additionally, Italgas Group has a clear focus on decarbonization, working to make its network able and ready to dispatch renewable gases like biomethane and hydrogen into its operations. The Italian gas distribution is the core of Italgas Group's business. Since 2022, following the acquisition of DEPA Infrastructure in Greece, Italgas Group expanded its footprint abroad, positioning the company as the key player in the Greek distribution market of natural gas, leveraging its expertise in gas distribution to optimize operations, enhance infrastructure, and provide reliable energy solutions in the regions it serves. In addition, Italgas Group carries out both in Italy and Greece metering activities, which include the collection, processing, validation and provision of consumption data in order to regulate commercial transactions between operators and users. In 2024, Italgas Group operated a distribution network spanning 81,907 kilometers and distributed 7,929 million cubic meters of gas. Gas distribution is the Group's primary business, generating Total revenues and other income (before considering inter-segment eliminations) of €2,408.4 million for the year ended December 31, 2024 (€2,344.9 million and €2,145.7 million in 2023 and 2022, respectively), accounting for 91.2% of Total revenues and other income (85.6% and 88.9% in 2023 and 2022, respectively). After inter-segment eliminations, gas distribution accounted for €2,391.7 million of Total revenues and other income for the fiscal year ended December 31, 2024 (€2,327.9 million and €2,129.8 million in 2023 and 2022, respectively), representing 94.2% of Total revenues and other income during the year ended December 31, 2024 (88.2% and 92.1% in 2023 and 2022, respectively). For the three-month period ended March 31, 2025, Total revenues and other income from gas distribution (before considering inter-segment eliminations) accounted for €626.9 million (€565.1 million for the three-month period ended March 31, 2024), representing 91.1% of Total revenues and other income (92.2% for the three-month period ended March 31, 2024). After inter-segment eliminations, gas distribution accounted for €622.2 million of Total revenues and other income for the three-month period ended March 31, 2025 (€560.7 million for the three-month period ended March 31, 2024), representing 94.0% of Total revenues and other income during the three-month period ended March 31, 2025 (95.5% for the three-month period ended March 31, 2024).

- **Energy efficiency**: it is managed through Geoside S.p.A. ("Geoside"), a company formed after Italgas Group acquired Seaside S.p.A. and other energy-focused businesses in 2018. Over the years, Italgas Group has developed specialized expertise, enabling it to offer a broad portfolio of energy consulting and services to its users. In the residential sector, Italgas Group focuses on building renovation and recovery projects, enabling users to take advantage of significant tax incentives, including the Superbonus, as well as the Sismabonus and Ecobonus. These tax incentives have helped reducing the cost barrier for end users, driving demand for energy-efficient solutions. In the industrial and tertiary sectors, Italgas Group provides a wide range of digital solutions that help businesses monitor and optimize their energy consumption. These services are available to large, medium and small companies, with the goal of reducing energy costs and promoting sustainability. In the years ended December 31, 2022 and 2023, the energy efficiency segment experienced strong growth, largely driven by the Superbonus, which provided tax deductions of up to 110% for energy efficiency upgrades and renovations, and other related incentives. These tax benefits facilitated access to energy-efficient projects for residential clients, leading to a surge in demand for energy-saving projects. However, in fiscal year 2024, the energy efficiency segment saw a decline in revenues due to the gradual reduction in the available tax incentives, including the Superbonus. Despite this, the energy efficiency segment remains a key part of Italgas's strategy to diversify its business portfolio and contribute to Italy's energy transition goals. Energy efficiency generated Total revenues and other income (before considering inter-segment eliminations) of €48.6 million for the year ended December 31, 2024 (€299.9 million and €156.0 million for the years ended December 31, 2023 and 2022, respectively), representing 1.8% of Total revenues and other income (11.0% and 6.5% for the year ended December 31, 2023 and 2022, respectively). After inter-segment eliminations, energy efficiency generated Total revenues and other income of €46.6 million for the year ended December 31, 2024 (€298.2 million and €153.8 million in 2023 and 2022, respectively), representing 1.8% of Total revenues and other income in the year ended December 31, 2024 (11.3% and 6.7% in 2023 and 2022, respectively). Energy efficiency generated Total revenues and other income (before considering inter-segment eliminations) of €15.1 million for the three-month period ended March 31, 2025 (€11.9 million for the three-month period ended March 31, 2024), representing 2.2% of Total revenues and other income (1.9% for the three-month period ended March 31, 2024). After inter-segment eliminations, energy efficiency generated Total revenues and other income of €14.9 million for the three-month period ended March 31, 2025 (€11.7 million for the three-month period ended March 31, 2024), representing 2.3% of Total revenues and other income for the three-month period ended March 31, 2025 (2.0% for the three-month period ended March 31, 2024).

- **Water services:** through its subsidiary Nepta, Italgas Group operates its water service segment, consisting in the management of water supply networks, leveraging advanced technologies to ensure efficient water distribution and sustainability, serving up to 6.3 million people (either directly or indirectly in Latium, Sicily and Campania regions) for the year ended December 31, 2024. Italgas Group has made strategic acquisitions, including water-related assets previously owned by Veolia and is focused on improving service delivery and promoting environmental sustainability. The water services segment also aims to integrate smart technologies to enhance the management and monitoring of water networks. Water services (before considering inter-segment eliminations) accounted for €99.1 million of Total revenues and other income during the year ended December 31, 2024 (€11.0 million and €11.8 million for the years ended December 31, 2023 and 2022, respectively), representing 3.8% of Total revenues and other income for the year ended December 31, 2024 (0.4% and 0.5% for the years ended December 31, 2023 and 2022, respectively). After inter-segment eliminations, water services accounted for €99.0 million of Total Revenues and other income during the year ended December 31, 2024 (€11.0 million and €11.8 million for the years ended December 31, 2023 and 2022, respectively), representing 3.9% of Total revenues and other income during the year ended December 31, 2024 (0.4% and 0.5% in 2023 and 2022, respectively). Water services (before considering inter-segment eliminations) accounted for €24.1 million of Total revenues and other income during the three-month period ended March 31, 2025 (€14.1 million for the three-month period ended March 31, 2024), representing 3.5% of Total revenues and other income for the three-month period ended March 31, 2025 (2.3% for the three-month period ended March 31, 2024). After inter-segment eliminations, water services accounted for €24.1 million of Total Revenues and other income during the three-month period ended March 31, 2025 (€14.1 million for the three-month period ended March 31, 2024), representing 3.6% of

Total revenues and other income for the three-month period ended March 31, 2025 (2.4% for the three-month period ended March 31, 2024).

- **Corporate**: it includes general and corporate services, as well as minor services performed for third parties. Corporate (before considering inter-segment eliminations) accounted for €85.3 million of Total revenues and other income during the year ended December 31, 2024 (€82.7 million and €101.2 million for the years ended December 31, 2023 and 2022, respectively), representing 3.2% of Total revenues and other income during the year ended December 31, 2024 (3.0% and 4.2% in 2023 and 2022, respectively). After inter-segment eliminations, Corporate accounted for €2.1 million of Total revenues and other income during the year ended December 31, 2024 (€1.8 million and €17.1 million in 2023 and 2022, respectively), representing 0.1% of Total revenues and other income during the year ended December 31, 2024 (0.1% and 0.7% in 2023 and 2022, respectively). Corporate (before considering inter-segment eliminations) accounted for €21.8 million of Total revenues and other income during the three-month period ended March 31, 2025 (€22.1 million for the three-month period ended March 31, 2024), representing 3.2% of Total revenues and other income (3.6% for the three-month period ended March 31, 2024). After inter-segment eliminations, corporate accounted for €0.4 million of Total revenues and other income during the three-month period ended March 31, 2025 (€0.5 million for the three-month period ended March 31, 2024), representing 0.1% of Total revenues and other income during the three-month period ended March 31, 2025 (0.1% for the three-month period ended March 31, 2024).

Further, Italgas Group allocates significant resources to the development of innovative solutions and technologies. Aware of the role its infrastructure plays and will play in supporting the energy transition, guaranteeing the country's energy security, Italgas announced in October 2024 its Strategic Plan 2024-2030 focusing on the development of gas distribution assets and activities in Italy and Greece, the energy efficiency activities and the development of the water sector. Capital expenditures carried out by Italgas Group amounted to €887.0 million, €906.5 million and €814.3 million in 2024, 2023 and 2022, respectively.

Key Factors Affecting Results of Operations

The following are the main key factors that affect, or have recently affected, the Group's results of operations.

Gas distribution Tariffs Regulation

As a regulated utility, the Italgas Group's financial performance is mainly dependent on the gas distribution tariff regulation, which is set by independent regulators, ARERA in Italy and RAEWW in Greece. In fact, the regulatory system establishes the reference revenues for the operators distributing natural gas across Italy and Greece and the tariffs that are charged to network's end its users for such service. See "*Business Description-Regulatory Framework: Gas Distribution Regulations*" for further information. Any modifications to the tariffs regulation, or of the elements that form part of the tariff definition, can directly impact revenues of Italgas's Group. The regulatory process of review and approval of tariff regulation is crucial for the Group, as it determines the extent to which the Group is able to recover its operating costs and invest in maintaining and expanding the gas distribution network, while achieving an adequate return on capital invested. The tariff review and approval process takes into account, among other things, macroeconomic factors such as inflation, interest rates, and tax levels, as well as variations in operating expenses and expected efficiencies. Currently, the key regulatory components are – both in Italy and in Greece – RAB and WACC (including their respective periodic update methodologies). See "*Business Description-Regulatory Framework: Gas Distribution Regulations*" for additional information. The RAB serves as a foundational element for allowed revenues calculation, representing the reference value, for the regulator, of Italgas's distribution infrastructure. The WACC, which reflects the cost of capital, plays an essential role in determining the returns the Group is entitled to earn on its RAB. Changes in WACC, often influenced by market conditions and regulatory decisions, directly impact the level of the regulated revenues the Group receives. The WACC applied in Italy and Greece for the three-month period ended March 31, 2025 were respectively equal to 5.9% and 8.38%, and for the years ended December 31, 2024, 2023 and 2022 were respectively equal to 6.5% and 8.38%, 5.6% and 8.57%, and 5.6% and 7.03%. Changes in the applicable regulation have a significant impact on the future profitability of the business.

The Italian regulation model is currently based on a "real" pre-tax WACC (i.e. excluding the impact of inflation) on RAB, and the RAB is inflated annually, whereas in Greece a nominal WACC is applied, and the RAB is not inflated – this is the main factor explaining the difference in the two WACC. In 2024, for example, ARERA resolved to increase the WACC applied to Gas distribution in Italy to 6.5% (from 5.6% in 2023), to reflect changes in interest rates and other core market variables. This resulted in an increase in tariffs and contributed positively to Italgas's revenues. Also, the deflator and capital costs revaluation rate used to adjust annually the Italian RAB impacts the calculation of regulated revenues. Tariffs in Greece include adjustments to take into account inflationary pressures. In Italy tariff-allowed operating cost components are updated for inflation, net of efficiencies, safeguarding the company's ability to maintain the purchasing power of its revenue streams while covering inflation-led increases in operational costs. Between 2022 and 2024, the review and approval of gas distribution tariffs were instrumental in shaping Italgas's financial performance. In 2023 and 2024 the updates to the tariff as a result of the updates of the WACC, the deflator and the inflation rate, in combination with the impact of the RAB growth, directly contributed to an increase in Italgas's revenues. Specifically, in the fiscal years ended December 31, 2022, 2023 and 2024 and in the three-month periods ended March 31, 2024 and 2025, these tariff adjustments contributed for €56.7 million (negatively), for €36.0 million, for €140.3 million, for €31.7 million and for €0.5 million (negatively), respectively, to Italgas's total revenues and other income.

Growth by external acquisitions

In line with its investment and development strategy aimed at expanding its business and strengthening its market position, the Italgas Group made several acquisitions during the three-years period 2022-2024. Specifically, in 2022 Italgas Group acquired DEPA Infrastructure, shareholder of three DSOs (EDA Thess, EDA Attikis and DEDA). As result of this acquisition, Italgas Group obtained the license to distribute gas in several municipalities across Greece and became the leading gas distribution player in Greece. Within four months from the acquisition, the Enaon Group generated revenues of €82.1 million, while for the fiscal year ended December 31, 2023 and 2024 it generated revenues of €254.8 million and €279.2 million, respectively (€66.5 million and €69.5 million in the three-month periods ended March 31, 2024 and 2025).

In addition, through the acquisition of business units and assets, such as those acquired from Veolia and Vianini Lavori, as further discussed in "*Presentation of Financial and Other Information*" above, Italgas expanded into the water services segment. These acquisitions offered new growth opportunities, although their impact on the Italgas Group's financial results for the year ended December 31, 2024 generated revenues (before inter-segment eliminations) of €87.0 million (€21.7 million in the three-month period ended March 31, 2025).

Energy efficiency

In the years ended December 31, 2022 and 2023, the results of the energy efficiency segment have been significantly driven by certain Italian tax incentives (including the Superbonus) that spurred a considerable increase in demand for energy-efficient renovations in the residential sector. See "*Business Description-Overview-Italgas Group*" for further information on the energy efficiency segment and the Superbonus. These incentives, through different mechanisms (including our customers' ability to transfer tax credits" and to obtain a discount directly in the invoice for energy efficiency services), resulted in a dramatic increase in demand for energy efficiency projects, making the renovations more affordable and attractive for homeowners, which in turn boosted Italgas energy efficiency segment's revenues during those two years. In the fiscal year ended December 31, 2024, the impact of the Superbonus decline significantly, primarily due to the reduction in the tax incentives allowed by the Italian government, which led to a contraction in the Energy efficiency market. The Italian government's decision to gradually scale back the Superbonus scheme reduced the affordability of energy efficiency projects for many customers, causing a notable drop in demand for Italgas' services in this sector. As a result, the energy efficiency segment generated Total revenues and other income (after inter-segment eliminations) for €46.6 million for the year ended December 31, 2024 (€298.2 million and €153.8 million in 2023 and 2022, respectively). In the three-month periods ended March 31, 2024 and 2025, the energy efficiency segment generated Total revenues and other income (after inter-segment eliminations) for €11.7 million and €14.9 million, respectively.

Results of operations for the three-month periods ended March, 31 2024 and 2025 and for the years ended December 31, 2022, 2023 and 2024

The table below shows the Company's consolidated income statement for the three-month period ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	**%**
	(in € millions unless otherwise indicated)					
Revenues	570.8	*100%*	643.7	*100%*	72.9	*12.8%*
Other income	16.2	*2.8%*	17.8	*2.8%*	1.6	*9.9%*
Total revenues and other income	**587.1**	***102.8%***	**661.6**	***102.8%***	**74.5**	***12.7%***
Costs for raw materials, consumables, supplies and goods	(26.3)	*(4.6%)*	(22.8)	*(3.5%)*	3.5	*(13.3%)*
Costs for services	(127.1)	*(22.3%)*	(129.1)	*(20.1%)*	(2.0)	*1.6%*
Lease expenses	(23.8)	*(4.2%)*	(25.6)	*(4.0%)*	(1.8)	*7.6%*
Personnel costs	(69.2)	*(12.1%)*	(70.9)	*(11.0%)*	(1.7)	*2.5%*
Other expenses	(16.0)	*(2.8%)*	(10.0)	*(1.6%)*	6.0	*(37.5%)*
Total costs and other expenses	**(262.4)**	***(46.0%)***	**(258.4)**	***(40.1%)***	**4.0**	***(1.5%)***
Amortisation, depreciation and impairment of assets	**(132.0)**	***(23.1%)***	**(123.4)**	***(19.2%)***	**8.6**	***(6.5%)***
Operating result	**192.7**	***33.8%***	**279.8**	***43.5%***	**87.1**	***45.2%***
Financial expense	(33.2)	*(5.8%)*	(41.7)	*(6.5%)*	(8.5)	*25.6%*
Financial income	7.1	*1.2%*	7.0	*1.1%*	(0.1)	*(1.4%)*
Gain/(loss) on derivative financial instruments measured at fair value	0.1	*0.0%*	(0.1)	*(0.0%)*	(0.2)	*(>100%)*
Total net financial expense	**(26.0)**	***(4.6%)***	**(34.8)**	***(5.4%)***	**(8.8)**	***33.8%***
Share of the profit of investments in associates/joint ventures	3.7	*0.6%*	2.5	*0.4%*	(1.2)	*(32.4%)*
Other income from equity investments	0.0	-	0.0	-	-	*n/a*
Total net income from equity investments	**3.8**	***0.7%***	**2.5**	***0.4%***	**(1.3)**	***(34.2%)***
Profit before taxes	**170.5**	***29.9%***	**247.5**	***38.4%***	**77.0**	***45.2%***
Income taxes	45.2	*7.9%*	68.2	*10.6%*	23.0	*50.9%*
Profit for the period	**125.2**	***21.9%***	**179.4**	***27.9%***	**54.2**	***43.3%***
Attributable to:						
Owners of the parent company	117.5	*20.6%*	168.8	*26.2%*	51.3	*43.7%*
Non-controlling interests	7.7	*1.3%*	10.6	*1.6%*	2.9	*37.7%*
Earnings per share (€ per share)						
- basic and diluted from continuing operations	0.14		0.21			
- total basic and diluted	0.14		0.21			

The table below shows the Company's consolidated income statement for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						*Changes*			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Revenues	2,182.7	*100%*	2,564.2	*100%*	2,478.6	*100%*	381.5	*17.5%*	(85.6)	*(3.3%)*
Other income	129.8	*5.9%*	74.6	*2.9%*	60.8	*2.5%*	(55.2)	*(42.5%)*	(13.8)	*(18.5%)*
Total revenues and other income	**2,312.5**	***105.9%***	**2,638.8**	***102.9%***	**2,539.4**	***102.5%***	**326.3**	***14.1%***	**(99.4)**	***(3.8%)***
Costs for raw materials, consumables, supplies and goods	(154.7)	*(7.1%)*	(195.9)	*(7.6%)*	(168.5)	*(6.8%)*	(41.2)	*26.6%*	27.4	*(14.0%)*
Costs for services	(654.1)	*(30.0%)*	(792.4)	*(30.9%)*	(604.5)	*(24.4%)*	(138.3)	*21.1%*	187.9	*(23.7%)*
Lease expenses	(102.3)	*(4.7%)*	(89.1)	*(3.5%)*	(102.5)	*(4.1%)*	13.2	*(12.9%)*	(13.4)	*15.0%*
Personnel costs	(257.5)	*(11.8%)*	(276.8)	*(10.8%)*	(285.1)	*(11.5%)*	(19.3)	*7.5%*	(8.3)	*3.0%*
Allocations to provisions for risks and charges, net	1.8	*0.1%*	-	-	-	-	(1.8)	*(100%)*	-	*n/a*
Impairment of trade receivables, net	0.3	*0.0%*	(0.1)	*(0.0%)*	0.8	*0.0%*	(0.4)	*(>100%)*	0.9	*(>100%)*
Other expenses	(25.4)	*(1.2%)*	(57.7)	*(2.3%)*	(60.9)	*(2.5%)*	(32.3)	*>100%*	(3.2)	*5.5%*
Total costs and other expenses	**(1,192.0)**	***(54.6%)***	**(1,412.0)**	***(55.1%)***	**(1,220.7)**	***(49.2%)***	**(220.1)**	***18.5%***	**191.3**	***(13.5%)***

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	2023	*% of Revenues*	2024	*% of Revenues*	2023 vs 2022	*%*	2024 vs 2023	*%*
	(in € millions unless otherwise indicated)									
Amortisation, depreciation and impairment of assets	**(479.2)**	***(22.0%)***	**(545.5)**	***(21.3%)***	**(536.6)**	***(21.6%)***	**(66.3)**	***13.8%***	**8.9**	***(1.6%)***
Operating result	**641.3**	***29.4%***	**681.3**	***26.6%***	**782.1**	***31.6%***	**40.0**	***6.2%***	**100.8**	***14.8%***
Financial expense	(61.4)	*(2.8%)*	(103.6)	*(4.0%)*	(149.6)	*(6.0%)*	(42.2)	*68.7%*	(46.0)	*44.4%*
Financial income	4.0	*0.2%*	5.5	*0.2%*	28.5	*1.1%*	1.5	*37.5%*	23.0	*>100%*
Gain/(loss) on derivative financial instruments measured at fair value	1.0	*0.0%*	(0.1)	*(0.0%)*	0.4	*0.0%*	(1.1)	*(>100%)*	0.5	*(>100%)*
Total net financial expense	**(56.3)**	***(2.6%)***	**(98.2)**	***(3.8%)***	**(120.7)**	***(4.9%)***	**(41.9)**	***74.4%***	**(22.5)**	***22.9%***
Share of the profit of investments in associates/joint ventures	0.7	*0.0%*	1.7	*0.1%*	9.9	*0.4%*	1.0	*>100%*	8.2	*>100%*
Dividends	0.0	-	-	-	-	-	-	*n/a*	-	*n/a*
Other income from equity investments	2.7	*0.1%*	1.4	*0.1%*	1.3	*0.1%*	(1.3)	*(48.1%)*	(0.1)	*(7.1%)*
Total net income from equity investments	**3.4**	***0.2%***	**3.1**	***0.1%***	**11.2**	***0.5%***	**(0.3)**	***(8.8%)***	**8.1**	***>100%***
Profit before taxes	**588.5**	***27.0%***	**586.1**	***22.9%***	**672.7**	***27.1%***	**(2.4)**	***(0.4%)***	**86.6**	***14.8%***
Income taxes	152.4	*7.0%*	118.6	*4.6%*	165.3	*6.7%*	(33.8)	*(22.2%)*	46.7	*39.4%*
Profit for the year	**436.1**	***20.0%***	**467.5**	***18.2%***	**507.4**	***20.5%***	**31.4**	***7.2%***	**39.9**	***8.5%***
Attributable to:										
Owners of the parent company	407.3	*18.7%*	439.6	*17.1%*	478.9	*19.3%*	32.3	*7.9%*	39.3	*8.9%*
Non-controlling interests	28.8	*1.3%*	27.9	*1.1%*	28.6	*1.2%*	(0.9)	*(3.1%)*	0.7	*2.5%*
Earnings per share (€ per share)										
- basic and diluted from continuing operations	0.50		0.54		0.59					
- total basic and diluted	0.50		0.54		0.59					

Revenues

Revenues generated by the Italgas Group refer primarily to: (i) consideration for the natural gas distribution service and other regulated revenues and (ii) revenues deriving from the construction and upgrading of gas and water distribution infrastructure connected with concession agreements pursuant to IFRIC 12.

Three-month period ended March 31, 2024 and 2025

The table below shows the breakdown by nature of Revenues for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	**%**
	(in € millions unless otherwise indicated)					
Gas distribution	387.6	*67.9%*	454.7	*70.6%*	67.1	*17.3%*
Revenues for infrastructure construction and improvements (IFRIC 12)	146.8	*25.7%*	136.2	*21.2%*	(10.6)	*(7.2%)*
Technical assistance, engineering, IT and various services	12.0	*2.1%*	12.4	*1.9%*	0.4	*3.3%*
Energy efficiency interventions and other ESCo revenues	8.7	*1.5%*	14.8	*2.3%*	6.1	*70.1%*
Integrated water service	12.3	*2.2%*	20.2	*3.1%*	7.9	*64.2%*
Gas sales	-	-	-	-	-	*n/a*
Sale of other products	3.5	*0.6%*	5.3	*0.8%*	1.8	*51.4%*
Revenues	**570.8**	***100%***	**643.7**	***100%***	**72.9**	***12.8%***

Revenues increased by €72.9 million or 12.8% from €570.8 million for the three-month period ended March 31, 2024 to €643.7 million for the three-month period ended March 31, 2025. This result is mainly attributable to (i) despite the significant reduction in WACC of €12.9 million as a result of Resolution No. 513/2024/R/com, the increase in revenues from gas distribution of €67.1 million, or 17.3%, from €387.6 million for the three-month period ended March 31, 2024 to €454.7 million for the three-month period ended March 31, 2025, mainly attributable to revenue adjustments for the higher unit costs recognized for the years 2020-2024, equal to €54.4 million, and its impact on the three-month period ended March 31, 2025, equal to €3.8 million, resulting from the adoption of Resolution No. 87/2025/R/gas, and higher adjustments resulting from the application of Resolution no. 130/2025/R/com, equal to €8.2 million, (ii) the increase in revenues for Integrated water service of €7.9 million, or 64,2%, from €12.3 million for the three-month period ended March 31, 2024 to €20.2 million for the three-month period ended March 31, 2025, benefiting from the first consolidation of Acqua Campania, and (iii) the increase in revenues for energy efficiency interventions and other ESCo revenues of €6.1 million, or 70.1%, from €8.7 million in 2024 to €14.8 million in 2025, primarily attributable to higher revenue generated from the Superbonus scheme. The increase has been partially offset by lower infrastructure construction and improvements pursuant IFRIC 12, which decreased by €10.6 million, or 7.2%, from €146.8 million for the three-month period ended March 31, 2024 to €136.2 million for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows the breakdown by nature of Revenues for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Gas distribution	1,228.3	*56.3%*	1,422.3	*55.5%*	1,536.6	*62.0%*	194.0	*15.8%*	114.3	*8.0%*
Revenues for infrastructure construction and improvements (IFRIC 12)	727.8	*33.3%*	787.1	*30.7%*	746.5	*30.1%*	59.3	*8.1%*	(40.6)	*(5.2%)*
Technical assistance, engineering, IT and various services	50.5	*2.3%*	47.2	*1.8%*	53.1	*2.1%*	(3.3)	*(6.5%)*	5.9	*12.5%*
Energy efficiency interventions	139.0	*6.4%*	281.9	*11.0%*	31.9	*1.3%*	142.9	*>100%*	(250.0)	*(88.7%)*
Integrated water service	8.9	*0.4%*	8.4	*0.3%*	96.1	*3.9%*	(0.5)	*(5.6%)*	87.7	*>100%*
Gas sales	12.9	*0.6%*	1.7	*0.1%*	-	-	(11.2)	*(86.8%)*	(1.7)	*(100%)*
Other ESCo revenues	14.0	*0.6%*	13.5	*0.5%*	14.4	*0.6%*	(0.5)	*(3.6%)*	0.9	*6.7%*
Sale of other products	1.4	*0.1%*	2.0	*0.1%*	0.1	*0.0%*	0.6	*42.9%*	(1.9)	*(95.0%)*
Revenues	**2,182.7**	***100%***	**2,564.2**	***100%***	**2,478.6**	***100%***	**381.5**	***17.5%***	**(85.6)**	***(3.3%)***

2024 vs 2023

Revenues decreased by €85.6 million or 3.3% from €2,564.2 million for the year ended December 31, 2023 to €2,478.6 million for the year ended December 31, 2024. This result is mainly attributable to (i) the decrease in revenues from energy efficiency interventions of €250.0 million, or 88.7%, from €281.9 million in 2023 to €31.9 million in 2024, mainly attributable to lower turnover related to the Superbonus scheme, resulting from the progressive reduction in the tax deductions granted by the Italian government and (ii) the decrease in revenues for infrastructure construction and improvements pursuant IFRIC 12 of €40.6 million, or 5.2%, from €787.1 million in 2023 to €746.5 million in 2024, as per effect of lower investments provided by the Italgas Group. These decreases have been partially offset by (i) higher revenues generated by gas distribution, which increased by €114.3 million, or 8.0%, from €1,422.3 million in 2023 to €1,536.6 million in 2024, mainly due to the increase in the WACC and in the deflator and (ii) higher revenues generated by Integrated water service, which increased by €87.7 million, or >100%, from €8.4 million in 2023 to €96.1 million in 2024, benefiting from the first consolidation of Acqua Campania.

2023 vs 2022

Revenues totaled €2,564.2 million in 2023, with an increase of €381.5 million or 17.5% from €2,182.7 million in 2022. The increase was primarily due to: (i) higher revenues generated by gas distribution, which increased by €194.0 million or 15.8%, from €1,288.3 million in 2022 to €1,422.3 million in 2023, mainly attributable to the contribution of the acquisition, occurred in September 2022, of Enaon Group, (ii) higher revenues generated by energy efficiency interventions, which increased by €142.9 million or >100%, from €139.0 million in 2022 to €281.9 million in 2023, resulting in higher turnover related to the Superbonus scheme, and (iii) higher revenues generated by infrastructure construction and improvements pursuant IFRIC 12, which increased by €59.3 million, or 8.1%, from €727.8 million to €787.1 million. The increase has been partially offset by a decrease in gas sales for €11.2 million, or 86.8%, from €12.9 million in 2022 to €1.7 million in 2023, due to the deconsolidation of Gaxa S.p.A., the controlling interest of which has been disposed during the year ended December 31, 2022.

Other income

Three-month period ended March 31, 2024 and 2025

The table below shows the breakdown of Other income for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	*%*
	(in € millions unless otherwise indicated)					
Income from Gas distribution service safety recovery incentives	6.6	*1.2%*	6.8	*1.1%*	0.2	*3.0%*
Plant safety assessment pursuant to ARERA Resolution no. 40/04	0.4	*0.1%*	0.4	*0.1%*	-	-
Other income from regulated activities	2.0	*0.4%*	2.2	*0.3%*	0.2	*10.0%*
Release of connection contributions relating to the year	4.7	*0.8%*	4.6	*0.7%*	(0.1)	*(2.1%)*
Sundry management refunds and chargebacks	0.4	*0.1%*	0.5	*0.1%*	0.1	*25.0%*
Contractual penalties receivable	-	-	0.5	*0.1%*	0.5	*n/a*
Income from real estate investments	0.1	*0.0%*	0.1	*0.0%*	-	-
Revenues from seconded personnel	0.2	*0.0%*	0.3	*0.0%*	0.1	*50.0%*
Works on behalf of the Campania Region	-	-	0.0	*0.0%*	-	*n/a*
Sundry other	1.8	*0.3%*	2.5	*0.4%*	0.7	*38.9%*
Other income	**16.2**	***2.8%***	**17.8**	***2.8%***	**1.6**	***9.9%***

Other income remained substantially stable during the period, increasing by €1.6 million, or 9.9% from €16.2 million for the three-month period ended March 31, 2024 to €17.8 million for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows the breakdown of Other income for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Income from Gas distribution service safety recovery incentives	27.2	*1.2%*	27.2	*1.1%*	2.4	*0.1%*	-	-	(24.8)	*(91.2%)*
Plant safety assessment pursuant to ARERA Resolution no. 40/04	2.1	*0.1%*	1.8	*0.1%*	1.5	*0.1%*	(0.3)	*(14.3%)*	(0.3)	*(16.7%)*
Capital gains from sale of assets	36.7	*1.7%*	1.2	*0.0%*	1.9	*0.1%*	(35.5)	*(96.7%)*	0.7	*58.3%*
Sundry management refunds and chargebacks	4.0	*0.2%*	9.1	*0.4%*	18.1	*0.7%*	5.1	*>100%*	9.0	*98.9%*
Contractual penalties receivable	1.3	*0.1%*	0.9	*0.0%*	0.4	*0.0%*	(0.4)	*(30.8%)*	(0.5)	*(55.6%)*
Other income from regulated activities	10.1	*0.5%*	8.5	*0.3%*	9.7	*0.4%*	(1.6)	*(15.8%)*	1.2	*14.1%*
Release of connection contributions relating to the year	19.2	*0.9%*	19.2	*0.7%*	19.0	*0.8%*	-	-	(0.2)	*(1.0%)*
Income from real estate investments	0.2	*0.0%*	0.2	*0.0%*	0.3	*0.0%*	-	-	0.1	*50.0%*
Revenues from seconded personnel	0.6	*0.0%*	0.4	*0.0%*	1.2	*0.0%*	(0.2)	*(33.3%)*	0.8	*>100%*
Sundry Other	28.3	*1.3%*	6.3	*0.2%*	6.1	*0.2%*	(22.0)	*(77.7%)*	(0.2)	*(3.2%)*
Other income	**129.8**	***5.9%***	**74.6**	***2.9%***	**60.8**	***2.5%***	**(55.2)**	***(42.5%)***	**(13.8)**	***(18.5%)***

2024 vs 2023

Other income slightly decreased by €13.8 million, or 18.5% from €74.6 million in 2023 to €60.8 million in 2024. The decrease was primarily attributable to the decrease in income from gas distribution service safety recovery incentives for €24.8 million, or 91.2%, mainly due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the gas distribution service for the year 2020, equal to €24.0 million. The decrease was partially offset by an increase of works on sundry management refunds and chargebacks for €9.0 million, mainly due to refunds for meters.

2023 vs 2022

Other income decreased by €55.2 million or 42.5% from €129.8 million in 2022 to €74.6 million in 2023. Such decrease was primarily attributable to (*i*) lower capital gains from sales of assets for €35.5 million, or 96.7%, mainly due to the capital gain from the sale of Naples 1 ATEM assets that affected fiscal year ended December 31, 2022, and (*ii*) lower sundry other for €22.0 million, or 77.7%, mainly due to the bargain recognized after the acquisition at *fair value* of the Janagas's assets that affected fiscal year ended December 31, 2022 for €13.5 million.

Total revenues and other income

Analysis by geographical area

Three-month period ended March 31, 2024 and 2025

The table below shows Total revenues and other income broken down by geographical area for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	*%*
	(in € millions unless otherwise indicated)					
Italy	520.5	*91,2%*	591.3	*91.9%*	70,8	*13,6%*
Greece	66.5	*11,7%*	69.5	*10.8%*	3,0	*4,5%*
Non-EU countries	-	-	0.8	*0.1%*	0,8	*n/a*
Total revenues and other income	**587.1**	***102,9%***	**661.6**	***102.8%***	**74,6**	***18,1%***

Total revenues and other income generated in Italy increased by €70.8 million, or 13.6%, from €520.5 million for the three-month period ended March 31, 2024 to €591.3 million for the three-month period ended March 31, 2025, mainly due to (i) the increase in revenues from gas distribution of €67.1 million, or 17.3%, from €387.6 million for the three-month period ended March 31, 2024 to €454.7 million for the three-month period ended March 31, 2025 (due to the effect of revenue adjustments for €54.4 million arising from Resolution No. 87/2025/R/gas and its impact on the three-month period ended March 31, 2025, equal to €3.8 million, as well as of higher adjustments resulting from Resolution no. 130/2025/R/com, equal to €8.1 million), (ii) the increase in revenues for Integrated water service of €7.9 million, or 64,2%, from €12.3 million for the three-month period ended March 31, 2024 to €20.2 million for the three-month period ended March 31, 2025, (due to the effect of the first consolidation of Acqua Campania), and (iii) the increase in revenues for energy efficiency interventions and other ESCo revenues of €6.1 million, or 70.1%, from €8.7 million for the three-month period ended March 31,2024 to €14.8 million for the three-month period ended March 31, 2025. The increase has been partially offset by lower infrastructure construction and improvements pursuant IFRIC 12, which decreased by €10.6 million, or 7.2%, from €146.8 million for the three-month period ended March 31, 2024 to €136.2 million for the three-month period ended March 31, 2025.

Total revenues and other income generated in Greece remained substantially stable during the period, increasing by €3.0 million, or 4.5% from €66.5 million for the three-month period ended March 31, 2024 to €69.5 million for the three-month period ended March 31, 2025.

For the three-month period ended March 31, 2025, Italgas Group generated €0.8 million in non-EU countries, representing 0.1% of its revenues.

Years ended December 31, 2022, 2023 and 2024

The table below shows Total revenues and other income broken down by geographical area for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	2023	*% of Revenues*	2024	*% of Revenues*	2023 vs 2022	%	2024 vs 2023	%
	(in € millions unless otherwise indicated)									
Italy	2,230.4	*102.2%*	2,384.1	*93.3%*	2,258.8	*91.1%*	153.7	*6.9%*	(125.3)	*(5.3%)*
Greece	82.1	*3.8%*	254.8	*9.7%*	279.2	*11.3%*	172.7	*>100%*	24.4	*9.6%*
Non-EU countries	-	-	-	-	1.4	*0.1%*	-	*n/a*	1.4	*n/a*
Total revenues and other income	**2,312.5**	***105.9%***	**2,638.8**	***102.9%***	**2,539.4**	***102.5%***	**326.3**	***14.1%***	**(99.4)**	***(3.8%)***

2024 vs 2023

Total revenues and other income generated in Italy decreased by €125.3 million, or 5.3%, from €2,384.1 million in 2023 to €2,258.8 million in 2024, mainly due to (i) the decrease in revenues from energy efficiency interventions for €250.0 million, or 88.7%, from €281.9 million in 2023 to €31.9 million in 2024, mainly attributable to lower turnover related to the Superbonus scheme, as a direct consequence of the progressive reduction in the tax deductions granted by the Italian government and (ii) the decrease in income from gas distribution service safety recovery incentives, mainly due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the gas distribution service for the year 2020, partially offset by (i) higher revenues generated by gas distribution, mainly due to the increase in the WACC and in the deflator and (ii) higher revenues generated by integrated water service, which increased by €87.7 million, or >100%, from €8.4 million in 2023 to €96.1 million in 2024, benefiting from the first consolidation of Acqua Campania.

Total revenues and other income generated in Greece remained substantially stable, increasing by €24.4 million, or 9.6%, from €254.8 million in 2023 to €279.2 million in 2024. The increase is mainly attributable to higher revenues for infrastructure construction and improvements pursuant IFRIC 12 for €16.9 million.

As of December 31, 2024, the Italgas Group generated €1.4 million in non-EU countries, representing 0.1% of its revenues.

2023 vs 2022

Total revenues and other income generated in Italy increased by €153.7 million or 6.9% from €2,230.4 million in 2022 to €2,384.1 million in 2023, mainly due to higher revenues generated by energy efficiency interventions, which increased by €142.9 million or >100%, from €139.0 million in 2022 to €281.9 million in 2023 as a result of higher turnover related to the Superbonus scheme.

Total revenues and other income generated in Greece increased by €172.7 million or >100% from €82.1 million in 2022 to €254.8 million in 2023, mainly due to the contribution arising from the acquisition of Enaon Group.

Analysis by business segment

Three-month period ended March 31, 2024 and 2025

The table below shows the breakdown by business segment of Total revenues and other income for the three-month periods ended March 31, 2025 and 2024:

	For the three-month period ended March 31, 2025				
	Gas distribution	Water service	Energy efficiency	Corporate	***Total***
	(in € million unless otherwise indicated)				
Total revenues and other income, before inter-segment eliminations	626.9	24.1	15.1	21.8	687.9
Inter-segment eliminations	(4.7)	-	(0.2)	(21.4)	(26.3)
Total revenues and other income	**622.2**	**24.1**	**14.9**	**0.4**	**661.6**

	For the three-month period ended March 31, 2024				
	Gas distribution	Water service	Energy efficiency	Corporate	***Total***
	(in € million unless otherwise indicated)				
Total revenues and other income, before inter-segment eliminations	565.1	14.1	11.9	22.1	613.2
Inter-segment eliminations	(4.4)	-	(0.2)	(21.6)	(26.1)
Total revenues and other income	**560.7**	**14.1**	**11.7**	**0.5**	**587.1**

Total revenues and other income from the gas distribution segment (net of inter-segment eliminations) increased by €61.5 million, or 11.0%, from €560.7 million for the three-month period ended March 31, 2024 to €622.2 million for the three-month period ended March 31, 2025, mainly due to revenue adjustments, equal to €54.4 million, for gas distribution to cover the higher unit costs recognized for tariff purposes related to the years 2020-2024, as resulting from the adoption of Resolution No. 87/2025/R/gas.

Total revenues and other income from the water service segment (net of inter-segment eliminations) increased by €10.0 million, or 70.9%, from €14.1 million for the three-month period ended March 31, 2024 to €24.1 million for the three-month period ended March 31, 2025, mainly driven by the first consolidation of Acqua Campania in April 2024.

Total revenues and other income from the energy efficiency segment (net of inter-segment eliminations) increased by €3.2 million, or 27.4%, from €11.7 million for the three-month period ended March 31, 2024 to €14.9 million for the three-month period ended March 31, 2025, primarily driven by higher revenue generated from the Superbonus scheme.

Total revenues and other income from the corporate segment (net of inter-segment eliminations) were substantially stable, decreasing by €0.1 million, or 20.0%, from €0.5 million for the three-month period ended March 31, 2024 to €0.4 million for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows the breakdown by business segment of Total revenues and other income for the years ended December 31, 2024, 2023 and 2022:

	For the year ended December 31, 2024				
	Gas distribution	Water service	Energy efficiency	Corporate	***Total***
	(in € million unless otherwise indicated)				
Total revenues and other income, before inter-segment eliminations	2,408.4	99.1	48.6	85.3	**2,641.4**
Inter-segment eliminations	(16.7)	(0.1)	(2.0)	(83.2)	**(102.0)**
Total revenues and other income	**2,391.7**	**99.0**	**46.6**	**2.1**	**2,539.4**

	For the year ended December 31, 2023				
	Gas distribution	Water service	Energy efficiency	Corporate	***Total***
	(in € million unless otherwise indicated)				
Total revenues and other income, before inter-segment eliminations	2,344.9	11.0	299.9	82.7	**2,738.6**
Inter-segment eliminations	(17.1)	(0.0)	(1.7)	(80.9)	**(99.8)**
Total revenues and other income	**2,327.9**	**11.0**	**298.2**	**1.8**	**2,638.8**

	For the year ended December 31, 2022				
	Gas distribution	Water service	Energy efficiency	Corporate and other sectors [(i)]	***Total***
	(in € million unless otherwise indicated)				
Total revenues and other income, before inter-segment eliminations	2,145.7	11.8	156.0	101.2	**2,414.7**
Inter-segment eliminations	(15.9)	-	(2.2)	(84.1)	**(102.2)**
Total revenues and other income	**2,129.8**	**11.8**	**153.8**	**17.1**	**2,312.5**

[i] During the year ended December 31, 2022, the Italgas Group reported Total revenues and other income generated by its subsidiary Gaxa S.p.A. in "Corporate and other sectors" in accordance with IFRS 8 Operating Segments. Controlling interest of Gaxa S.p.A. has been disposed by the Italgas Group during the year ended December 31, 2022.

2024 vs 2023

Total revenues and other income from the gas distribution segment (net of inter-segment eliminations) increased by €63.8 million, or 2.7%, from €2,327.9 million in 2023 to €2,391.7 million in 2024, mainly due to the increase in the WACC and in the deflator.

Total revenues and other income from the water service segment (net of inter-segment eliminations) increased by €88.0 million, or >100%, from €11.0 million in 2023 to €99.0 million in 2024, mainly driven by the first consolidation of the Acqua Campania.

Total revenues and other income from the energy efficiency segment (net of inter-segment eliminations) decreased by €251.6 million, or 84.4%, from €298.2 million in 2023 to €46.6 million in 2024, mainly due to lower turnover related to the Superbonus scheme, as a direct consequence of the progressive reduction in the tax deductions granted by the Italian government.

Total revenues and other income from the corporate segment (net of inter-segment eliminations) were substantially stable, increasing by €0.3 million, or 16.7%, from €1.8 million in 2023 to €2.1 million in 2024.

2023 vs 2022

Total revenues and other income from the gas distribution segment (net of inter-segment eliminations) increased by €198.1 million, or 9.3%, from €2,129.8 million in 2022 to €2,327.9 million in 2023, mainly driven by the acquisition, occurred in September 2022, of Enaon Group.

Total revenues and other income from the water service segment (net of inter-segment eliminations) remained substantially stable, with a slight decrease of €0.8 million, or 6.8%, from €11.8 million in 2022 to €11.0 million in 2023.

Total revenues and other income from the energy efficiency segment (net of inter-segment eliminations) increased by €144.4 million, or 93.9%, from €153.8 million in 2022 to €298.2 million in 2023, mainly attributable to higher revenues generated by energy efficiency interventions, due to the increase of turnover in Superbonus projects.

Total revenues and other income from the corporate and other sectors segment decreased by €15.3 million, or 89.5%, from €17.1 million in 2022 to €1.8 million in 2023, mainly due to the disposition of Gaxa S.p.A., the controlling interest of which has been disposed during the year ended December 31, 2022. Gaxa S.p.A accounted for €15.5 million of Total revenues and other income for the fiscal year ended December 31, 2022.

Costs for raw materials, consumables, supplies and goods

Three-month period ended March 31, 2024 and 2025

The table below shows the detail of Costs for raw materials, consumables, supplies and goods for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				**Changes**	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	*%*
	(in € millions unless otherwise indicated)					
Inventories	23.9	*4.2%*	19.4	*3.0%*	(4.5)	*(18.8%)*
Purchase of gas	1.2	*0.2%*	1.9	*0.3%*	0.7	*58.3%*
Purchase of water	0.0	*0.0%*	0.1	*0.0%*	0.1	*>100%*
Motive power and water lifting	0.2	*0.0%*	0.3	*0.0%*	0.1	*50.0%*
Purchase of fuel	1.0	*0.2%*	1.2	*0.2%*	0.2	*20.0%*
Costs for raw materials, consumables, supplies and goods	**26.3**	***4.6%***	**22.8**	***3.5%***	**(3.5)**	***(13.3%)***

Costs for raw materials, consumables, supplies and goods remained substantially stable during the period, decreasing by €3.5 million, or 13.3%, from €26.3 million for the three-month period ended March 31, 2024 to €22.8 million for the three-month period ended March 31, 2025, mainly due to a reduction in the purchase of stock materials such as gas meters and piping for €4.5 million, or 18.8%, from €23.9 million for the three-month period ended March 31, 2024 to €19.4 million for the three-month period ended March 31, 2025. Costs for raw materials, consumables, supplies and goods accounted for 3.5% of revenues for the three-month period ended March 31, 2025, compared to 4.6% for the three-month period ended March 31, 2024.

Years ended December 31, 2022, 2023 and 2024

The table below shows the detail of Costs for raw materials, consumables, supplies and goods for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Inventories	120.2	*5.5%*	182.5	*7.1%*	137.0	*5.5%*	62.3	*51.8%*	(45.5)	*(24.9%)*
Purchase of gas	24.2	*1.1%*	3.3	*0.1%*	3.5	*0.1%*	(20.9)	*(86.4%)*	0.2	*6.1%*
Purchase of water	2.5	*0.1%*	2.7	*0.1%*	0.2	*0.0%*	0.2	*8.0%*	(2.5)	*(92.6%)*
Motive power and water lifting	2.3	*0.1%*	1.3	*0.0%*	22.7	*0.9%*	(1.0)	*(43.5%)*	21.4	*>100%*
Purchase of fuel	4.6	*0.2%*	4.7	*0.2%*	4.0	*0.2%*	0.1	*2.2%*	(0.7)	*(14.9%)*
Consumables	0.9	*0.0%*	1.4	*0.1%*	1.0	*0.0%*	0.5	*55.6%*	(0.4)	*(28.6%)*
Costs for raw materials, consumables, supplies and goods	**154.7**	***7.1%***	**195.9**	***7.6%***	**168.5**	***6.8%***	**41.2**	***26.6%***	**(27.4)**	***(14.0%)***

2024 vs 2023

Costs for raw materials, consumables, supplies and goods decreased by €27.4 million, or 14.0%, from €195.9 million in 2023 to €168.5 million in 2024, mainly due to a reduction in the purchase of raw materials, supplies and goods (inventories) for €45.5 million, or 24.9%, from €182.5 million in 2023 to €137.0 million in 2024, due to lower costs associated with the construction and upgrading of the gas distribution and the water service infrastructure, recorded in accordance with IFRIC 12, partially offset by an increase in cost related to power motive and water lifting for €21.4 million, or >100%, from €1.3 million in 2023 to €22.7 million in 2024, after the first consolidation of Acqua Campania. As a percentage of revenues, costs for raw materials, consumables, supplies and goods showed a slight decrease of 0.8% from 2023 to 2024.

2023 vs 2022

Costs for raw materials, consumables, supplies and goods increased by €41.2 million, or 26.6%, from €154.7 million in 2022 to €195.9 million in 2023, mainly due to an increase in the purchase of raw materials, supplies and goods (inventories) for €62.3 million, or 51.8%, from €120.2 million in 2022 to €182.5 million in 2024, due to higher costs associated with the construction and upgrading of gas distribution and water service infrastructure, recorded in accordance with IFRIC 12, partially offset by a decrease in cost related to the purchase of gas for €20.9 million, or 86.4%, from €24.2 million in 2022 to €3.3 million in 2023. As a percentage of revenues, costs for raw materials, consumables, supplies and goods remained substantially stable, from 7.1% in 2022 to 7.6% in 2023.

Costs for services

Three-month period ended March 31, 2024 and 2025

The table below shows the breakdown of Costs for services for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	*%*
	(in € millions unless otherwise indicated)					
Project management and plant maintenance	84.4	*14.8%*	82.8	*12.9%*	(1.6)	*(1.9%)*
Consultancy and professional services	10.7	*1.9%*	11.6	*1.8%*	0.9	*8.4%*
Costs for personnel services	4.6	*0.8%*	4.5	*0.7%*	(0.1)	*(2.2%)*
IT and telecommunications services	10.9	*1.9%*	10.5	*1.6%*	(0.4)	*(3.7%)*
Electricity, water and other (utility) services	4.3	*0.8%*	9.0	*1.4%*	4.7	*>100%*
Insurance	1.8	*0.3%*	1.6	*0.2%*	(0.2)	*(11.1%)*
Cleaning, security service and guard services	1.0	*0.2%*	1.2	*0.2%*	0.2	*20.0%*
Advertising and entertainment	1.2	*0.2%*	1.0	*0.2%*	(0.2)	*(16.7%)*
Costs for seconded personnel	0.2	*0.0%*	0.3	*0.0%*	0.1	*50.0%*
Works performed on behalf of Campania Region	1.0	*0.2%*	2.2	*0.3%*	1.2	*>100%*

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	2025	*% of Revenues*	2024 vs 2025	%
	(in € millions unless otherwise indicated)					
Other services	9.7	*1.7%*	7.6	*1.2%*	(2.1)	*(21.6%)*
Use of risk provision	(2.2)	*(0.4%)*	(1.9)	*(0.3%)*	0.3	*(13.6%)*
Costs for services, before deductions for increases for own work	**127.6**	***22.4%***	**130.6**	***20.3%***	**3.0**	***2.4%***
To be deducted:						
Increases for own work	(0.5)	*(0.1%)*	(1.5)	*(0.2%)*	(1.0)	*>100%*
Costs for services	**127.1**	***22.3%***	**129.1**	***20.1%***	**2.0**	***1.6%***

Costs for services remained substantially stable during the period, increasing by €2.0 million, or 1.6%, from €127.1 million for the three-month period ended March 31, 2024 to €129.1 million for the three-month period ended March 31, 2025, primarily due to (i) an increase in costs related to Electricity, water and other (utility) services for €4.7 million, or >100%, from €4.3 million for the three-month period ended March 31, 2024 to €9.0 million for the three-month period ended March 31, 2025, and (ii) an increase in costs related to Works performed on behalf of the Campania region of Italy by €1.2 million, or >100%, arising from the first consolidation of Acqua Campania. The increase was partially offset by (i) a decrease in costs related to Project management and plant maintenance for €1.6 million, or 1.9%, and (ii) a decrease in costs related to Other services for €2.1 million, or 21.6%.

Costs for services accounted for 20.1% of revenues for the three-month period ended March 31, 2025, compared to 22.3% for the three-month period ended March 31, 2024.

Years ended December 31, 2022, 2023 and 2024

The table below shows the breakdown of Costs for services for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	2023	*% of Revenues*	2024	*% of Revenues*	2023 vs 2022	%	2024 vs 2023	%
	(in € millions unless otherwise indicated)									
Project management and plant maintenance	512.0	*23.5%*	620.2	*24.2%*	415.0	*16.7%*	108.2	*21.1%*	(205.2)	*(33.1%)*
Consultancy and professional services	69.2	*3.2%*	70.2	*2.7%*	67.1	*2.7%*	1.0	*1.4%*	(3.1)	*(4.4%)*
Costs for personnel services	15.0	*0.7%*	18.8	*0.7%*	20.3	*0.8%*	3.8	*25.3%*	1.5	*8.0%*
IT and telecommunications services	38.0	*1.7%*	47.7	*1.9%*	43.5	*1.8%*	9.7	*25.5%*	(4.2)	*(8.8%)*
Electricity, water and other (utility) services	7.2	*0.3%*	6.5	*0.3%*	4.9	*0.2%*	(0.7)	*(9.7%)*	(1.6)	*(24.6%)*
Insurance	6.1	*0.3%*	6.8	*0.3%*	6.8	*0.3%*	0.7	*11.5%*	-	-
Cleaning, security service and guard services	4.7	*0.2%*	4.1	*0.2%*	4.3	*0.2%*	(0.6)	*(12.8%)*	0.2	*4.9%*
Advertising and entertainment	4.5	*0.2%*	5.1	*0.2%*	5.3	*0.2%*	0.6	*13.3%*	0.2	*3.9%*
Costs for seconded personnel	0.5	*0.0%*	1.5	*0.1%*	0.7	*0.0%*	1.0	*>100%*	(0.8)	*(53.3%)*
Works performed on behalf of Campania Region	-	-	-	-	13.8	*0.6%*	-	*n/a*	13.8	*n/a*
Other services	21.3	*1.0%*	38.9	*1.5%*	40.4	*1.6%*	17.6	*82.6%*	1.5	*3.9%*
Use of risk provision	(22.4)	*(1.0%)*	(25.3)	*(1.0%)*	(15.5)	*(0.6%)*	(2.9)	*12.9%*	9.8	*(38.7%)*
Costs for services, before deductions for increases for own work	**656.2**	***30.1%***	**794.5**	***31.0%***	**606.6**	***24.5%***	**138.3**	***21.1%***	**(187.9)**	***(23.7%)***
To be deducted:										
Increases for own work	(2.1)	*(0.1%)*	(2.1)	*(0.1%)*	(2.0)	*(0.1%)*	-	-	0.1	*(4.8%)*
Costs for services	**654.1**	***30.0%***	**792.4**	***30.9%***	**604.5**	***24.4%***	**138.3**	***21.1%***	**(187.9)**	***(23.7%)***

2024 vs 2023

Costs for services decreased by €187.9 million, or 23.7%, from €792.4 million in 2023 to €604.5 million in 2024, primarily due to a decrease in costs related to project management and plant maintenance for €205.2 million, or 33.1%, from €620.2 million in 2023 to €415.0 million in 2024, resulting from lower level of activities related to the Superbonus scheme. The decrease was partially offset by (i) an increase in costs related to works performed on behalf of the Campania region of Italy for €13.8 million, after the first consolidation of Acqua Campania and (ii) a decrease in uses of risk provision for €9.8 million.

Costs for services accounted for 24.4% of revenues for the year ended December 31, 2024, compared to 30.9% for the year ended December 31, 2023.

2023 vs 2022

Costs for services increased by €138.3 million, or 21.1%, from €654.1 million in 2022 to €792.4 million in 2023, primarily attributable to (i) an increase in project management and plant maintenance costs for €108.2 million, or 21.1%, mainly due to an increase in costs for maintenance of gas distribution plants, as well as higher turnover related to the Superbonus scheme, (ii) an increase in other services costs for €17.6 million, or 82.6%, mainly due to the Enaon Group full-year 2023 contribution for €10.1 million and (iii) an increase in IT and telecommunications services costs for €9.7 million, or 25.5%, mainly due to higher costs for management and maintenance services for €5.7 million.

Costs for services accounted for 30.9% of revenues for the year ended December 31, 2023, compared to 30.0% for the year ended December 31, 2022, remaining substantially stable.

Lease expenses

Three-month period ended March 31, 2024 and 2025

The table below shows the breakdown of Lease expenses for the three-month period ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	*%*
	(in € millions unless otherwise indicated)					
Patent, license and concession fees	20.8	*3.6%*	21.4	*3.3%*	0.6	*2.9%*
Leases and rentals	3.0	*0.5%*	4.2	*0.7%*	1.2	*40.0%*
Lease expenses	**23.8**	***4.2%***	**25.6**	***4.0%***	**1.8**	***7.6%***

Lease expenses remained substantially stable during the period, increasing by €1.8 million, or 7.6%, from €23.8 million in for the three-month period ended March 31, 2024 to €25.6 million for the three-month period ended March 31, 2025, due to an increase in leases and rentals by €1.2 million, or 40.0%, due to the effect of the first consolidation of Acqua Campania. As a percentage of revenues, lease expenses decreased from 4.2% for the three-month period ended March 31, 2024 to 4.0% for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows the breakdown of Lease expenses for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Patent, license and concession fees	77.3	*3.5%*	78.2	*3.0%*	85.2	*3.4%*	0.9	*1.2%*	7.0	*9.0%*
Leases and rentals	25.3	*1.2%*	10.9	*0.4%*	17.3	*0.7%*	(14.4)	*(56.9%)*	6.4	*58.7%*
Use of risk and charges provision	(0.3)	*(0.0%)*	0.0	-	-		0.3	*(>100%)*	0.0	*(100%)*
Lease expenses	**102.3**	***4.7%***	**89.1**	***3.5%***	**102.5**	***4.1%***	**(13.2)**	***(12.9%)***	**13.4**	***15.0%***

2024 vs 2023

Lease expenses increased by €13.4 million, or 15.0%, from €89.1 million in 2023 to €102.5 million in 2024, due to (i) an increase in patent, license and concession fees by €7.0 million, or 9.0%, from €78.2 million in 2023 to €85.2 million in 2024, mainly due to an increase, directly linked to the increase in revenues, in fees recognized to contracting parties for the concession to operate the natural gas distribution activity and (ii) an increase in leases and rentals by €6.4 million, or 58.7%, from €10.9 million in 2023 to €17.3 million in 2024, after the first consolidation of Acqua Campania. As a percentage of revenues, lease expenses slightly increased from 3.5% in 2023 to 4.1% in 2024.

2023 vs 2022

Lease expenses decreased by €13.2 million, from €102.3 million in 2022 to €89.1 million in 2023, mainly due to a decrease in leases and rentals by €14.4 million, or 56.9%, mainly due to a reduction in costs for construction and upgrading of gas distribution infrastructures, recognized in accordance with IFRIC 12, decreasing from €25.3 million in 2022 to €10.9 million in 2023. Patent, license and concession fees, which primarily related to fees recognized to contracting parties for the concession to operate the natural gas distribution activity, remained substantially stable, from €77.3 million in 2022 to €78.2 million in 2023.

Personnel costs

Three-month period ended March 31, 2024 and 2025

The table below shows Personnel costs for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	**%**
	(in € millions unless otherwise indicated)					
Wages and salaries	50.5	*8.8%*	52.2	*8.1%*	1.7	*3.4%*
Social charges	14.5	*2.5%*	15.1	*2.3%*	0.6	*4.1%*
Employee benefits	3.7	*0.6%*	3.9	*0.6%*	0.2	*5.4%*
Other expenses	1.1	*0.2%*	0.8	*0.1%*	(0.3)	*(27.3%)*
Personnel costs, before deductions for increases for own work	**69.8**	***12.2%***	**72.0**	***11.2%***	**2.2**	***3.2%***
To be deducted:						
Increases for own work	(0.7)	*(0.1%)*	(1.0)	*(0.2%)*	(0.3)	*42.9%*
Personnel costs	**69.2**	***12.1%***	**70.9**	***11.0%***	**1.7**	***2.5%***

Personnel costs remained substantially stable during the period, increasing by €1.7 million, or 2.5%, from €69.2 million for the three-month period ended March 31, 2024 to €70.9 million for the three-month period ended March 31, 2025, due to the effect of the first consolidation of Acqua Campania. As a percentage of revenues, personnel costs slightly decreased from 12.1% for the three-month period ended March 31, 2024 to 11.0% for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows Personnel costs for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Wages and salaries	186.5	*8.5%*	198.7	*7.7%*	209.7	*8.5%*	12.2	*6.5%*	11.0	*5.5%*
Social charges	54.0	*2.5%*	57.9	*2.3%*	60.7	*2.4%*	3.9	*7.2%*	2.8	*4.8%*
Employee benefits	19.6	*0.9%*	18.0	*0.7%*	16.7	*0.7%*	(1.6)	*(8.2%)*	(1.3)	*(7.2%)*
Other expenses	5.3	*0.2%*	5.0	*0.2%*	3.9	*0.2%*	(0.3)	*(5.7%)*	(1.1)	*(22.0%)*
Personnel costs, before deductions for increases for own work	**265.5**	***12.2%***	**279.6**	***10.9%***	**291.0**	***11.7%***	**14.1**	***5.3%***	**11.4**	***4.1%***
To be deducted:										
Increases for own work	(8.0)	*(0.4%)*	(2.8)	*(0.1%)*	*(5.9)*	*(0.2%)*	5.2	*(65.0%)*	(3.1)	*>100%*
Personnel costs	**257.5**	***11.8%***	**276.8**	***10.8%***	**285.1**	***11.5%***	**19.3**	***7.5%***	**8.3**	***3.0%***

2024 vs 2023

Personnel costs slightly increased by €8.3 million or 3.0%, from €276.8 million in 2023 to €285.1 million in 2024, mainly attributable to an increase in costs for wages and salaries for €11.0 million or 5.5%, from €198.7 million in 2023 to €209.7 million in 2024, mainly due to the increase in the number of employees, from 4,256 in 2023 to 4,339 in 2024. As a percentage of revenues, personnel costs increased from 10.8% in 2023 to 11.5% in 2024.

2023 vs 2022

Personnel costs increased by €19.3 million, or 7.5%, from €257.5 million in 2022 to €276.8 million in 2023, mainly attributable to (i) an increase in wages and salaries, from €186.5 million in 2022 to €198.7 million in 2023 and (ii) lower capitalization for own work, from €8.0 million in 2022 to €2.8 million in 2023. Despite the decrease in average number of employees, from 4,397 in 2022 to 4,256 employees, the increase occurred in personnel costs was mainly due to acquisition of Enaon Group occurred in September 2022. Since the Enaon Group was acquired in September 2022, personnel costs relating to the Enaon Group contributed to total personnel costs for the year ended December 31, 2022 only for 4 months, whereas for 2023 they contributed to the full year cost. As a percentage of revenues, personnel costs decreased from 11.8% in 2022 to 10.8% in 2023.

Other expenses

Three-month period ended March 31, 2024 and 2025

The table below shows other expenses for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	*%*
	(in € millions unless otherwise indicated)					
Other penalties	*0.8*	*0.1%*	*3.0*	*0.5%*	2.2	*>100%*
Indirect taxes, local taxes	*1.5*	*0.3%*	*1.5*	*0.2%*	-	-
Allocations to/(releases from) provision for risks and charges	*2.1*	*0.4%*	*(1.3)*	*(0.2%)*	(3.4)	*(>100%)*
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	*9.2*	*1.6%*	*4.5*	*0.7%*	(4.7)	*(51.1%)*
Sundry other	*2.4*	*0.4%*	*2.3*	*0.4%*	(0.1)	*(4.2%)*
Other expenses	***16.0***	***2.8%***	***10.0***	***1.6%***	**(6.0)**	***(37.5%)***

Other expenses decreased by €6.0 million, or 37.5%, from €16.0 million for the three-month period ended March 31, 2024 to €10.0 million for the three month period ended March 31, 2025, mainly attributable to (i) a decrease of capital losses from disposal/recovery of property, plant and equipment and intangible assets of €4.7 million due to a low level of replacement of meters, pipes and connections and (ii) a decrease in net allocation to/(releases from) provisions for risks and charges of €3.4 million (from a net allocation for €2.1 million for the three-month period ended March 31, 2024 to a net allocation for €1.3 million for the three-month period ended March 31, 2025). The decrease is partially offset by the increase of other penalties of €2.2 million, mainly attributable to penalties arising from gas distribution for fewer smart meter replacements. As a percentage of revenues, other expenses remained substantially flat, representing 2.8% for the three-month period ended March 31, 2024 and 1.6% for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows other expenses for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Other penalties	1.8	*0.1%*	3.1	*0.1%*	6.9	*0.3%*	1.3	*72.2%*	3.8	*>100%*
Indirect taxes, local taxes	8.2	*0.4%*	6.6	*0.3%*	5.7	*0.2%*	(1.6)	*(19.5%)*	(0.9)	*(13.6%)*
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	11.4	*0.5%*	40.3	*1.6%*	39.8	*1.6%*	28.9	*>100%*	(0.5)	*(1.2%)*
Allocations to/releases from provision for risks and charges	-	-	1.1	*0.0%*	0.7	*0.0%*	1.1	*n/a*	(0.4)	*(36.4%)*
Sundry other	4.0	*0.2%*	6.6	*0.3%*	7.9	*0.3%*	2.6	*65.0%*	1.3	*19.7%*
Other expenses	**25.4**	***1.2%***	**57.7**	***2.3%***	**60.9**	***2.5%***	**32.3**	***>100%***	**3.2**	***5.5%***

2024 vs 2023

Other expenses increased by €3.2 million, or 5.5%, from €57.7 million for the year ended December 31, 2023 to €60.9 million for the year ended December 31, 2024, mainly attributable to an increase of €3.8 million in costs for penalties. As a percentage of revenues, other expenses remained substantially flat, representing 2.3% in 2023 and 2.5% in 2024.

2023 vs 2022

Other expenses increased by €32.3 million, or >100%, from €25.4 million in 2022 to €57.7 million in 2023, mainly attributable to capital losses from the disposal/recovery of property, plant, and equipment and intangible assets for €28.9 million, or >100%, increasing from €11.4 million in 2022 to €40.3 million in 2023, primarily attributable to higher volume of replacement of smart meters, pipes and connections. Please note that capital losses related to smart meters in 2023 are partially offset by the following "special" items included elsewhere in the Consolidated Income Statement: (i) contribution pursuant to ARERA Resolution no. 737/2022/R/gas; (ii) use of smart meter provisions related to faulty smart meters and (iii) repayments from third parties attributable to faulty smart meters.

Amortisation, depreciation and impairment of assets

Three-month period ended March 31, 2024 and 2025

The table below shows amortisation, depreciation and impairment of assets for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				**Changes**	
	2024	*% of Revenues*	**2025**	*% of Revenues*	**2024 vs 2025**	*%*
	(in € millions unless otherwise indicated)					
Amortisation and depreciation	**137.9**	***24.2%***	**124.7**	***19.4%***	**(13.2)**	***(9.6%)***
- Property, plant and equipment	4.7	*0.8%*	5.2	*0.8%*	0.5	*10.6%*
- Right of use pursuant to IFRS 16	11.6	*2.0%*	8.0	*1.2%*	(3.6)	*(31.0%)*
- Intangible assets	121.6	*21.3%*	111.5	*17.3%*	(10.1)	*(8.3%)*
Impairment of assets / (use of provision), net	**(5.9)**	***(1.0%)***	**(1.3)**	***(0.2%)***	**4.6**	***(78.0%)***
Use of provision	(5.9)	*(1.0%)*	(1.3)	*(0.2%)*	4.6	*(78.0%)*
Amortisation, depreciation and impairment of assets	***132.0***	***23.1%***	***123.4***	***19.2%***	**(8.6)**	***(6.5%)***

Amortisation, depreciation and impairment of assets decreased by €8.6 million, or 6.5%, from €132.0 million for the three-month period ended March 31, 2024 to €123.4 million for the three-month period ended March 31, 2025, as per effect of (i) a lower amortisation of intangible assets for €10.1 million and (ii) a lower amortisation of right of use pursuant to IFRS 16 for €3.6 million and, partially offstet by a decrease in net use of provision of €4.6 million, mainly related to faulty smart gas meters, from a net use of €5.9 million for the three-month period ended March 31, 2024 to a net use of €1.3 million for the three-month period ended March 31, 2025. As a percentage of revenues, amortisation, depreciation and impairment of assets decrease from 23.1% for the three-month ended March 31, 2024 to 19.2% for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows amortisation, depreciation and impairment of assets for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						**Changes**			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Amortisation and depreciation	**478.3**	***21.9%***	**522.5**	***20.4%***	**549.1**	***22.2%***	**44.2**	***9.2%***	**26.6**	***5.1%***
- Property, plant and equipment	17.3	*0.8%*	17.7	*0.7%*	20.5	*0.8%*	0.4	*2.3%*	2.8	*15.8%*
- Right of use pursuant to IFRS 16	24.6	*1.1%*	29.7	*1.2%*	32.5	*1.3%*	5.1	*20.7%*	2.8	*9.4%*
- Intangible assets	436.3	*20.0%*	475.1	*18.5%*	496.1	*20.0%*	38.8	*8.9%*	21.0	*4.4%*
Impairment/ (use of provision)	**0.9**	***0.0%***	**23.0**	***0.9%***	**(12.6)**	***(0.5%)***	**22.1**	***>100%***	**(35.6)**	***(>100%)***
Use of provision	-	-	-	-	(12.6)	*0.5%*	-	*n/a*	(12.6)	*n/a*
Impairment of intangible assets	0.9	*0.0%*	23.0	*0.9%*	-	-	22.1	*>100%*	(23.0)	*(100%)*
Amortisation, depreciation and impairment of assets	**479.2**	***22.0%***	**545.5**	***21.3%***	**536.6**	***21.6%***	**66.3**	***13.8%***	**(8.9)**	***(1.6%)***

2024 vs 2023

Amortisation, depreciation and impairment of assets decreased by €8.9 million, or 1.6%, from €545.5 million in 2023 to €536.6 million in 2024, benefiting from lower impairment of assets for €35.6 million, mainly related to faulty smart gas meters (impairment for €23.0 million in 2023 and a use for €12.6 million in 2024). The decrease was partially offset by an increase in amortisation and depreciation for €26.6 million, or 5.1%, from €522.5 million in 2023 to €549.1 million in 2024, mainly due to higher amortisation of intangible assets for €21.0 million, resulting from Italgas Group's previous investments coming onstream and the first consolidation of Acqua Campania. As a percentage of revenues, amortisation, depreciation and impairment of assets remained substantially stable from 21.3% in 2023 to 21.6% in 2024.

2023 vs 2022

Amortisation, depreciation and impairment of assets increased by €66.3 million, or 13.8%, from €479.2 million in 2022 to €545.5 million in 2023, mainly due to (i) an increase of amortisation and depreciation for €44.2 million, from €478.3 million in 2022 to €522.5 million in 2023, mainly due to higher amortisation of intangible assets for €38.8 million, resulting from the Italgas Group's investments and (ii) an increase in impairment of assets for €22.1 million, from €0.9 million in 2022 to €23.0 million in 2023, mainly attributable to provision for faulty smart gas meters.

Operating result

Three-month period ended March 31, 2024 and 2025

Operating result increased by €87.1 million, or 45.2%, from €192.7 million for the three-month period ended March 31, 2024 to €279.8 million for the three-month period ended March 31, 2025, mainly attributable to (i) the increase in revenues from gas distribution of €67.1 million as per effect of revenue adjustments for gas distribution, equal to €54.4 million, to cover the higher unit costs recognized for tariff purposes related to the years 2020-2024, as resulting from the adoption of Resolution No. 87/2025/R/gas, and its impact on the three-month period ended March 31, 2025, equal to €3.8 million, as well as higher adjustments resulting from the application of Resolution no. 130/2025/R/com, equal to €8.2 million, (ii) the increase in revenues for Integrated water service of €7.9 million, due to the effect of the contribution of Acqua Campania, acquired in April 2024, (iii) the increase in revenues for energy efficiency interventions and other ESCo revenues of €6.1 million, attributable to higher revenue generated from the Superbonus scheme, and (iv) a decrease in other expenses for €6.0 million, mainly attributable to lower capital losses from disposal/recovery of property, plant and equipment and intangible assets. As a percentage of revenues, operating result increased from 33.8% for the three-month period ended March 31, 2024 to 43.5% for the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

2024 vs 2023

Operating result increased by €100.8 million, or 14.8%, from €681.3 million in 2023 to €782.1 million in 2024, resulting from (i) a decrease in costs for services of €187.9 million, or 23.7%, primarily attributable to the decrease in project management and plant maintenance costs, resulting from lower level of activities related to the Superbonus scheme, and (ii) a decrease in amortisation, depreciation and impairment of assets for €8.9 million, benefiting from lower impairment of faulty smart gas meters, partially offset by a decrease in Total revenues and other income for €99.4 million in 2024 (mainly attributable to lower turnover related to the Superbonus scheme), resulting from the progressive reduction in the tax deductions granted by the Italian government, partially offset by (a) higher revenues generated by gas distribution of €63.8 million, mainly due to the increase in the WACC and in the deflator and (b) higher revenues generated by integrated water service of €88.0 million, benefiting from the first consolidation of Acqua Campania. As a percentage of revenues, operating result increased from 26.6% in 2023 to 31.6% in 2024.

2023 vs 2022

Operating result increased by €40.0 million, or 6.2%, from €641.3 million in 2022 to €681.3 million in 2023, resulting from an increase in revenues for €381.5 million, benefitting from the higher turnover related to the Superbonus scheme, the acquisition of Enaon Group and the increase in revenues for infrastructure construction and improvements (IFRIC 12), partially offset by (i) a decrease in other income for €55.2 million, primarily attributable to lower capital gains from the sale of assets related to the concession of Naples 1 ATEM that affected the fiscal year ended December 31, 2022 for an amount of €36.7 million, (ii) an increase in costs for services for €138.3 million, primarily attributable to higher costs for maintenance of gas distribution plants, as well as higher level of activities related to the Superbonus scheme, (iii) an increase in costs for raw materials, consumables, supplies and goods for €41.2 million, mainly due to higher costs associated with the construction and upgrading of gas distribution and water service infrastructure, (iv) an increase in other expenses for €32.3 million, primarily attributable to higher volume of replacement of smart meters, pipes and connections and (v) an increase in amortisation, depreciation and impairment of assets for €66.3 million, resulting from the Italgas Group's investments and the provision for faulty smart gas meters. As a percentage of revenues, operating result decreased from 29.4% in 2022 to 26.6% in 2023.

Net financial expense

Three-month period ended March 31, 2024 and 2025

The table below shows total Net financial expense for the three-month periods ended March 31, 2024 and 2025:

	For the three-month period ended March 31,				Changes	
	2024	*% of Revenues*	2025	*% of Revenues*	2024 vs 2025	%
	(in € millions unless otherwise indicated)					
Total financial expense	**(26.6)**	***(4.7%)***	**(35.3)**	***(5.5%)***	**(8.7)**	***32.7%***
Financial expense	(30.8)	*(5.4%)*	(39.2)	*(6.1%)*	(8.4)	*27.3%*
Financial income	4.2	*0.7%*	3.9	*0.6%*	(0.3)	*(7.1%)*
Total financial income (expense)	**0.4**	***0.1%***	**0.6**	***0.1%***	**0.2**	***50.0%***
Other financial expenses	(2.4)	*(0.4%)*	(2.5)	*(0.4%)*	(0.1)	*4.2%*
Other financial income	2.8	*0.5%*	3.1	*0.5%*	0.3	*10.7%*
Gain/(loss) on derivative financial instruments measured at fair value	**0.1**	***0.0%***	**(0.1)**	***(0.0%)***	**(0.2)**	***(>100%)***
Net financial expense	**(26.0)**	***(4.6%)***	**(34.8)**	***(5.4%)***	**(8.8)**	***33.8%***

Net financial expense increased by €8.8 million, or 33.8%, from €26.0 million for the three-month period ended March 31, 2024 to €34.8 million for the three-month period ended March 31, 2025, mainly attributable to an increase in financial expenses for €8.4 million, primary attributable to higher interests as a result of the issuance of two tranches of €500 million notes under the EMTN Program, with fixed interest rate and maturities of 5 and 9 years, respectively, during the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

The table below shows total Net financial expense for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	2023	*% of Revenues*	2024	*% of Revenues*	2023 vs 2022	%	2024 vs 2023	%
	(in € millions unless otherwise indicated)									
Total financial expense	**(59.4)**	***(2.7%)***	**(94.3)**	***(3.7%)***	**(122.4)**	***(4.9%)***	**(34.9)**	***58.8%***	**(28.1)**	***29.8%***
Financial expense	(59.6)	*(2.7%)*	(100.0)	*(3.9%)*	(139.9)	*(5.6%)*	(40.4)	*67.8%*	(39.9)	*39.9%*
Financial income	0.2	*0.0%*	5.7	*0.2%*	17.5	*0.7%*	5.5	*>100%*	11.8	*>100%*
Total financial income (expense)	**2.1**	***0.1%***	**(3.9)**	***(0.2%)***	**1.3**	***0.1%***	**(6.0)**	***(>100%)***	**5.2**	***(>100%)***
Other financial expenses	(1.8)	*(0.1%)*	(3.6)	*(0.1%)*	(9.7)	*(0.4%)*	(1.8)	*>100%*	(6.1)	*>100%*
Other financial income	3.9	*0.2%*	(0.2)	*(0.0%)*	11.0	*0.4%*	(4.1)	*(>100%)*	11.2	*(>100%)*
Gain/(loss) on derivative measured at fair value	**1.0**	***0.0%***	**(0.1)**	***(0.0%)***	**0.4**	***0.0%***	**(1.1)**	***(>100%)***	**0.5**	***(>100%)***
Net financial expense	**(56.3)**	***(2.6%)***	**(98.2)**	***(3.8%)***	**(120.7)**	***(4.9%)***	**(41.9)**	***74.4%***	**(22.5)**	***22.9%***

2024 vs 2023

Net financial expense increased by €22.5 million, or 22.9%, from €98.2 million in 2023 to €120.7 million in 2024, mainly due to (i) an increase in financial expenses for €39.9 million, primary attributable to higher note interests for €37.9 million as a result of the issuance of notes for €650 million in February 2024 and for €350 million in September 2024 and (ii) an increase in other financial expenses for €6.1 million, mainly related to interests paid on the notes issued in 2024, partially offset by an increase in financial income for €11.8 million, resulting from the first consolidation of Acqua Campania and an increase in other financial income for €11.2 million, mainly attributable to interests collected on notes issued in 2024.

2023 vs 2022

Net financial expense increased by €41.9 million, or 74.4%, from €56.3 million in 2022 to €98.2 million in 2023, mainly due to higher financial expense for €40.4 million, primarily attributable to (i) an increase in interest expenses on notes for €21.2 million, as a result of the issuance of notes for €500 million in June 2023, and (ii) an increase in interest expenses on credit line and loan expenses due to banks and other lenders for €16.4 million, mainly attributable to a loan agreement signed with the EIB in December 2022.

Net income from equity investments

Three-month period ended March 31, 2024 and 2025

Net income from equity investments remained substantially stable, decreasing by €1.3 million, from €3.8 million for the three-month period ended March 31, 2024 to €2.5 million for the three-month period ended March 31, 2025, representing 0.7% and 0.4% of revenues, respectively.

Years ended December 31, 2022, 2023 and 2024

The table below shows Net income from equity investments for the years ended December 31, 2022, 2023 and 2024 are shown in the table below:

	For the year ended December 31,						**Changes**			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Share of the profit of investments in associates/joint ventures	**0.7**	***0.0%***	**1.7**	***0.1%***	**9.9**	***0.4%***	**1.0**	***>100%***	**8.2**	**>100%**
Income from share of the profit of equity investments in associates/joint ventures	0.7	*0.0%*	1.7	*0.1%*	9.9	*0.4%*	1.0	*>100%*	8.2	>100%
Other income from equity investments	**2.8**	***0.1%***	**1.4**	***0.1%***	**1.3**	***0.1%***	**(1.4)**	***(50.0%)***	**(0.1)**	**(7.1%)**
Dividends	0.0	*0.0%*	0.0	*0.0%*	-	-	-	*0.0%*	-	*0.0%*
Other income from equity investments	2.7	*0.1%*	1.4	*0.1%*	1.3	*0.1%*	(1.3)	*(48.1%)*	(0.1)	(7.1%)
Net income from equity investments	**3.4**	***0.2%***	**3.1**	***0.1%***	**11.2**	***0.5%***	**(0.3)**	***(8.8%)***	**8.1**	**>100%**

2024 vs 2023

Net income from equity investments increased by €8.1 million, from €3.1 million in 2023 to €11.2 million in 2024, or >100%, representing 0.1% and 0.5% of revenues in 2023 and in 2024, respectively.

2023 vs 2022

Net income from equity investments decreased by €0.3 million, or 8.8%, from €3.4 million in 2022 to €3.1 million in 2023, representing 0.2% and 0.1% of revenues in 2022 and in 2023, respectively.

Income taxes

Three-month period ended March 31, 2024 and 2025

Income taxes increased by €23.0 million, or 50.9%, from €45.2 million for the three-month period ended March 31, 2024 to €68.2 million for the three-month period ended March 31, 2025.

Tax rate was equal to 26.5% and 27.6% for the three-month period ended March 31, 2024 and 2025, respectively.

Years ended December 31, 2022, 2023 and 2024

The table below shows Income taxes for the years ended December 31, 2022, 2023 and 2024:

	For the year ended December 31,						Changes			
	2022	*% of Revenues*	**2023**	*% of Revenues*	**2024**	*% of Revenues*	**2023 vs 2022**	*%*	**2024 vs 2023**	*%*
	(in € millions unless otherwise indicated)									
Current taxes	**160.8**	***7.4%***	**152.6**	***6.0%***	**164.0**	***6.6%***	**(8.2)**	***(5.1%)***	**11.4**	***7.5%***
Current taxes for the year	162.2	*7.4%*	183.8	*7.2%*	193.0	*7.8%*	21.6	*13.3%*	9.2	*5.0%*
Patent box	-	-	(39.4)	*(1.5%)*	*(22.0)*	*(0.9%)*	(39.4)	*n/a*	17.4	*(44.2%)*
Adjustments for current taxes pertaining to previous years	(1.5)	*(0.1%)*	8.2	*0.3%*	(7.1)	*(0.3%)*	9.7	*(>100%)*	(15.3)	*(>100%)*
Deferred and prepaid taxes	**(8.4)**	***(0.4%)***	**(34.0)**	***(1.3%)***	**1.3**	***0.1%***	**(25.6)**	***>100%***	**35.3**	***(>100%)***
Deferred taxes	(13.8)	*(0.6%)*	(9.5)	*(0.4%)*	(1.8)	*(0.1%)*	4.3	*(31.2%)*	7.7	*(81.1%)*
Prepaid taxes	(5.4)	*(0.2%)*	24.5	*1.0%*	(3.1)	*(0.1%)*	29.9	*(>100%)*	(27.6)	*(>100%)*
Income taxes	**152.4**	***7.0%***	**118.6**	***4.6%***	**165.3**	***6.7%***	**(33.8)**	***(22.2%)***	**46.7**	***39.4%***

2024 vs 2023

Income taxes increased by €46.7 million, or 39.4%, from €118.6 million in 2023 to €165.3 million in 2024.

Tax rate was equal to 24.6% and 20.2% in 2024 and in 2023, respectively. The increase was mainly due to the reduction of the tax benefit (the so-called "Patent box"), equal to €22.0 million and €39.4 million in 2024 and in 2023, respectively.

2023 vs 2022

Income taxes decreased by €33.8 million, or 22.2%, from €152.4 million for the year ended December 31, 2022 to €118.6 million for the year ended December 31, 2023.

Tax rate was equal to 20.2% and 25.7% in 2023 and in 2022, respectively. The decrease is mainly due to the increase of the tax benefit (the so-called "Patent box"), equal to €39.4 million for the year ended December 31, 2023.

Profit for the year / period attributable to Owners of the parent company

Three-month period ended March 31, 2024 and 2025

As a result of the above, profit for the period attributable to Owners of the parent company increased from €117.5 million for the three-month period ended March 31, 2024 to €168.8 million for the three-month period ended March 31, 2025, increasing from 20.6% to 26.2%, as a percentage of revenues, respectively.

Years ended December 31, 2022, 2023 and 2024

2024 vs 2023

As a result of the above, profit for the year attributable to Owners of the parent company increased from €439.6 million in 2023 to €478.9 million in 2024, increasing from 17.1% in 2023 to 19.3% in 2024, as a percentage of revenues.

2023 vs 2022

As a result of the above, profit for the year attributable to Owners of the parent company increased from €407.3 million in 2022 to €439.6 million in 2023, decreasing from 18.7% in 2022 to 17.1% in 2023, as a percentage of revenues.

Adjusted net profit attributable to the Group

Three-month period ended March 31, 2024 and 2025

As a result of the above, Adjusted net profit attributable to the Group, increased from €117.5 million for the three-month period ended March 31, 2024 to €132.6 million for the three-month period ended March 31, 2025. As a percentage of revenues, the percentages equal to 20.6% for three-month periods ended March 31, 2024 and 2025.

Years ended December 31, 2022, 2023 and 2024

2024 vs 2023

As a result of the above, Adjusted net profit attributable to the Group, increased from €439.6 million in 2023 to €506.6 million in 2024, increasing from 17.1% in 2023 to 20.4% in 2024, as a percentage of revenues.

2023 vs 2022

As a result of the above, Adjusted net profit attributable to the Group, increased from €395.7 million in 2022 to €439.6 million in 2023, decreasing from 18.1% in 2022 to 17.1% in 2023, as a percentage of revenues.

For the definition of Adjusted net profit attributable to the Group please see "*Presentation of Financial and Other Information—Non-IFRS measures*."

Liquidity and Capital Resources

The principal sources of liquidity for Italgas Group are cash and cash equivalents, cash generated from operating activities, bank loans and notes. Cash flows from financing activities have in the past included, among others, proceeds from bank loans and notes. Historically, principal uses of cash have been, and Italgas Group expects that principal uses of cash will continue to be, to fund capital expenditures, provide working capital, meet debt service requirements, and fund acquisitions.

Set forth below is an analysis of the main sources and needs of liquidity.

Cash Flow Information

The table below provides a summary of the statement of cash flows for the years ended December 31, 2022, 2023, 2024 and for the three-month periods ended March 31, 2024 and 2025:

	For the year ended December 31,			**For the three-month period ended March 31,**	
	2022	**2023**	**2024**	**2024**	**2025**
			(in € million)		
Opening cash and cash equivalents	**1,391.8**	**451.9**	**250.0**	**250.0**	**402.7**
Net cash flow from operating activities (A)	*548.2*	*572.7*	*1,098.7*	*341.6*	*412.2*
Net cash flow used in investing activities (B)	*(1,283.8)*	*(857.6)*	*(809.1)*	*(199.6)*	*(226.8)*
Net cash flow from/ (used in) financing activities (C)	*(204.2)*	*82.9*	*(136.9)*	*218.5*	*1,985.2*
Net cash flow for the year (A+B+C)	**(939.8)**	**(202.0)**	**152.7**	**360.5**	**2,170.5**
Closing cash and cash equivalents	**451.9**	**250.0**	**402.7**	**610.5**	**2,573.2**

Operating, investment and financing activities generated cash and cash equivalents for €152.7 million for the year ended December 31, 2024, and used cash and cash equivalents for €202.0 million and for €939.8 million for the years ended December 31, 2023 and 2022, respectively.

Operating, investment and financing activities generated cash and cash equivalents for €2,170.5 million and €360.5 million for the three-month periods ended March 31, 2025 and 2024, respectively.

Net cash flow from operating activities

Three-month period ended March 31, 2024 and 2025

Net cash flow from operating activities increased by €70.5 million, from €341.6 million for the three-month periods ended March 31, 2024 to €412.2 million for the three-month periods ended March 31, 2025, primarily due to an increase in Profit for the period for €54.1 million.

Years ended December 31, 2022, 2023 and 2024

2024 vs 2023

Net cash flow from operating activities increased by €526.0 million, from €572.7 million in 2023 to €1,098.7 million in 2024, primarily due to (i) an increase in Profit for the year for €40.0 million, *(ii)* a decrease in cash flow absorbed by working capital for €355.8 million, mainly resulting from a decrease in Superbonus projects, due to the progressive reduction in the tax deductions granted by the Italian government and *(iii)* a decrease in income taxes paid, net of tax credits reimbursed, for €91.3 million.

2023 vs 2022

Net cash flow from operating activities increased by €24.5 million, from €548.2 million in 2022 to €572.7 million in 2023, primarily due to (i) an increase in Profit in 2023 for €31.3 million, *(ii)* an increase in non-monetary items (including Depreciation, amortisation and impairment of assets and (Gains)/Losses arising from the disposal of assets) for €129.0 million, partially offset by an increase in cash flow absorbed by working capital for €148.3 million, mainly resulting from an increase in Superbonus projects.

Net cash flow used in investing activities

Three-month period ended March 31, 2024 and 2025

Net cash flow used in investment activities increased by €27.2 million, from €199.6 million for the three-month period ended March 31, 2024 to €226.8 million for the three-month period ended March 31, 2025. The increase was primarily due to a decrease in cash generated from business combinations acquisition, net of cash acquired, for €51.1 million, entirely attributable to the consolidation of Acqua Campania. The decrease was partially offset by a decrease in cash used for the acquisition of Intangible assets in 2024 and related to additions for the awarding of Belluno ATEM tender contracts, partially offset by a decrease in payables for investments for €21.0 million.

Years ended December 31, 2022, 2023 and 2024

2024 vs 2023

Net cash flow used in investment activities decreased by €48.5 million, from €857.6 million for the year ended December 31, 2023 to €809.1 million for the year ended December 31, 2024. The decrease was primarily due to (i) an increase in cash generated from business combinations acquisition, net of cash acquired, for €51.2 million, entirely attributable to the consolidation of Acqua Campania, (ii) a decrease in investments in subsidiaries for €62.5 million, from €78.3 million for the year ended December 31, 2023, mainly attributable to the acquisition of the equity interests in certain companies active in the water service from Veolia Group to €15.8 million for the year ended December 31, 2024, mainly attributable to the capital increase in Siciliacque and (iii) an increase in cash generated by the sale of non-current financial assets, arising from the consolidation of Acqua Campania for €11.0 million. Such decrease was partially offset by (i) an increase in net intangible assets investments for €32.0 million, mainly related to service concession arrangements and industrial patent rights intellectual property rights; (ii) an increase in current financial assets for €16.6 million and (iii) a decrease in cash generated by the changes in payables and receivables arising from investments for €23.8 million.

2023 vs 2022

Net cash flow used in investment activities decreased by €426.2 million, from €1,283.8 million for the year ended December 31, 2022 to €857.6 million for the year ended December 31, 2023. The decrease was mainly due to a decrease in acquisitions and equity investments for €796.5 million, from €874.7 million in 2022, mainly affected by the acquisitions of the Enaon Group and Janagas S.r.l. to €78.3 million in 2023, mainly affected by the acquisition of Acqua S.r.l, which indirectly controls Siciliacque S.p.A and Acqualatina S.p.A.. The decrease was partially offset by (i) an increase in net investments in property, plant and equipment for €16.2 million, mainly related to buildings, plant and equipment, industrial and commercial equipment and (ii) an increase in net investment in intangible assets for €342.7 million, mainly related to service concession arrangements and industrial patent right intellectual property rights.

Net cash flow from/ (used in) financing activities

Three-month period ended March 31, 2024 and 2025

Net cash flow from financing activities increased by €1,766.7 million, from €218.5 million for the three-month period ended March 31, 2024 to €1,985.2 million for the three-month period ended March 31, 2025. The increase was mainly attributable to (i) an increase in current financial debt of €1,019.9 million, mainly attributable to the draw-down of the Bridge Credit Facility of €1,000.0 million during the three-month period ended March 31, 2025, (ii) a decrease in repayment of non-current financial debt for €385.4 million, mainly attributable to the total reimbursement of notes issued under the EMTN Program for €383.2 million, during the three-month period ended March 31, 2024 and (iii) an increase of €357.0 million of proceeds from non-current financial debt, attributable to the issuance of two tranches of notes under the EMTN Program, during the three-month period ended March 31, 2025.

Years ended December 31, 2022, 2023 and 2024

2024 vs 2023

Net cash flow used in financing activities decreased by €219.8 million, from €82.9 million for the year ended December 31, 2023 to €136.9 million for the year ended December 31, 2024. The increase was mainly attributable to (i) an increase in repayments of non-current financial debt for €818.6 million, mainly due to higher bank loans and notes that have reached maturity and (ii) an increase in dividends paid for €29.4 million, partially offset by an increase in proceeds from non-current financial debt for €629.6 million, mainly attributable to an increase in the Italgas notes issuance, from €500.0 million in 2023 to €1,000.0 million in 2024.

2023 vs 2022

Net cash flow from financing activities increased by €287.1 million, from €204.2 million for the year ended December 31, 2022 million €82.9 million for the year ended December 31, 2023. The increase was mainly attributable to (i) an increase in net cash flow from current financial debt for €355.6 million, mainly resulting from a reduction in repayments of the current portion of bank loans and (ii) a reduction in repayments of non-current financial debt for €30.5 million, partially offset by a decrease in cash inflow from non-current financial debt for €64.7 million and an increase in dividends paid for €17.2 million.

Capital Expenditures

The table below shows the Capital Expenditure of the Group for the years ended December 31, 2022, 2023, 2024 and for the three-month periods ended March 31, 2024 and 2025:

	For the year ended December 31,			For the three-month period ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
			(in € million)		
Additions to Property, plant and equipment, excluding Right of Use investments assets	10.7	24.5	33.5	3.5	8.1
Additions to Right of Use	26.4	37.2	22.0	3.6	14.9
Additions to Intangible assets	777.3	844.9	878.7	201.1	142.8
Less:					
Additions for the awarding of ATEM tender contracts [(i)]	-	-	(47.2)	(47,2)	-
Capital Expenditure	**814.3**	**906.5**	**887.0**	**160.9**	**165.7**

(i) Additions for the awarding of ATEM tender contracts refers to service concession arrangements accounted pursuant to IFRIC 12 and are related to the tender adjudication of Belluno ATEM in February 2024.

Capital expenditures during the three-month period ended March 31, 2025

Italgas Group's Capital expenditures increased by €4.8 million, from €160.9 million for the three-month period ended March 31, 2024 to €165.7 million for the three-month period ended March 31, 2025, and primarily refer to:

- gas distribution investments for €104.8 million, in relation to the maintenance and installation of gas pipelines. Investments remained substantially stable compared to the period ended March 31, 2024 (amounting to €107.0 million), consisting of network maintenance and development investments for €91.0 million (€84.5 million for the three-month period ended March 31, 2024) and new networks investments for €13.8 million (€22.5 million for the three-month period ended March 31, 2024);

- digitization investments for €37.8 million, in relation to the installation of digital devices. Investments decreased by €4.7 million (or 11.1%) from €42.5 million of the three-month period ended March 31, 2024 as per effect of gradual completion of the digitization process of the network in Italy;

- other investments for €23.1 million relate to real estate for €6.2 million, Information and Communication Technology ("ICT") for €3.8 million and Right-of-use assets and service concession arrangements for €10.5 million. Other investments increased by €11.7 million (or > 100%) from €11.4 million of the three-month period ended March 31, 2024 due to the effect of the renovation and recovery of "Corso Regina Margherita" Turin area in 2025.

Capital expenditures during the year ended December 31, 2024

Italgas Group's Capital expenditures decreased by €19.5 million, from € 906.5 million for the year ended December 31, 2023 to €887.0 million for the year ended December 31, 2024, and primarily refer to:

- gas distribution investments for €538.7 million, in relation to the maintenance and installation of gas pipelines. Investments remained substantially stable compared to the prior year, offsetting the reduction in new networks with the completion of the networks in the Sardinia region of Italy;

- digitization investments for €243.3 million, in relation to the installation of digital devices. Investments decreased by 14.1% compared to the prior year, due to the gradual completion of the digitization process of the network in Italy;

- other investments for €105.0 million, including investments in the water service segment, relate to real estate for €22.5 million, ICT for €22.9 million and Right-of-use assets and service concession arrangements for €46.6 million. Investments increased by 24.7% compared to the prior year, after the acquisition in Acqua Campania.

Capital expenditures during the year ended December 31, 2023

Italgas Group's Capital expenditures increased by €92.2 million, from € 814.3 million for the year ended December 31, 2022 to € 906.5 million for the year ended December 31, 2023, and primarily refer to:

- gas distribution investments for €538.9 million, in relation to the maintenance and installation of additional 965 km gas pipelines. Investments increased by 3.6% compared to the prior fiscal year, mainly driven by the installation of an additional 598 km of pipelines by the Enaon Group;

- digitization investments for €283.4 million, in relation to the installation of digital devices for the control and monitoring of the distribution network, plants and for metering. Investments increased by 20.2% compared to the prior year, mainly due to the installation of 7.7 million smart meters in Italy by December 31, 2023, and 64,400 digital meters in Greece;

- other investments for €84.2 million, which also include investments in real estate for €13.3 million, ICT for €26.2 million and Right-of-use assets for €37.0 million.

Capital expenditures during the year ended December 31, 2022

During the year ended December 31, 2022, Italgas Group's capital expenditures amounted to €814.3 million, and primarily refer to:

- gas distribution investments for €520.4 million, in connection with the installation of an additional 532 km of pipeline, largely driven by development, maintenance and repurposing initiatives of the network;
- digitization investments for €235.7 million, in relation to the installation of digital devices for the acquisition of data for the control and monitoring of the distribution network and plants. It includes metering investments for €43.3 million, affected by the completion of the plan to replace traditional meters in Italy, pursuant to ARERA Resolution no. 631/2013/R/gas as amended. In 2022, Italgas Group installed 372 thousand new meters in Italy, including 89 thousand in order to replace traditional G4/G6 meters, 269 thousand for restoring digital meters with anomalies and 14 thousand for replacing large-caliber meters;
- other investments for €58.2 million relate to real estate for €6.8 million, ICT for €18.2 million and Right-of-use assets for €26.0 million.

Net financial debt

The following table provides the calculation of Net financial debt as of December 31, 2022, 2023 and 2024 as well as of for the three-month periods ended March 31, 2025.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
		(in € million)		
A. Cash [(i)]	450.9	248.9	401.6	2,572.1
B. Cash equivalents [(i)]	1.1	1.1	1.1	1.1
C. Other current financial assets [(ii)]	23.2	22.3	9.5	10.8
D. Liquidity (A+B+C)	**475.2**	**272.3**	**412.1**	**2,584.0**
E. Current financial debt [(iii)]	3.4	498.7	318.3	1,308.9
F. Current portion of non-current financial debt [(iii)]	139.3	534.8	662.2	639.9
G. Current financial debt (E+F)	**142.7**	**1,033.4**	**980.6**	**1,948.8**
H. Net current financial debt (G-D)	**(332.4)**	**761.1**	**568.4**	**(635.2)**
I. Non-current financial debt (excluding the current portion and debt instruments) [(iv)]	1,689.0	1,101.3	945.9	946.1
J. Debt instruments [(iv)]	4,678.5	4,771.9	5,248.4	6,245.0
K. Trade and other non-current payables	-	-	-	-
L. Non-current financial debt (I+J+K)	**6,367.5**	**5,873.2**	**6,194.3**	**7,191.1**
M. Net financial debt (H+L)	**6,035.1**	**6,634.3**	**6,762.8**	**6,555.9**

(i) Cash and Cash equivalents are included in "Cash and cash equivalents" of the Consolidated Statement of Financial Position.

(ii) Other current financial assets include "Current financial assets" and "Other current financial assets" of the Consolidated Statement of Financial Position.

(iii) Current financial debt and Current portion of non-current financial debt refer to "Current financial liabilities" of the Consolidated Statement of Financial Position. They include current lease liabilities amounting to €21.6 million, €33.1 million and €46.3 million as of December 31, 2022, 2023 and 2024, respectively, and to €45.3 million as of March 31, 2025.

(iv) Non-current financial debt (excluding the current portion and debt instruments) and debt instruments include "Non-current financial liabilities" of the Consolidated Statement of Financial Position. They include non-current lease liabilities amounting to €50.5 million, €46.0 million and €44.2 million as of December 31, 2022, 2023 and 2024, respectively, and to €43.8 million as of March 31, 2025.

Investors should read this discussion in conjunction with the sections entitled "*Presentation of Financial and Other Information*" and "*Summary Consolidated Financial Information*."

Current financial debt

As of March 31, 2024 and 2025

Italgas Group's current financial debt was €1,948.8 million and €980.6 million as of March 31, 2025 and December 31, 2024, respectively. The increase of €968,2 million was mainly attributable to drew on the Bridge Credit Facility of €1,000.0 million, granted under the financing agreement signed on October 5, 2024 with banks. The increase was partially offset by the decrease in the current portion of the notes for €34.1 million, from €569.8 million for the year ended December 31, 2024 to €535.7 million for the period ended March 31, 2025, due to repayments of notes occurred during the period.

As of December 31, 2022, 2023 and 2024

2024 vs 2023

Italgas Group's current financial debt was €980.6 million and €1,033.4 million as of December 31, 2024 and 2023, respectively. The decrease of €52.8 million was mainly attributable to a reduction in the current portion of bank loans for €252.9 million (from €573,9 million in 2023 to €321,1 million in 2024), partially offset by (i) an increase in the current portion of the notes for €143.4 million (from €426.4 million in 2023 to €569.8 million in 2024), (ii) an increase in other financial liabilities for €43.4 million (entirely attributable to Acqua Campania) and (iii) an increase in current portion of lease liabilities (IFRS 16 and IFRC 12) for €13.2 million (from €33.1 million in 2023 to €46.3 million in 2024).

2023 vs 2022

Italgas Group's current financial debt was €1,033.4 million and €142.7 million as of December 31, 2023 and 2022, respectively. The increase of €890.7 million is mainly due to (i) an increase in bank loans for €505.1 million (from €68.8 million in 2022 to €573.9 million in 2023), primarily attributable to the current portion of the Mediobanca and Intesa Sanpaolo loans (€200.0 million and €298.7 million, respectively) and (ii) an increase in the current portion of non-current financial liabilities, resulting from the issuance of new bonds with maturity in March 2024 for €383.2 million and the repayment of outstanding notes for €6.9 million.

Non-current financial debt

As of March 31, 2024 and 2025

Italgas Group's non-current financial debt was €7,191.1 million and €6,194.3 million as of March 31, 2025 and December 31, 2024, respectively. The increase of €996.7 million was mainly due to the increase in non-current portion of the notes for €996.5 million, as per effect of the issuance of the "dual-tranche" note under the EMTN Programme during the period for €500.0 million each one.

As of December 31, 2022, 2023 and 2024

2024 vs 2023

Italgas Group's non-current financial debt was €6,194.3 million and €5,873.2 million as of December 31, 2024, and 2023, respectively. The increase of €321.1 million was mainly due to the increase in non-current portion of the notes for €476.5 million, primarily resulting from the issuance of new bonds for €650 million and for € 350 million, in February 2024 and in September 2024, respectively, partially offset by (i) the reclassification of the current portion of the Italgas notes due by June 25, 2025 for €500.0 million, (ii) the reduction in non-current portion of bank loans for €156.4 million, as a result of (a) reclassification of the current portion of the Intesa Sanpaolo loan for €252.3 million, (b) a decrease in EIB loans for €58.0 million, (c) a new Mediobanca loan for €124.8 million and (d) a new EIB loan for €36.1 million and (iii) a decrease in long-term liabilities related to Enaon notes for €35.8 million.

2023 vs 2022

Italgas Group's non-current financial debt was €5,873.2 million and €6,367.5 million as of December 31, 2023 and 2022, respectively. The decrease of €494.3 million was mainly due to a decrease in non-current portion of bank loans for €570.1 million, mainly resulting from (i) the reclassification of the current portion of Mediobanca and Intesa Sanpaolo loans due by December 31, 2024 and (ii) the decrease for €47.2 million of EIB loans, partially offset by the increase of €93.4 million in the notes, primarily resulting from the issuance of the Italgas notes for €500.0 million in June 2023 and Enaon notes for €31.2 million and €9.2 million, partially offset by (i) the reclassification of the current portion of the notes due by March 2024 for €384.3 million and (ii) the decrease in EDA Thess and EDA Attikis notes, for €61.9 million and €19.4 million, respectively.

Indirect and contingent liabilities

Italgas Group did not have any indirect or contingent liabilities as of March 31, 2025 that have or are reasonably likely to have an impact on its current or future financial position, other than those set out below:

- on July 26, 2022, Medea (a subsidiary of Italgas) entered into an investment agreement, as subsequently amended, with Energetica S.p.A., outlining the terms and conditions of the acquisition by Medea of equity interests representing 49% of the share capital of Energie Rete Gas S.r.l. ("**Erg**" and the "**Erg Agreement**"). Pursuant to the Erg Agreement, Medea has committed, inter alia, to repurchase certain assets related to gas transportation from Erg if Erg does not obtain, by December 31, 2025 (i) recognition by the competent Ministry of the Infrastructure and/or regional natural gas transportation services, and (ii) regulatory tariff recognition of Erg 's activities as a regional transportation service. The value of the assets that Medea may be required to repurchase from Erg, subject to the fulfillment of the related conditions, cannot be determined as of the date of this Offering Circular;

- on January 14, 2025, Italgas Group exercised the Toscana Energia Call Option by sending the relevant notification to Alia. Specifically, the consideration for the purchase of the shares cannot be determined by Italgas Group as of the date of this Offering Circular, as it will be set by an international financial institution jointly appointed by the parties or, in the event of failure to reach an agreement between the parties, appointed by the President of the competent authority ("**Camera Arbitrale Nazionale e Internazionale**") of Milan at the request of the more diligent party, in an amount equal to the "Fair market value" of the shares as of the date of execution of the Toscana Energia Call Option.

Contractual Obligations

The following table sets forth the contractual obligations based on maturity as of March 31, 2025.

(€ million)	As at March 31, 2025	March 31, 2026	March 31, 2027	March 31, 2028	March 31, 2029	March 31, 2030	Beyond
Financial liabilities							
Bank loans	990,143	77,331	78,205	203,242	79,790	80,880	470,695
Notes	6,780,679	535,702	748,270	497,036	1,739,621	626,003	2,634,047
Current liabilities	1,248,101	1,248,101	-	-	-	-	-
Interest on notes	-	122,305	121,055	121,055	108,830	108,830	107,155
Interest on bank loans	-	26,820	28,457	24,572	18,813	16,431	58,670
Lease liabilities (IFRS 16 and IFRIC 12)	89,096	45,317	13,710	9,975	6,892	4,311	8,891
Interest of lease liabilities (IFRS 16 and IFRIC 12)	-	375	7	8	5	3	4
Other shareholders loan	42,345	42,345	-	-	-	-	-
Trade and other payables	1,194,778	1,194,778	-	-	-	-	-
Total	**10,345,142**	**3,293,074**	**989,704**	**855,888**	**1,953,951**	**836,458**	**3,279,462**

Quantitative and Qualitative Information regarding Financial Risks

For quantitative and qualitative disclosures regarding Financial Risks, see "*Notes to the Consolidated Financial Statements - Financial Risk Management*" in each of the 2022 Consolidated Financial Statements, the 2023 Consolidated Financial Statements and the 2024 Consolidated Financial Statements and see "*Notes to the Interim Condensed Consolidated Financial Statements - Financial Risk Management*."

Critical Accounting Policies

The preparation of the Italgas Group's consolidated financial statements requires the use of estimates, judgments and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of income and expenses recognised. The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The "*Notes to the consolidated financial statements*" in the 2024 Consolidated Financial Statements, describe the accounting policies adopted by management in preparing the consolidated financial statements for that year. Management believes that those policies listed under the heading *"Use of estimates,"* under the sub-headings *Impairment of non-financial assets*, *Business combinations*, *Environmental liabilities*, *Provisions for* *employee benefits* and *Provisions for risks and charges* are those that are most dependent on the application of estimates and assumptions.

Please see the "*Notes to the consolidated financial statements – Use of Estimates*" in the 2024 Consolidated Financial Statements included in the F-Pages of this Offering Circular for a discussion of these critical accounting policies.

Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2i Rete Gas Group

The following is a discussion and analysis of the 2i Rete Gas Group's results of operations and financial condition as of and for the years ended December 2022, 2023 and 2024 as derived from the 2iRG Group Consolidated Financial Statements, prepared in accordance with IFRS.

Investors should read this discussion in conjunction with the rest of this Offering Circular, including the sections entitled "Presentation of Financial and Other Information" and "Summary Consolidated Financial Information," as well as the 2i Rete Gas Group Consolidated Financial Statements, presented elsewhere in this Offering Circular.

This section includes certain non-IFRS and other measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are prepared in accordance with IFRS. The non-IFRS information for the Group included herein has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or any generally accepted accounting standards. The assumptions underlying such financial information have not been audited or reviewed in accordance with any generally accepted accounting standards. Any reliance you place on this information should fully take this into consideration. See "Presentation of Financial Data and Other Information" and "Summary Consolidated Financial Information."

Overview

2i Rete Gas Group Operations

2i Rete Gas Group, through its network of medium and low-pressure gas pipelines, transports gas and liquefied petroleum gas (LPG) owned by sales companies, from "city gates" to end customers, such as households and businesses.

The group operates through the following core operational activities:

- **Network Management Segment**: this includes the planning, design and construction of the gas network, which the group manages, including through the installation of new meters at customer sites, and maintains, in compliance with applicable Italian regulations, including ARERA regulations, and technical safety standards.

- **Commercial Activities Segment**: this includes a wide range of commercial services provided mainly to sales companies, such as meter readings, disconnections, and supplier changes.

- **Dispatching Activities Segment**: this involves managing data related to distributed gas volumes, including for the daily allocation of daily to sales companies within the transport network.

Scope of Operations

As of December 31, 2024, the 2i Rete Gas Group operates in 18 regions of Italy and 140 ATEMs, serving a total of 2,228 municipalities, 2,216 of which managed by 2i Rete Gas S.p.A. (2,215 active and 1 expected to operate starting in 2025) and 12 municipalities managed by Cilento Reti Gas S.r.l (eleven of which are currently active and one is expected to start operating in 2025). Out of the 2,228 municipalities served, 2,169 are being operated under expired concessions: by virtue of the qualification of the gas distribution service as a public service under Italian law, the 2i Rete Gas Group continues to manage these expired concessions under a technical extension regime until the award of new tenders. The remaining 19 municipalities remain subject to the availability of public co-financing for the works, the status of which is currently under review. The activation of the gas distribution services within the aforementioned areas will therefore remain in abeyance pending developments on the availability of the necessary public financial resources.

Through a network spanning over 72,000 kilometers, the group distributes 5.4 billion cubic meters of gas on behalf of sales companies to 4.9 million end customers.

Sales Companies

Customers of the 2i Rete Gas Group are gas sales companies, which benefit from the network infrastructure management and maintenance services provided by the 2i Rete Gas Group to distribute gas to end users. A tariff system defined by ARERA and other industry regulations apply to contracts with such companies.

As of December 31, 2024, the five main customers of the group are: Enel Energia S.p.A., Edison Energia S.p.A., ENI Plenitude S.p.A., Engie Italia S.p.A. and E.ON Energia S.p.A., whose contracts generated a total of approximately 53.3% of the 2i Rete Gas Group 2024 revenues (excluding IFRIC 12 effects).

Innovation and Energy Transition

2i Rete Gas Group is actively involved in energy transition and decarbonization, promoting the use of renewable gases such as biomethane and hydrogen, in line with EU climate neutrality objectives. Among the group's main interventions are the adoption of systems for monitoring network losses and gas advocacy initiatives, aimed at replacing more polluting fuels. Moreover, with a view to supporting the energy transition, the 2i Rete Gas, leveraging the relationship with some stakeholders, including municipalities, sales companies and suppliers, is pursuing the development of value-added services with the proposal of energy efficiency initiatives towards public entities (and potentially also for the private sector), on buildings, heating and lighting systems through the company 2i Servizi Energetici S.r.l. ("**2i Servizi Energetici**").

The 2i Rete Gas Group has also implemented solutions based on the Internet of Things ("**IoT**") and the digitalization of its network infrastructures. Thanks to these developments, the group has optimized operational processes, improved data management, and reduced waste and inefficiencies.

Key factors affecting 2i Rete Gas Group's results of operations

2i Rete Gas Group's results of operations are affected by a combination of factors, including factors which are beyond 2i Rete Gas Group's control. The following are the main key factors which have recently, and, particularly, during the periods covered herein, affected the 2i Rete Gas Group results of operations:

General macroeconomic conditions in Italy and globally

The global macroeconomic environment is currently characterized by a confluence of factors contributing to a slowdown in growth. In this global context, Italy's economy faces unique challenges. Its high public debt level leaves the country particularly sensitive to fluctuations in interest rates and shifts in market sentiment. Additionally, Italy's dependence on energy imports makes it vulnerable to global energy market volatility. The Next Generation EU funds provide a valuable opportunity for investment and structural reform, but their success hinges on effective and timely implementation. Unemployment remains relatively low, although regional disparities persist. This interconnected global and domestic landscape presents both risks and opportunities for economic actors operating within Italy.

Regulatory Landscape

2i Rete Gas Group operates within a well-defined regulatory framework governing the Italian gas distribution sector, with tariffs and relevant quality standards being set by ARERA, an independent administrative authority that operates to ensure the promotion of competition and efficiency in public utility services. ARERA also oversees market operations. Tariffs are determined through a regulatory framework that considers operating costs, including efficiency targets, and return on investments as well as a depreciation allowance. Key regulatory aspects for the group include obligations related to network maintenance, safety, and security of supply, as well as connection and metering services. Furthermore, regulations address network development and expansion to ensure adequate capacity and access for new customers. The regulatory landscape also increasingly focuses on facilitating the integration of renewable gases, such as biomethane, into the distribution network, supporting Italy's energy transition goals. Compliance with environmental regulations and safety standards is paramount. The regulatory framework is subject to periodic reviews and updates by ARERA to adapt to evolving market conditions and policy objectives, including those related to decarbonization and digitalization of the gas grid. This dynamic environment requires 2i Rete Gas to maintain ongoing monitoring and adaptation to regulatory changes.

Results of Operations

Results of operations for the years ended December 31, 2022, 2023 and 2024

The following table sets forth the 2i Rete Gas Group's audited consolidated income statement for the years ended December 31, 2022, 2023 and 2024.

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
Revenue										
Revenue from sales and services	694.7	66.0%	783.5	68.0%	867.1	69.6%	88.8	12.8%	83.6	10.7%
Revenue from intangible assets / assets under development	320.5	30.5%	336.6	29.2%	349.1	28%	16.1	5.0%	12.5	3.7%
Other revenue	36.9	3.5%	32.6	2.8%	28.9	2.3%	(4.3)	-11.7%	(3.7)	-11.3%
Total revenues	**1,052.1**	**100.0%**	**1,152.7**	**100.0%**	**1,245.1**	**100.0%**	**100.6**	**9.6%**	**92.4**	**8%**
Costs										
Raw materials and consumables	45.5	4.3%	57.1	5.0%	60.6	4.9%	11.6	25.5%	3.5	6.1%
Services	348.8	33.2%	358.2	31.1%	364.2	29.3%	9.4	2.7%	6.0	1.7%
Labor cost	123.2	11.7%	138.9	12.0%	148.0	11.9%	15.7	12.7%	9.1	6.6%
Amortisation, depreciation and impairment losses	213.4	20.3%	232.2	20.1%	241.3	19.4%	18.8	8.8%	9.1	3.9%
Other operating costs	29.8	2.8%	48.6	4.2%	52.1	4.2%	18.8	63.1%	3.5	7.2%
Capitalized costs for internal work	(0.9)	-0.1%	(1.1)	-0.1%	(1.1)	-0.1%	(0.2)	22.2%	-	0.0%
Total costs	**759.8**	**72.2%**	**833.9**	**72.3%**	**865.1**	**69.5%**	**74.1**	**9.8%**	**31.2**	**3.7%**
EBIT	**292.3**	**27.8%**	**318.8**	**27.7%**	**380**	**30.5%**	**26.5**	**9.1%**	**61.2**	**19.2%**
Income/(expenses) from equity investments	-	0.0%	(0.1)	0.0%	0.4	0.0%	(0.1)	n.a.	0.5	>100.0%
Financial income	1.3	0.1%	6.6	0.6%	9.4	0.8%	5.3	>100%	2.8	42.4%
Financial expenses	(58.6)	-5.6%	(72.2)	-6.3%	(72.9)	-5.9%	(13.6)	23.2%	(0.7)	1.0%
Total incomes/(expenses) from financial activities	**(57.3)**	**-5.4%**	**(65.7)**	**-5.7%**	**(63.1)**	**-5.1%**	**(8.4)**	**14.7%**	**2.6**	**-4.0%**
Profit/(loss) before tax	**235.0**	**22.3%**	**253.1**	**22.0%**	**316.9**	**25.5%**	**18.1**	**7.7%**	**63.8**	**25.2%**
Taxes	65.5	6.2%	71	6.2%	94.6	7.6%	5.5	8.4%	23.6	33.2%
Profit/(loss) from continuing operations	**169.5**	**16.1%**	**182.1**	**15.8%**	**222.3**	**17.9%**	**12.6**	**7.4%**	**40.2**	**22.1%**
Profit/(loss) from discontinued operations	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**				
NET PROFIT/(LOSS) FOR THE YEAR	**169.5**	**16.1%**	**182.1**	**15.8%**	**222.3**	**17.9%**	**12.6**	**7.4%**	**40.2**	**22.1%**
Net profit/(loss) for the year attributable to:										
- Owners of the Parent	**169.8**	**16.1%**	**182.1**	**15.8%**	**222.2**	**17.8%**	**12.3**	**7.2%**	**40.1**	**22%**
- Non-controlling interests	**(0.3)**	**0.0%**	**-**	**0.0%**	**0.1**	**0.0%**	**0.3**	**-100.0%**	**0.1**	**n.a.**

Revenues from sales and services

The table below shows the breakdown by nature of revenues from sales and services for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
GAS and LPG transport	650.4	61.8%	742.7	64.4%	822.7	66.1%	92.3	14.2%	80.0	10.8%
Release/(Allocation) to the provision for risks	2.4	0.2%	(1.1)	-0.1%	(0.6)	0.0%	(3.5)	>100%	0.5	-45.5%
Connection fees, network extension and plant relocation contributions	10.6	1.0%	10.3	0.9%	10.5	0.8%	(0.3)	-2.8%	0.2	1.9%
Ancillary fees	6.0	0.6%	5.7	0.5%	5.4	0.4%	(0.3)	-5.0%	(0.3)	-5.3%
Revenue from customer operations	0.1	0.0%	0.9	0.1%	1.1	0.1%	0.8	>100%	0.2	22.2%
Sundry revenue and other sales and services	25.2	2.4%	25.0	2.2%	28.0	2.2%	(0.2)	-0.8%	3.0	12.0%
Total revenue from sales and services	**694.7**	**66.0%**	**783.5**	**68.0%**	**867.1**	**69.6%**	**88.8**	**12.8%**	**83.6**	**10.7%**

2024 vs 2023

Revenues from sales and services for the year ended December 31, 2024 were € 867.1 million, showing an increase of €83.6 million, or 10.7%, compared to €783.5 million for the year ended December 31, 2023. This increase was primarily attributable to (i) the revised tariff remuneration rate (set at 6.5% for the year 2024 compared to 5.6% for the year 2023) and (ii) the increase in the gross fixed investment deflator.

2023 vs 2022

Revenues from sales and services for the year ended December 31, 2023 were €783.5 million, showing an increase of €88.8 million, or 12.8%, compared to €694.7 million for the year ended December 31, 2022. This increase was primarily attributable to the full year contribution of the ATEM Napoli area in December 2022 (€38.1 million) and a general increase in the Regulated Asset Base due to higher investments occurred during the year ended December 31, 2023. The result is also positively impacted by the provisions of Resolution 1/2023, which recognizes.

Revenue from intangible assets / assets under development

2024 vs 2023

Revenue from intangible assets / assets under development for the year ended December 31, 2024 were €349.1 million, showing an increase of €12.5 million, or 3.7%, compared to €336.6 million for the year ended December 31, 2023. This increase was primarily attributable to the construction and enhancement of gas distribution infrastructure held under concession. These amounts are presented in accordance with IFRIC 12. The application of IFRIC 12 has no impact on profitability margins, as it solely requires the symmetrical recognition of revenues and costs, which totaled €349.1 million for the year ended December 31, 2024 and directly correspond to the aforementioned costs incurred for the infrastructure development.

2023 vs 2022

Revenue from intangible assets / assets under development for the year ended December 31, 2023 were €336.6 million, showing an increase of €16.1 million, or 5.0%, compared to €320.5 million for the year ended December 31, 2022. This increase was primarily attributable to the construction of distribution network infrastructure. These amounts are presented in accordance with IFRIC 12, which governs the presentation of the 2i Rete Gas Group's separate and consolidated financial statements. The application of IFRIC 12 has no impact on profitability margins, as it solely requires the symmetrical recognition of revenues and costs, which totaled €336.6 million for the year ended December 31, 2023 and directly correspond to the aforementioned infrastructure development.

Other revenue

The table below shows the breakdown of other revenue for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						Change			
	2022	**% of Revenues**	**2023**	**% of Revenues**	**2024**	**% of Revenues**	**2023-2022**	**%**	**2024-2023**	**%**
	(in € millions unless otherwise indicated)									
Revenue from contributions	0.2	0.0%	-	0.0%	0.9	0.1%	(0.2)	-100.0%	0.9	n.a.
Revenue from plant contributions	3.5	0.3%	3.4	0.3%	2.8	0.2%	(0.1)	2.9%	(0.6)	-17.6%
Revenue from plant certification pursuant to Resolution no. 4.0	1.3	0.1%	1.2	0.1%	0.8	0.1%	(0.1)	-7.7%	(0.4)	-33.3%
Rental income	0.3	0.0%	0.3	0.0%	0.1	0.0%	0.0	0.0%	(0.2)	-66.7%
Capital gains on disposal of assets	2.2	0.2%	1.3	0.1%	1.0	0.1%	(0.9)	-40.9%	(0.3)	-23.1%
Compensation for damages, favorable judgments and legal costs	3.8	0.4%	0.6	0.1%	0.9	0.1%	(3.2)	-84.2%	0.3	50.0%
Other revenue and income and services	6.6	0.6%	8.2	0.7%	7.0	0.6%	1.6	24.2%	(1.2)	-14.6%
Revenue and contribution concerning photovoltaic plants	0.1	0.0%	0.2	0.0%	0.1	0.0%	0.1	100.0%	(0.1)	-50.0%
Technical quality revenue	18.9	1.8%	17.4	1.5%	15.3	1.2%	(1.5)	-7.9%	(2.1)	-12.1%
Total other revenue	**36.9**	**3.5%**	**32.6**	**2.8%**	**28.9**	**2.3%**	**(4.3)**	**-11.7%**	**(3.7)**	**-11.3%**

2024 vs 2023

Other revenue for the year ended December 31, 2024 was € 28.9 million, showing a decrease of €3.7 million, or 11.3%, compared to €32.6 million for the year ended December 31, 2023. This decrease was primarily attributable to the decrease of revenues pursuant to ARERA Resolution 574/2013/R/gas, related to the technical quality of gas distribution and metering services.

2023 vs 2022

Other revenue for the year ended December 31, 2023 was €32.6 million, showing a decrease of €4.3 million, or -11.7%, compared to €36.9 million for the year ended December 31, 2022. The lower 2023 value was mainly due to the inclusion, in 2022, of both a capital gain of €1.5 million from the disposal of a plant in Cinisello Balsamo and to an insurance reimbursement of €2.6 million for damage compensation. Revenues from Energy Efficiency Certificates remained in line with 2022.

Cost for raw materials and consumables

The table below shows the detail of costs for raw materials and consumables for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
Costs for the purchase of gas, water and lubricants	3.2	0.3%	3.2	0.3%	3.2	0.3%	0.0	0.0%	0.0	0.0%
Stationery and printed materials	0.1	0.0%	0.2	0.0%	0.2	0.0%	0.1	100.0%	0.0	0.0%
Various materials	41.0	3.9%	58.7	5.1%	55.3	4.4%	17.7	43.2%	(3.4)	-5.8%
(Change in inventories of raw materials)	1.2	0.1%	(5.0)	-0.4%	1.9	0.2%	(6.2)	>100%	6.9	>100%
Total cost for raw materials and consumables	**45.5**	**4.3%**	**57.1**	**5.0%**	**60.6**	**4.9%**	**11.6**	**25.5%**	**3.5**	**6.1%**

2024 vs 2023

Cost for raw materials and consumables amounted to €60.6 million for the year ended December 31, 2024, showing an increase of €3.5 million, or 6.1%, compared to €57.1 million for the year ended December 31, 2023. This increase was mainly attributable to the increased cost of materials used in network installation, higher fuel and lubricant expenses, and increased prices for meters and network equipment (also?) due to inflationary pressures.

As a percentage of Revenue, cost for raw materials and consumables remained substantially unchanged from 5.0% for the year ended December 31, 2023 to 4.9% for the year ended December 31, 2024.

2023 vs 2022

Cost for raw materials and consumables amounted to €57.1 million for the year ended December 31, 2023, showing an increase of €11.6 million, or 25.5%, compared to €45.5 million for the year ended December 31, 2022. This increase was mainly attributable to the increased cost of materials used in network installation, higher fuel and lubricant expenses, and increased prices for meters and network equipment due to inflationary pressures, particularly in the first half of the year. The increase was also driven by the expansion of operations following the ATEM Napoli 1 acquisition and related organizational costs, as well as the write-off of certain supplier receivables for warranted materials deemed unlikely to be recovered.

As a percentage of Revenues, cost for raw materials and consumables increased from 4.3% for the year ended December 31, 2022 to 5.0% for the year ended December 31, 2023.

Cost for services

The table below shows the detail of cost for services for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
Maintenance, repair and realization of assets	223.0	21.2%	221.4	19.2%	215.6	17.3%	(1.6)	-0.7%	(5.8)	-2.6%
Costs for electricity, power and water	1.9	0.2%	3.6	0.3%	3.7	0.3%	1.7	89.5%	0.1	2.8%
Gas (for internal use)	3.1	0.3%	2.8	0.2%	3.6	0.3%	(0.3)	-9.7%	0.8	28.6%
Telephone and data transmission costs	3.0	0.3%	3.2	0.3%	3.1	0.2%	0.2	6.7%	(0.1)	-3.1%
Insurance premiums	4.4	0.4%	4.7	0.4%	4.8	0.4%	0.3	6.8%	0.1	2.1%

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
Costs for services and other expenses relating to personnel	3.8	0.4%	4.9	0.4%	4.4	0.4%	1.1	28.9%	(0.5)	-10.2%
Fees	0.9	0.1%	0.8	0.1%	0.8	0.1%	(0.1)	-11.1%	0.0	0.0%
Legal and notary costs	1.4	0.1%	1.8	0.2%	1.6	0.1%	0.4	28.6%	(0.2)	-11.1%
Costs for company acquisitions and disposal/strategic consulting	-	0.0%	-	0.0%	0.4	0.0%	0.0	n.a.	0.4	n.a.
Advertising	0.2	0.0%	0.2	0.0%	0.2	0.0%	0.0	0.0%	0.0	0.0%
IT services	12.1	1.2%	12.7	1.1%	17.6	1.4%	0.6	5.0%	4.9	38.6%
Meter reading service	2.8	0.3%	3.5	0.3%	3.5	0.3%	0.7	25.0%	0.0	0.0%
Audit fees	0.6	0.1%	0.6	0.1%	0.4	0.0%	0.0	0.0%	(0.2)	-33.3%
Repairs and emergency service	3.8	0.4%	3.7	0.3%	4.1	0.3%	(0.1)	-2.6%	0.4	10.8%
Plant certifications Resolution no 4.0	0.4	0.0%	0.4	0.0%	0.3	0.0%	0.0	0.0%	(0.1)	-25.0%
Gas transport by third parties	1.2	0.1%	0.8	0.1%	1.4	0.1%	(0.4)	-33.3%	0.6	75.0%
Professional, other and consultancy services	5.9	0.6%	7.0	0.6%	9.2	0.7%	1.1	18.6%	2.2	31.4%
Other costs for services	9.5	0.9%	9.8	0.9%	8.6	0.7%	0.3	3.2%	(1.2)	-12.2%
Costs for use of third-party assets										
Leases	0.7	0.1%	1.1	0.1%	0.8	0.1%	0.4	57.1%	(0.3)	-27.3%
Rentals	0.9	0.1%	0.5	0.0%	0.4	0.0%	(0.4)	-44.4%	(0.1)	-20.0%
Other costs for use of third-party assets	2.2	0.2%	2.7	0.2%	2.8	0.2%	0.5	22.7%	0.1	3.7%
Fee for temporary occupation of public space	4.5	0.4%	5.7	0.5%	5.7	0.5%	1.2	26.7%	0.0	0.0%
Municipal gas concession fees	62.5	5.9%	66.3	5.8%	71.2	5.7%	3.8	6.1%	4.9	7.4%
Total cost for services	**348.8**	**33.2%**	**358.2**	**31.1%**	**364.2**	**29.3%**	**9.4**	**2.7%**	**6.0**	**1.7%**

2024 vs 2023

Cost for services amounted to €364.2 million for the year ended December 31, 2024, showing an increase of €6.0 million, or 1.7%, compared to €358.2 million for the year ended December 31, 2023. This increase was mainly attributable to (i) increased utility costs (by €0.9 million) due to increase in energy prices; (ii) increased IT service costs (by €4.9 million) associated with the partially completed migration of operations from on-premise servers to cloud services and (iii) an increase in professional services costs (by €2.2 million) due to strategic consulting activities as well as costs related to pipelines' testing and design. These increases were partially offset by a reduction in costs for maintenance of distribution networks provided by third-party companies (by €5.7 million).

As a percentage of Revenue, cost for services decreased from 31.1% for the year ended December 31, 2023 to 29.3% for the year ended December 31, 2024.

2023 vs 2022

Cost for services amounted to €358.2 million for the year ended December 31, 2023, showing an increase of €9.4 million, or 2.7%, compared to €348.8 million for the year ended December 31, 2022. This increase in costs for services was mainly attributable to (i) higher municipal fees (€3.8 million) resulting from the expanded management perimeter following the ATEM Napoli 1 acquisition; (ii) increased utility costs (€1.7 million) due to rising energy prices; (iii) higher personnel-related expenses (€1.1 million) driven by increased travel; (iv) increase of gas meter reading costs (€0.7 million) and IT services (€0.6 million) due to inflationary pressures; and (v) a change (€1.2 million) in the fee owed by 2i Rete Gas Group to local authorities for the occupation of public land with its infrastructures, such change being due to the expanded perimeter of such infrastructures. The increase was partially offset by a reduction in costs for ordinary and extraordinary maintenance of distribution networks provided by third-party companies, including after considering their capitalization under IFRIC 12.

As a percentage of Revenue, cost for services decreased from 33.2% for the year ended December 31, 2022 to 31.1% for the year ended December 31, 2023.

Labor cost

The following table provides a breakdown of labor cost for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
Wages and salaries	88.9	8.4%	100.1	8.7%	108.0	8.7%	11.2	12.6%	7.9	7.9%
Social security contributions	27.5	2.6%	30.4	2.6%	32.3	2.6%	2.9	10.5%	1.9	6.3%
Post-employment benefits	5.9	0.6%	6.6	0.6%	7.2	0.6%	0.7	11.9%	0.6	9.1%
Asem/Fisde	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Company Welfare Scheme	0.7	0.1%	1.1	0.1%	1.4	0.1%	0.4	57.1%	0.3	27.3%
Other labor cost	(0.2)	0.0%	0.4	0.0%	(0.9)	-0.1%	0.6	>100%	(1.4)	>100%
Total labor cost	**122.8**	**11.7%**	**138.6**	**12.0%**	**148.0**	**11.9%**	**15.8**	**12.9%**	**9.4**	**6.8%**
Non-recurring labor cost										
Redundancy incentives	0.4	0.0%	0.3	0.0%	-	0.0%	(0.1)	-25.0%	(0.3)	-100.0%
Total non-recurring labor cost	**0.4**	**0.0%**	**0.3**	0.0%	**-**	0.0%	**(0.1)**	**-25.0%**	**(0.3)**	**-100.0%**
Total labor cost	**123.2**	**11.7%**	**138.9**	**12.0%**	**148.0**	**11.9%**	**15.7**	**12.7%**	**9.1**	**6.6%**

2024 vs 2023

Labor cost for the year ended December 31, 2024 amounted to €148.0 million, showing an increase of €9.1 million, or 6.6%, compared to €138.9 million for the year ended December 31, 2023. This increase was mainly due to the recognition, as required by IAS 19, of the pro-rata economic impact of a monetary incentive plan for the 2i Rete Gas Group's management. The disbursement of these incentives is contingent upon the successful completion of the Acquisition.

As a percentage of Revenue, labor costs remained substantially unchanged from 12.0% for the year ended December 31, 2023 to 11.9% for the year ended December 31, 2024.

2023 vs 2022

Labor cost for the year ended December 31, 2023 amounted to €138.9 million, showing an increase of €15.7 million, or 12.7%, compared to €123.2 million for the year ended December 31, 2022. This increase was mainly due to (i) an increase in wages and salaries which amounted to €100.1 million for the year ended December 31, 2023 compared to €88.9 million for the year ended December 31, 2022, (ii) an increase in social security contributions which amounted to €30.4 million for the year ended December 31, 2023 compared to €27.5 million for the year ended December 31, 2022, in turn attributable to the hire of 238 new employees in the last month of fiscal year 2022 following the acquisition of ATEM Napoli 1.

As a percentage of Revenue, labour cost increased from 11.7% for the year ended December 31, 2022 to 12.0% for the year ended December 31, 2023.

Amortisation, depreciation and impairment losses

The following table provides a breakdown of amortisation, depreciation and impairment losses for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
Depreciation of tangible assets	5.1	0.5%	5.3	0.5%	5.4	0.4%	0.2	3.9%	0.1	1.9%
Depreciation of IFRS 16 right-of-use assets	7.0	0.7%	7.6	0.7%	7.9	0.6%	0.6	8.6%	0.3	3.9%
Amortisation of intangible assets	202.0	19.2%	220.1	19.1%	226.0	18.2%	18.1	9.0%	5.9	2.7%
Impairment losses:										
- Impairment of intangible assets	-	0.0%	-	0.0%	1.1	0.1%	-	n.a.	1.1	n.a.
- Write-down of receivables	(0.7)	-0.1%	(0.8)	-0.1%	0.9	0.1%	(0.1)	14.3%	1.7	>100%
Total amortisation, depreciation and impairment losses	**213.4**	**20.3%**	**232.2**	**20.1%**	**241.3**	**19.4%**	**18.8**	**8.8%**	**9.1**	**3.9%**

2024 vs 2023

Amortisation, depreciation and write-downs for the year ended December 31, 2024 amounted to € 241.3 million, showing an increase of €9.1 million, or 3.9%, compared to €232.2 million for the year ended December 31, 2023. This increase was mainly attributable to an increase in amortisation of intangible assets which amounted to €226.0 million for the year ended December 31, 2024 compared to €220.1 million for the year ended December 31, 2023, linked to the 2i Rete Gas Group's past and ongoing investments.

As a percentage of Revenue, amortisation, depreciation and impairment losses decreased from 20.1% for the year ended December 31, 2023 to 19.4% for the year ended December 31, 2024.

2023 vs 2022

Amortisation, depreciation and write-downs for the year ended December 31, 2023 amounted to €232.2 million, showing an increase of €18.8 million, or 8.8%, compared to €213.4 million for the year ended December 31, 2022. This increase was mainly attributable to an increase in amortisation of intangible assets which amounted to €220.1 million for the year ended December 31, 2023 compared to €202.1 million for the year ended December 31, 2022, attributable to the 2i Rete Gas Group's completed and ongoing investments, including the acquisition of ATEM Napoli 1 in the final months of 2022.

As a percentage of Revenue, amortisation, depreciation and impairment losses decreased from 20.3% for the year ended December 31, 2022 to 20.1% for the year ended December 31, 2023.

Other operating costs

The table below shows other operating costs for the year ended December 31, 2024, and for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
	(in € millions unless otherwise indicated)									
Remuneration of statutory auditors, Supervisory Body and Committees	0.1	0.0%	0.1	0.0%	0.1	0.0%	0.0	0.0%	0.0	0.0%
Remuneration of members of the Board of Directors	0.3	0.0%	0.3	0.0%	0.4	0.0%	0.0	0.0%	0.1	33.3%
Membership fees	0.4	0.0%	0.4	0.0%	0.4	0.0%	0.0	0.0%	0.0	0.0%
Contribution to the Supervisory Authority	0.2	0.0%	0.1	0.0%	0.2	0.0%	(0.1)	-50.0%	0.1	100.0%
Compensation to customers	0.6	0.1%	2.8	0.2%	8.7	0.7%	2.2	>100%	5.9	>100%
Municipal tax on property	0.5	0.0%	0.5	0.0%	0.5	0.0%	0.0	0.0%	0.0	0.0%
CCIAA (chamber of commerce) fees and duties	0.5	0.0%	0.5	0.0%	0.5	0.0%	0.0	0.0%	0.0	0.0%
Net costs for energy efficiency certificates	1.2	0.1%	1.2	0.1%	-	0.0%	0.0	0.0%	(1.2)	-100.0%
Tax on the occupation of public space (Tosap)	-	0.0%	-	0.0%	-	0.0%	0.0	n.a.	0.0	n.a.
Capital losses on the disposal of assets	7.9	0.8%	14.8	1.3%	9.4	0.8%	6.9	87.3%	(5.4)	-36.5%
Capital losses on the sale of assets	-	0.0%	-	0.0%	-	0.0%	0.0	n.a.	0.0	n.a.
Local and sundry taxes	0.7	0.1%	0.6	0.1%	0.6	0.0%	(0.1)	-14.3%	0.0	0.0%
Other costs	4.8	0.5%	3.6	0.3%	4.7	0.4%	(1.2)	-25.0%	1.1	30.6%
(Net) provision for risks and charges	12.6	1.2%	23.7	2.1%	26.6	2.1%	11.1	88.1%	2.9	12.2%
Total other operating costs	**29.8**	**2.8%**	**48.6**	**4.2%**	**52.1**	**4.2%**	**18.8**	**63.1%**	**3.5**	**7.2%**

2024 vs 2023

Other operating costs for the year ended December 31, 2024 amounted to €52.1 million, showing an increase of €3.5 million, or 7.2%, compared to €48.6 million for the year ended December 31, 2023. This increase was mainly attributable to an increase in net provisions for risks and charges linked to a fund specifically allocated to meters that have faults requiring replacement.

As a percentage of Revenue, other operating costs for the year ended December 31, 2024 amounted to 4.2%, unchanged compared to 4.2% for the year ended December 31, 2023.

2023 vs 2022

Other operating costs for the year ended December 31, 2023 amounted to €48.6 million, showing an increase of €18.8 million, or 63.1%, compared to €29.8 million for the year ended December 31, 2022. This increase was mainly attributable to (i) €6.8 million deriving from the losses on disposals and sales of assets, primarily related to meters, partially offset by the utilization of a dedicated fund for replacing faulty meters and the recovery of residual book value of replaced meters not yet fully amortized through tariffs; (ii) €2.2 million in estimated compensation to customers following the implementation of ARERA Resolution 269/2022/R/gas (effective April 1, 2023) regarding service level performance for delivery points equipped with smart meters; (iii)

€11.1 million in increased net provisions for risks and charges mainly related to the risk on malfunctioning smart meters, on investments on ATEM tenders and to the risk that gas suppliers may be unable to recover amounts owed due to the enforcement of time limitations on the validity of gas bills, as established by ARERA resolution 604/2021/R/com, which shortens the relevant statute of limitations to two years.

As a percentage of Revenue, other operating cost increased from 2.8% for the year ended December 31, 2022 to 4.2% for the year ended December 31, 2023.

Capitalized costs for internal work

2024 vs 2023

Capitalized costs for internal work for the year ended December 31, 2024 amounted to €1.1 million and is substantially unchanged compared to €1.1 million for the year ended December 31, 2023.

As a percentage of Revenue, capitalized costs for internal work for the year ended December 31, 2024 amounted to -0.1% and is unchanged compared to -0.1% for the year ended December 31, 2023.

2023 vs 2022

Capitalized costs for internal work for the year ended December 31, 2023 amounted to -€1.1 million, showing a decrease of €0.2 million, or 22.2%, compared to -€0.9 million for the year ended December 31, 2023. This decrease was mainly attributable to residual capitalizable costs not related to concession assets, primarily concerning capitalizations on concentrators components of the communication network for new electronic meters that are not part of concession-related assets.

As a percentage of Revenue, capitalized costs for internal work for the year ended December 31, 2023 amounted to -0.1% and is unchanged compared to -0.1% for the year ended December 31, 2022.

Income/(expenses) from equity investments

2024 vs 2023

Income from equity investments for the year ended December 31, 2024 amounted to €0.4 million, showing an increase of €0.5 million, or above 100%, compared to an expense of €0.1 million for the year ended December 31, 2023. This change reflects the financial impact of the update of the equity method valuation of the investments in 2i Servizi Energetici S.r.l. and Melegnano Energia Ambiente S.p.A.

As a percentage of Revenue, income/(expenses) from equity investments for the year ended December 31, 2024 amounted to 0.0% and is unchanged compared to 0.0% for the year ended December 31, 2023.

2023 vs 2022

Income/(expenses) from equity investments for the year ended December 31, 2023 amounted to an expenses of €0.1 million, showing an increase of €0.1 million, compared to an expenses of €0 million for the year ended December 31, 2022. This change reflects the financial impact of the update to the equity method valuation of the investments in 2i Servizi Energetici S.r.l. and Melegnano Energia Ambiente S.p.A..

As a percentage of Revenue, income/(expenses) from equity investments for the year ended December 31, 2023 amounted to 0.0% and is unchanged compared to 0.0% for the year ended December 31, 2022.

Financial income

2024 vs 2023

Financial income for the year ended December 31, 2024 amounted to €9.4 million, showing an increase of €2.8 million, or 42.4%, compared to €6.6 million for the year ended December 31, 2023. This increase in financial income was mainly attributable to certain liquidity management operations carried out with the available liquidity also deriving from the proceeds from a note issuance in 2023 for €550 million.

As a percentage of Revenue, financial income increased from 0.6% for the year ended December 31, 2023 to 0.8% for the year ended December 31, 2024.

2023 vs 2022

Financial income for the year ended December 31, 2023 amounted to €6.6 million, showing an increase of €5.3 million, or above 100%, compared to €1.3 million for the year ended December 31, 2022. This increase was mainly attributable to certain liquidity management operations carried out following the issuance of the latest note tranche of €550 million, which offset some of the incremental financial expenses related to the new debt.

As a percentage of Revenue, financial income increased from 0.1% for the year ended December 31, 2022 to 0.6% for the year ended December 31, 2023.

Financial expenses

2024 vs 2023

Financial expenses for the year ended December 31, 2024 amounted to €72.9 million, showing an increase of €0.7 million, or 1.0%, compared to €72.2 million for the year ended December 31, 2023.

As a percentage of Revenue, financial expense decreased from 6.3% for the year ended December 31, 2023 to 5.9% for the year ended December 31, 2024.

2023 vs 2022

Financial expenses for the year ended December 31, 2023 amounted to €72.2 million, showing an increase of €13.6 million, or 23.2%, compared to €58.6 million for the year ended December 31, 2022. This increase was mainly attributable to the recognition during the year of interest expense related to notes, their amortized cost, and the related fair value changes of the associated hedging derivative, as well as interest expense on utilized medium long term credit lines. This increase was also influenced by the issuance of a new €550 million notes in 2023 to refinance upcoming maturities, which, while securing the 2i Rete Gas Group's financial structure, resulted in a temporary increase in related financing costs.

As a percentage of Revenue, financial expense increased from 5.6% for the year ended December 31, 2022 to 6.3% for the year ended December 31, 2023.

Taxes

The following table provides a breakdown of income taxes for the years ended December 31, 2022, 2023 and 2024:

	Year ended December 31,						**Change**			
	2022	**% of Revenues**	**2023**	**% of Revenues**	**2024**	**% of Revenues**	**2023-2022**	**%**	**2024-2023**	**%**
	(in € millions unless otherwise indicated)									
Current taxes										
Current income taxes: IRES (corporate income tax)	50.8	4.8%	65.3	5.7%	83.9	6.7%	14.5	28.5%	18.6	28.5%
Current income taxes: IRAP (regional business tax)	11.9	1.1%	14.9	1.3%	18.1	1.5%	3.0	25.2%	3.2	21.5%
Total current taxes	**62.7**	**6.0%**	**80.2**	**7.0%**	**102.0**	**8.2%**	**17.5**	**27.9%**	**21.8**	**27.2%**
Adjustments for income taxes relating to previous years										
Negative adjustments for income taxes relating to previous years	-	0.0%	-	0.0%	0.2	0.0%	-	0.0%	**0.2**	n.a.
Positive adjustments for income taxes relating to previous years	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	n.a.
Total adjustments for income taxes relating to previous years	**-**	**0.0%**	**-**	**0.0%**	**0.2**	**0.0%**	**-**	**0.0%**	**0.2**	n.a.
Deferred and prepaid taxes										
Deferred taxes (use)/allocation	(4.3)	-0.4%	(3.3)	-0.3%	(2.2)	-0.2%	1.0	-23.3%	1.1	-33.3%
Prepaid taxes (allocation)/use	7.1	0.7%	(5.9)	-0.5%	(5.3)	-0.4%	(13.0)	>100%	0.6	-10.2%
Total current deferred and prepaid taxes	**2.8**	**0.3%**	**(9.2)**	**-0.8%**	**(7.5)**	**-0.6%**	**(12.0)**	**>100%**	**1.7**	**-18.5%**

	Year ended December 31,						Change			
	2022	% of Revenues	2023	% of Revenues	2024	% of Revenues	2023-2022	%	2024-2023	%
				(in € millions unless otherwise indicated)						
Total adjustments deferred and prepaid taxes	**-**	**0.0%**	**-**	**0.0%**	**(0.1)**	**0.0%**	**-**	**0.0%**	**(0.1)**	**n.a.**
Total deferred and prepaid taxes	**2.8**	**0.3%**	**(9.2)**	**-0.8%**	**(7.6)**	**-0.6%**	**(12.0)**	**>100%**	**1.6**	**-17.4%**
Total taxes	**65.5**	**6.2%**	**71.0**	**6.2%**	**94.6**	**7.6%**	**5.5**	**8.4%**	**23.6**	**33.2%**

2024 vs 2023

Total taxes for the year ended December 31, 2024 amounted to €94.6 million, showing an increase of €23.6 million, compared to €71.0 million for the year ended December 31, 2023. This increase was mainly due to the increase in pre-tax profit between the two fiscal years.

As a percentage of Revenue, taxes increased from 6.2% for the year ended December 31, 2023 to 7.6% for the year ended December 31, 2024.

2023 vs 2022

Total taxes for the year ended December 31, 2023 amounted to €71.0 million, an increase of €5.5 million, compared to €65.5 million for the year ended December 31, 2022. This increase was mainly due to the corresponding increase in pre-tax profit between the two fiscal years.

As a percentage of Revenue, taxes increased from 6.2% for the year ended December 31, 2022 to 6.2% for the year ended December 31, 2023.

Liquidity of the Group 2i Rete Gas

Overview

The 2i Rete Gas Group's primary source of liquidity has been cash flow from operating activities. The Group has used its cash flow to fund operating expenses, working capital, capital expenditures, capital and interest payments related to its debt obligations.

In addition, as of December 31, 2024, the Group had committed facilities for an aggregate amount equal to €900 million and drawn for €130 million, expected to provide resources for any unforeseen liquidity needs that may not be covered by cash flow from operating activities. The group expects that its liquidity needs will be primarily met utilizing the available facilities at the group level.

Cash Flows

The table below sets forth a summary of 2i Rete Gas Group's consolidated statement of cash flows for the years ended December 31, 2022, 2023 and 2024.

	Financial Year ended December 31,		
	2022	2023	2024
		(in € millions)	
Cash flow (used in)/generated from operating activities	467.5	392.3	626.4
Cash flow used in investing activities	(653.3)	(367.9)	(361.0)
Cash flow (used in)/generated from financing activities	(211.2)	254.5	(509.6)
Net cash flow	**(397.0)**	**278.9**	**(244.2)**
Cash and cash equivalents at the beginning of the period	443.0	46.0	324.9
Cash and cash equivalents at the end of the period	46.0	324.9	80.7
Changes in cash and cash equivalents	**(397.0)**	**278.9**	**(244.2)**

Cash Flow (used in) / generated from Operating Activities

2024 vs 2023

Cash flow generated by operating activities amounted to €626.4 million for the year ended December 31, 2024, an increase of €234.1 million, compared to €392.3 million for the year ended December 31, 2023. This increase was primarily driven by (i) higher net profit for the year (from €182.1 million at December 31, 2023 to €222.3 million at December 31, 2024), (ii) a greater cash generation from change in net working capital, which absorbed €138.2 million for the year ended December 31, 2023 while generated €53.1 million for the year ended December 31, 2024, and (iii) higher adjustments for non-monetary items that (from €348.4 million at December 31, 2023 to €351.0 million at December 31, 2024).

2023 vs 2022

Cash flow generated by operating activities amounted to €392.3 million for the year ended December 31, 2023, showing a decrease of €75.2 million, compared to €467.5 million generated for the year ended December 31, 2022. This decrease was primarily driven by a greater cash absorption from net working capital, which increased from absorbing €0.3 million for the year ended December 31, 2022 to absorbing €138.2 million for the year ended December 31, 2023. This increased absorption was partially offset by (i) positive contributions from a higher net profit for the period (from €169.5 million at December 31, 2022 to €182.1 million at December 31, 2023) and (ii) higher adjustments for non-monetary items (from €298.3 million at December 31, 2022 to €348.4 million at December 31, 2023).

Cash Flow used in Investing Activities

2024 vs 2023

Cash flow used in investing activities amounted to €361.0 million for the year ended December 31, 2024, showing a decrease of €6.9 million, compared to €367.9 million of cash used in investing activities for the year ended December 31, 2023. This decrease is mainly attributable to lower cash disbursements for investments in intangible assets (€361.5 million at December 31, 2024 compared to €367.7 million at December 31, 2023).

2023 vs 2022

Cash flow used in investing activities amounted to €367.9 million for the year ended December 31, 2023, showing a decrease of €285.4 million, compared to €653.3 million of cash used in investing activities for the year ended December 31, 2022. This decrease is primarily attributable to substantially lower cash disbursements for investments in intangible assets (€367.7 million at December 31, 2023 compared to €653.2 million at December 31, 2022). Investments in intangible assets for the year ended December 31, 2022 included the acquisition of ATEM Napoli 1, which was completed in the final months of that year.

Cash Flow (used in) / generated from Financing Activities

2024 vs 2023

Cash flow used in financing activities amounted to € 509.6 million for the year ended December 31, 2024, showing a decrease of € 764.1 million, compared to €254.5 million generated for the year ended December 31, 2023. This decrease is mainly driven by the repayment of existing indebtedness, partially offset by a cash inflow of €186.8 million due to new short-term and long-term financial debt.

2023 vs 2022

Cash flow generated from financing activities amounted to €254.5 million for the year ended December 31, 2023, showing an increase of €465.7 million, compared to €211.2 million used for the year ended December 31, 2022. This increase is mainly driven by a cash inflow of €550 million due to the first of the five tranches of the long-term debenture loan issued by the 2i Rete Gas Group maturing between 2024 and 2023 as part of the overhaul of its financial structure as well as active loans with, among others, the EIB, the effect of which is partially offset by the repayment of existing indebtedness.

Capital expenditures

Capital expenditures are defined as investments in property, plant and equipment and leases *plus* investments in intangible assets such as software. Historically, the 2i Rete Gas Group's capital expenditures have been primarily related to investments in intangible assets, such as concessions and similar rights. The group finances its capital expenditures with cash flow from operating, investing and financing activities.

The following table set forth the 2i Rete Gas Group's Capital expenditures for the years ended December 31, 2022, 2023 and 2024:

	Financial Year ended December 31,		
	2022	**2023**	**2024**
		(in € millions)	
Tangible assets	16.2	11.5	11.4
of which:			
Rights-of-use IFRS 16	*10.2*	*6.6*	*8.1*
Intangible assets	658.9	367.3	364.5
Financial assets	-	0.3	-
Capital expenditures	**675.1**	**379.1**	**375.9**

Year ended December 31, 2024

Capital expenditures amounted to €375.9 million for the year ended December 31, 2024. Of such expenditures: (i) €11.4 million relates to tangible assets, the renewal and new rental contracts within the scope of IFRS 16, and (ii) €364.5 million relates to the acquisition of intangible assets, mainly due to investments in concessions and similar rights, €349.1 million of which relating to investments in the gas distribution network.

Year ended December 31, 2023

Capital expenditures amounted to €379.1 million for the year ended December 31, 2023. Of such expenditures: (i) €11.5 million relates to tangible assets, of which €6.6 million due to the renewal/new rental contracts within the scope of IFRS 16 and €4.9 million due to the normal activity of replacement and improvement of concentrators, data receiving and transmitting devices that are part of the electronic meter communication network and which are excluded from the scope of IFRIC 12 (since they are not recognized as concession assets); (ii) €367.3 million relates to the acquisition of intangible assets, primarily related to investments in concessions and similar rights, which amounted to €312.6 million due to investments in the gas distribution network, increased also thanks to the extension of the management perimeter given by ATEM Napoli 1 in 2022; (iii) €34.7 million includes other investments in concessions, software and remote control reading systems; and (iv) €0.3 million is due to a recapitalization of the investment in 2i Servizi Energetici S.r.l., a non-consolidated company within the Group 2i Rete Gas.

Year ended December 31, 2022

Capital expenditures amounted to €675.1 million for the year ended December 31, 2022. Of such expenditures: (i) €16.2 million relates to tangible assets, of which €10.2 million related to the renewal and new rental contracts within the scope of IFRS 16 and €6.0 million related to the normal activity of replacement and improvement of concentrators, data receiving and transmitting devices that are part of the electronic meter communication network and which are excluded from the scope of IFRIC 12 (since they are not recognized as concession assets); and (ii) €658.9 million was related to the acquisition of intangible assets, primarily related to investments in concessions and similar rights, which amounted to €609.0 million related to the acquisition of ATEM Napoli 1 and €49.9 million related to other investments in concessions, software and remote control reading systems.

Net Financial Debt

During the period under review, the Group's main sources of financing have been: (i) note issuances under the EMTN 2iRG Program and (ii) the EIB 2iRG Loans.

The following table sets forth the amounts of the 2i Rete Gas Group's net financial debt as of December 31, 2022, 2023 and 2024. Net financial debt is a non-IFRS measure. For further information see "*Presentation of Financial and Other Information*."

		As of December 31,		
		2022	2023	2024
			(in € millions)	
A	Cash	46.0	324.9	80.7
B	Cash equivalents	–	–	–
C	Other current financial assets	3.7	7.3	7.0
D	**Liquidity (A) + (B) + (C)**	**49.7**	**332.2**	**87.7**
E	Current financial debt	19.6	32.7	235.0
F	Current portion of non-current financial debt	124.8	514.7	525.2
G	**Current financial debt (E) + (F)**	**144.4**	**547.4**	**760.2**
H	**Net current financial debt (G) - (D)**	**94.7**	**215.2**	**672.5**
I	Non-current financial debt (excluding the current portion and debt instruments)	371.1	350.5	331.4
J	Debt instruments	2,734.7	2,702.1	2,204.8
K	Trade and other non-current payables	–	–	–
L	**Non-current financial debt (I) + (J) + (K)**	**3,105.8**	**3,052.6**	**2,536.2**
M	**Net financial debt 2i RG Group (H) + (L)**	**3,200.5**	**3,267.8**	**3,208.7**

2024 vs 2023

Net financial debt amounted to € 3,208.7 million as of December 31, 2024, a decrease of €59.1 million, compared to €3,267.8 million as of December 31, 2023. This decrease was mainly driven by a decrease in non-current financial debt (€2,536.2 million at December 31, 2024 compared to €3,052.6 million at December 31, 2023) partially offset by (i) an increase in current financial debt (€760.2 million at December 31, 2024 compared to €547.4 million at 31, 2023); (ii) a decrease in cash of €244.2 million (from €324.9 million at December 31, 2023 to €80.7 million at December 31, 2024). The changes in cash and cash equivalents, current financial debt, and non-current financial debt are driven by the decision of the 2iRG Group to cover its future financial needs through short-term financial loans, instead of proceeding with a pre-funding through long-term financial instruments for the needs arising from the expiration of a €500 million note in September 2025, as well as the use of available cash and short-term credit lines for the repayment of the current portion of non-current financial debts.

2023 vs 2022

Net financial debt amounted to €3,267.8 million as of December 31, 2023, an increase of €67.3 million, compared to €3,200.5 million as of December 31, 2022. This increase was primarily driven by the combined effect of: (i) the dividend distribution carried out during the year, (ii) the increase in operating investments and (iii) increase in current financial debt (€547.4 million at December 31, 2023 compared to €144.4 million at December 31, 2022), partially offset by (ii) an increase in cash of €282.5 million (from €49.7 million at December 31, 2022 to €332.2 million at December 31, 2023) and (iii) decrease in non-current financial debt (€3,052.6 million at December 31, 2023 compared to €3,105.8 million at December 31, 2022).

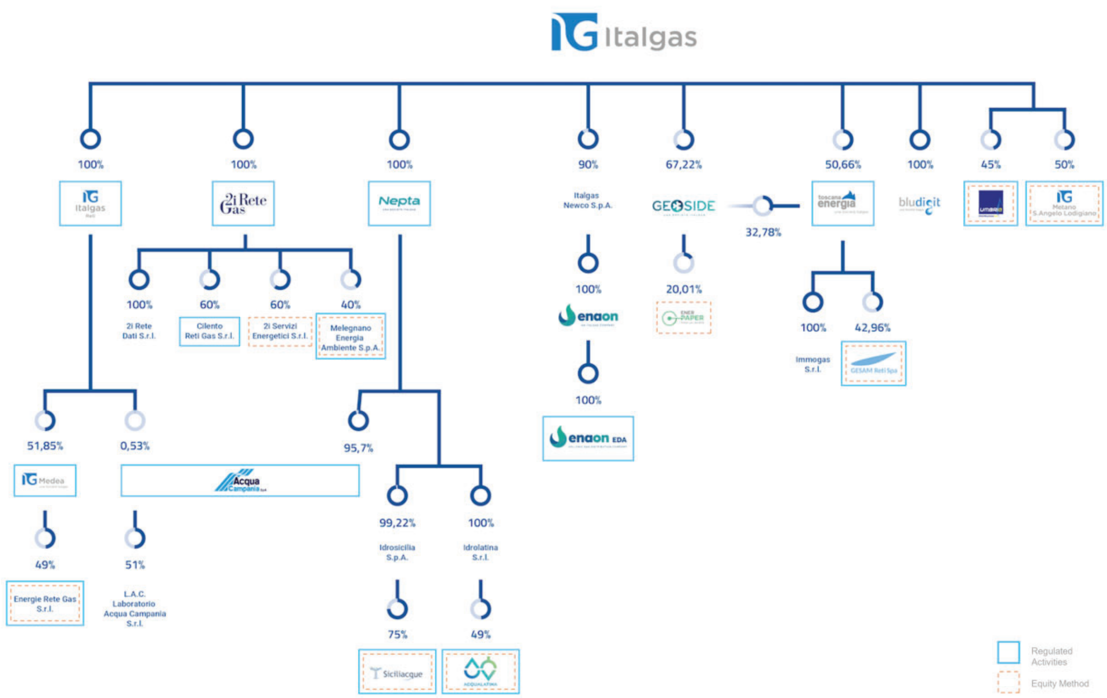
BUSINESS DESCRIPTION

Overview

The Group is the leading operator in the distribution of natural gas in Italy and Greece. For over 185 years, we have been distributing gas throughout Italy and, starting from 2022, throughout Greece. The natural gas distribution business is highly regulated both in Italy and Greece, under the authority of the ARERA and the RAEWW, respectively. We are also active in the water services, energy efficiency and information technology sectors, with more than 6.500 employees across the segments we operate, 12.9 million customers served in Italy and Greece, approximately 154.000 kilometers of networks and more than 13 billion cubic meters of gas distributed every year.

On April 1, 2025, we completed the acquisition of the 2i Rete Gas Group, a strategic move to face the challenges of the global scenario, and which marks a pivotal moment in our history.

Below is a structure chart of the Group as of the date of this Offering Circular.



Below is a description of the principal business activities of the Italgas Group and of the 2i Rete Gas Group.

Italgas Group

The core business of the Italgas Group is natural gas distribution: we take the gas from the transportation network at the so-called "city-gates" (namely, reduction and metering cabins connected to the transportation network) and bring it to end customers through our local gas distribution networks, on behalf of sales companies authorized to market natural gas to end customers. We are also responsible for the construction, development, and maintenance of the distribution infrastructures, including their modernization. In addition, we perform metering activities, which include collecting, processing, validating and making available gas consumption data in order to settle commercial transactions between operators and users. To carry out these activities, we rely on our personnel and on external contractors.

As of December 31, 2024, the Italgas Group (which excludes non-consolidated investees) managed 81,907 kilometers of medium and low pressure gas distribution network, through which, in 2024, it distributed

7,929 million cubic meters of gas through 7.867 million RPs, serving 1,893 municipalities in Italy (with a historical presence in major Italian cities, including Turin, Venice, Florence and Rome) and 145 in Greece.

In addition to the gas distribution industry, the Italgas Group is active:

- in the water industry, (i) with the management, through concessions, of the integrated water service of 5 municipalities in the Campania region of Italy through its wholly-owned subsidiary Nepta S.p.A. ("**Nepta**") and 38 municipalities in the "ATO 4-Southern Lazio" territory through Acqualatina S.p.A. ("**Acqualatina**"), (ii) with the collection, storage, purification and adduction service in the Sicily region of Italy through Siciliacque S.p.A. ("**Siciliacque**"), and (iii) with the collection, purification, adduction and transportation of drinking water in the Campania region of Italy through Acqua Campania;

- in the energy efficiency services industry, through Geoside S.p.A. ("**Geoside**"), our energy service company ("**ESCo**"), specialized in energy consulting and in the provision of energy services to both the private (residential and industrial) and the public administration sector.

- in information technology activities, through our wholly-owned subsidiary Bludigit S.p.A., which concentrates all of the Italgas Group's IT activities and which offers proprietary digital solutions in the energy industry as well as in other industries, both to the Italgas Group and to third parties.

The table below shows Total revenues and other income, Total revenues and other income adjusted, Adjusted EBITDA, Adjusted EBIT and Capital Expenditures of the Italgas Group for the three-month periods ended March 31, 2024 and March 31, 2025 and for the years ended December 31, 2023 and 2024. For additional information regarding Total revenues and other income adjusted, Adjusted EBITDA, Adjusted EBIT and Capital Expenditure, which are non-IFRS measures, see "*Presentation of Financial and Other Information-Non-IFRS measures*." See "*Summary Consolidated Financial Information*" for a reconciliation of each such non-IFRS measure to the most directly comparable IFRS measure.

(in € millions)	For the three-month period ended March 31,		For the year ended December 31,	
	2024	2025	2023	2024
Total revenues and other income	587.1	661.6	2,638.8	2,539.4
Total revenues and other income adjusted	431.3	459.3	1,774.8	1,778.8
Adjusted EBITDA	325.7	345.3	1,183.7	1,350.9
Adjusted EBIT	192.7	225.4	681.2	820.7
Capital Expenditure	160.9	165.7	906.5	887.0

The Italgas Group operates mainly in Italy and Greece. The table below shows Total revenues and other income of the Italgas Group by geographic area, in each case for the three-month periods ended on March 31, 2024 and March 31, 2025 and for the years ended on December 31, 2023 and December 31, 2024.

Total revenues and other income (in € millions unless otherwise indicated)	Three-month period ended March 31				Fiscal year ended December 31			
	2024	% of total	2025	% of total	2023	% of total	2024	% of total
Italy	520.5	88.7	591.3	89.4	2,384.1	90.3	2,258.8	88.9
Greece	66.5	11.3	69.5	10.5	254.8	9.7	279.2	11.0
Non-EU countries	-	-	0.8	0.1	-	-	1.4	0.1
Total	**587.1**	**100**	**661.6**	**100**	**2,638.8**	**100**	**2,539.4**	**100**

The Italgas Group has identified the following operating segments, in accordance with IFRS 8: (i) gas distribution; (ii) water service; (iii) energy efficiency. Most of the revenues relating to the gas distribution operating segment derive from expired concessions whose management has been extended, under the *prorogatio* regime.

The table below shows Total revenues and other income, Total revenues and other income adjusted, Adjusted EBITDA and Adjusted EBIT for each segment for the years ended December 31, 2023 and December 31, 2024. For additional information regarding Total revenues and other income adjusted, Adjusted

EBITDA and Adjusted EBIT, which are non-IFRS measures, see "*Presentation of Financial and Other Information—Non-IFRS measures*." See "*Summary Consolidated Financial Information*" for a reconciliation of each such non-IFRS measure to the most directly comparable IFRS measure.

	For the year ended December 31, 2024							
(in € millions)	**Total revenues and other income**	**% of total**	**Total revenues and other income adjusted**	**% of total**	**Adjusted EBITDA**	**% of total**	**Adjusted EBIT**	**% of total**
Gas distribution [(1)]	2,408.4	91.2%	1,652.7	87.9%	1,308.5	96.9%	812.3	99.0%
Water sector	99.1	3.8%	94.7	5.0%	39.7	2.9%	12.3	1.5%
Energy efficiency	48.6	1.8%	48.2	2.6%	4.2	0.3%	0.4	0.0%
Corporate	85.3	3.2%	85.3	4.5%	(1.5)	(0.1%)	(4.3)	(0.5%)
Total before inter-segment eliminations	**2,641.4**	**100.0%**	**1,880.8**	**100.0%**	**1,350.9**	**100.0%**	**820.7**	**100.0%**
Inter-segment eliminations	(102.0)	-	(102.0)	-	-	-	-	-
Total	**2,539.4**	**-**	**1,778.8**	**-**	**1,350.9**	**-**	**820.7**	**-**

	For the year ended December 31, 2023							
(in € millions)	**Total revenues and other income**	**% of total**	**Total revenues and other income adjusted**	**% of total**	**Adjusted EBITDA**	**% of total**	**Adjusted EBIT**	**% of total**
Gas distribution [(1)]	2,344.9	85.6%	1,484.2	79.2%	1,132.5	95.7%	636.9	93.5%
Water sector	11.0	0.4%	8.8	0.5%	0.2	0.0%	(0.7)	(0.1%)
Energy efficiency	299.9	11.0%	299.0	15.9%	54.6	4.6%	51.2	7.5%
Corporate	82.7	3.0%	82.7	4.4%	(3.6)	(0.3%)	(6.2)	(0.9%)
Total before inter-segment eliminations	**2,738.6**	**100.0%**	**1,874.6**	**100.0%**	**1,183.7**	**100.0%**	**681.2**	**100.0%**
Inter-segment eliminations	(99.8)	-	(99.8)	-	-	-	-	-
Total	**2,638.8**	**-**	**1,774.8**	**-**	**1,183.7**	**-**	**681.2**	**-**

(1) Includes Information Technology activities that have been included in the gas distribution segment, being mainly at the service of this area.

For the year ended December 31, 2024, the top five customers of the Italgas Group (i.e., Eni Plenitude S.p.A., Enel Energia S.p.A., Hera Comm S.p.A., Edison Energia S.p.A. and Unoenergy S.p.A., all within the gas distribution segment) generated approximately 45.0% of Total revenues and other income adjusted of the Italgas Group. At the date of this Offering Circular, in light of the peculiarities of the regulation of the gas distribution segment and, in particular, the equalization mechanism which ensures a controlled revenue stream regardless of the volumes of gas distributed, the Issuer believes that there are no risks associated with customer concentration.

Below is a description of the segments in which the Italgas Group operates.`

Gas distribution segment

The core business of the Italgas Group consists in the distribution of gas on behalf of sales companies authorized to market it to end customers in Italy and Greece.

In particular, we take gas from high-pressure pipelines to the city-gates and distribute it to end users (*i.e.* domestic and industrial customers). Therefore, we do not import, extract or produce gas, nor do we transport gas through high-pressure pipes.

We provide our services to distribution users (*i.e.*, companies selling gas to end customers), who purchase gas from shippers or traders and who, in turn, sell to other wholesalers or suppliers or, typically, to end customers, i.e. those who consume gas for their own use and who are connected to the distribution network at the RPs, each provided with metering equipment.

The gas distribution business is subject to regulation in Italy by ARERA and in Greece by the RAEWW. These authorities establish both the methods of carrying out the service and the distribution and metering tariffs. Both in Italy and in Greece, the gas distribution market has a similar regulatory framework. Both regulatory systems are designed to ensure a return on invested capital and coverage of operating costs incurred by operators, regardless of the volumes distributed. This approach ensures uniform and predictable regulatory conditions, making harmonized operational management possible in both markets. Gas distribution activities are carried out under a concession regime in Italy and a license regime in Greece, through the provision of the service by local public bodies. See "—*Regulatory Framework: Gas Distribution Regulations*" for further information.

Our natural gas distribution activity is carried out through the management of an integrated system of infrastructures as follows: (i) cabins for the withdrawal of gas from the national gas pipeline network; (ii) pressure reduction systems; (iii) local transportation and distribution networks; (iv) user branch systems and (v) RPs where meters are installed on the customers' premises.

The Italgas Group's operating model includes:

- *Network management*: maintenance, modernization and development of infrastructures, including distribution networks and advanced metering systems (the so-called "smart meters");

- *Public service supply*: distribution of natural gas to domestic, industrial and commercial customers on behalf of sales companies; and

- *Innovation and energy transition*: investments in digitalization and innovative technologies to support the energy transition, enabling the introduction of "green" gases such as biomethane, synthetic gas and hydrogen into the distribution infrastructure, as well as to improve the quality and safety levels of the service and increase the efficiency of the distribution system.

In 2020, the Italgas Group, following the provisions of ARERA Resolution 155/2008 (as subsequently amended), completed the replacement of analog meters in Italy with smart meters, which, through their sensors, are able to take readings remotely and in real time. At date of this Offering Circular, the same process is being implemented in Greece.

In 2021, the Italgas Group introduced a new centralized command and control system (DANA - *Digital Advanced Network Automation*), which allows automatic remote monitoring and control of the network at all times, recording and analyzing data (e.g. gas pressure and volume measurements, odorization level, signals and alarms). The information collected is processed with algorithms to predict and anticipate potential network failures, improve operational efficiency, and enable real-time, data-driven decisions.

In addition, the Italgas Group has developed a new smart meter (Nimbus), capable of efficiently measuring different types of gas, including mixtures of methane and hydrogen up to 23%. Made available to the market in 2023, Nimbus is equipped with remote communication modules as well as seismic and outdoor temperature sensors that cut off the gas supply in the event of an earthquake or fire, ensuring greater safety.

Finally, our Strategic Plan envisages investments for the consolidation (including through the Acquisition) and the digitalization of the gas distribution market in Italy and the consolidation and development of the gas distribution market in Greece. See "*Annex A—Forecast Data*" for further information.

Italy

As of March 31, 2025, the Italgas Group managed 1,897 municipalities under concession, 1,852 of which were active (i.e. with active redelivery points). The relevant concession has expired in 1,494 of these municipalities. By virtue of the gas distribution service being considered a public service pursuant to the Letta Decree, the Italgas we will continue to manage the expired concessions under an automatic extension regime operating by law ("*prorogatio*") until new tenders determine the new awardees for these ATEMs' management. As of December 31, 2024, 45 calls for tenders have been published.

See "—*Regulatory Framework: Gas Distribution Regulations—Italy*" for additional information on the gas distribution regulatory framework in Italy, including with respect to concessions, tariffs and the reimbursement amount payable to outgoing operators of a concession.

As of December 31, 2024, the Italgas Group's RAB relating to the gas distribution operating segment in Italy, estimated on the basis of the 2025 tariffs, is approximately €9.2 billion, of which approximately €8.9 billion relating to Local RAB and approximately €0.3 billion relating to the Centralized RAB. For further information on how the RAB is calculated, see "*—Regulatory Framework: Gas Distribution Regulations*."

Greece

The Italgas Group operates in the Greek natural gas distribution market through Enaon (formerly DEPA Infrastructure), acquired in 2022.

Enaon controls the operating company Enaon EDA, which (i) manages the natural gas distribution network in the Greek regions of Attica and Thessaly and in the city of Thessaloniki through, as of December 31, 2024, more than 8 thousand km of medium and low pressure pipelines, (ii) serves, as of December 31, 2024, over 600 thousand active RPs, and (iii) holds licenses for the construction and management of the distribution network in some regions of Greece that are not currently reached by the natural gas distribution service or are so reached only to a limited extent, such as Thrace and Eastern Macedonia, Central Greece, Central Macedonia (excluding Thessaloniki), Western Greece, Western Macedonia, Epirus and the Peloponnese, as well as the islands. In such areas, the distribution network is under construction.

Through Enaon EDA, the Italgas Group contributes to the development of the infrastructure necessary for access to energy in Greece. The Greek business focuses on the expansion and digitalization of networks, with the aim of improving operational efficiency, ensuring security of supply and promoting the use of "green" gases such as biomethane and hydrogen.

The estimated RAB for investments made by the Italgas Group at December 31, 2024 in Greece is equal to approximately €0.8 billion.

See "*—Regulatory Framework: Gas Distribution Regulations—Greece*" for additional information on the regulatory framework of gas distribution in Greece.

Water service segment

The Italgas Group operates its water service segment through Nepta and its subsidiaries.

Nepta serves directly five municipalities in the province of Caserta, Italy: Caserta, Galluccio, Baia and Latina, Roccaromana and Casaluce. Even though the concessions that enable the management of water distribution services in such provinces have expired over the course of 2020 and 2021, such services are automatically extended and remain ongoing under the *prorogatio* regime, until the management is assigned to a new operator. At December 31, 2024, Nepta manages about 300 kilometers of distribution network, through which, in 2024, it distributed water to around 90 thousand users.

Nepta also indirectly holds 49% of the share capital of Acqualatina, which manages the water distribution service in ATO 4-Southern Lazio, which includes 38 municipalities.

In addition, the Italgas Group operates the collection, storage, purification and adduction of water in the Sicily region of Italy through Siciliacque, of which Italgas indirectly holds approximately 75% of the share capital.

Finally, as a result of two separate acquisitions which took place in 2024, the Italgas Group acquired 95.7% of the share capital of Acqua Campania. As the group already held 0.53% of such company's share capital, Italgas Group currently owns 96.23% of Acqua Campania, which manages the concession of the water service in the Western Campania region of Italy (covering the provinces of Naples and Caserta), carrying out the activities of collection, purification, adduction and transportation of drinking water for water distribution companies. The Western Campania aqueduct managed by the company, both in terms of flow rate (about 8 cubic meters/sec.) and size (around 100 km in length), is one of the largest adduction systems in Italy.

Since 2018, the Italgas Group has been carrying out a digitalization program for its water network. The Post-Acquisition Group's strategy envisages growth in the water sector, benefiting from the skills developed for the innovation and digitalization of the natural gas distribution infrastructure. The Strategic Plan provides, among other things, for the completion of the smart meter installation program, the modernization of the network and plants and the digital transformation of the water sector, with the aim to improve the operational and energy efficiency of the water network and reduce its losses. See "*Annex A—Forecast Data*" for further information on our Strategic Plan.

All public services for the collection, adduction and distribution of water for civil use, sewerage and wastewater purification, including adduction collection services and purification services, which are part of the integrated water service, are regulated by the ARERA under art. 21, paragraphs 13 and 19, of Decree-Law no. 201/11). The regulation and control of water services include the determination and updating of tariffs, as well as the preparation of rules to guarantee the conditions of efficiency and quality of the services provided and the protection of the interests of users and consumers, with the Governing Body of the Optimal Territorial Area (EGA) submitting tariff proposals to the ARERA. The ARERA, in turn, approves the data and documents prepared by the managing body.

For the fourth regulatory period (2024-2029), with Resolution no. 639/2023/R/idr of December 28, 2023, the ARERA adopted the MTI-4 Water Tariff Method.

The main elements of water tariff regulation are currently as follows:

- The calculation of the RAB is currently based on a revalued historical cost methodology;
- The return on invested capital (including financial expenses and taxes) for the year 2024-2025 is set at 6.13% for investments before 2012, and at 7.13% on investments from 2012 onwards;
- The possibility of recognition of the so-called “FoNI” (new investment fund) tariff component for operators falling within regulatory schemes IV, V and VI (i.e. operators with a ratio between expected new investments and RAB of the previous regulatory period greater than 0.5), which represents an incentive for new investments.

The approval of new tariff values for the water service sector in Italy is regulated by the competent EGA for each concession. The macroeconomic parameters considered for tariff updates include the fixed gross investment deflator, inflation and remuneration rate on invested capital (which, for the water service sector, consists of the sum of financial and fiscal charges); these are published by the relevant authority every two years. The current remuneration rate on invested capital has been set for the period 2024-2025.

Energy efficiency segment

The Italgas Group operates the Energy efficiency segment through Geoside, which specializes in energy consulting and the provision of energy services to both the private (residential and industrial) clients and public administrations.

Geoside is now focused on industrial efficiency projects and the penetration of the residential market. The company also provides, both to the public administration and to residential customers, services for the construction, efficiency, operation, ordinary and extraordinary maintenance of the energetic systems and other related services aimed at achieving the required efficiency standards. In addition, for residential customers, the company offers various digital products developed by the Italgas Group and aimed at monitoring and managing domestic energy consumption (Savegas, Savetermo, Savecharge). Geoside also provides a wide range of digital energy management services to large, medium-sized and small industrial companies, where, by harnessing the power of artificial intelligence and big data analytics through its proprietary software, Savemixer, Geoside can effectively monitor and optimize energy consumption.

Geoside allows us to be more competitive in gas tenders, offering local communities the implementation of energy efficiency initiatives as an additional “value-added service.”

Starting from 2024, the market has been experiencing a contraction of the activities related to the “Superbonus,” a tax incentive introduced by Italian Legislative Decree 34/2020, as subsequently amended and extended, aimed at incentivizing interventions on residential buildings relating to, among other things, energy efficiency. The Superbonus, through certain mechanisms (the ability to assign tax credits or to receive a discount on the invoice for the projects in connection with expenses borne in relation to such activities), facilitated the access of end customers (mainly apartment buildings) to, inter alia, energy efficiency activities. Indeed, the Superbonus ended on December 31, 2023, substituted by a mechanism whereby the services invoiced in 2024 enjoy a 70/30 tax incentive mechanism (where the tax credit corresponds to 70% of the expense and the customer pays the remaining 30%), which ratio will become 65/35 for 2025 invoices.

The Strategic Plan envisages, among other things, further expansion in the segment with the aim for the Group to become a leading player and have a proactive role in promoting energy efficiency in all market segments. See “*Annex A—Forecast Data*” for further information on our Strategic Plan.

Information technology

The Italgas Group carries out information technology activities, mainly in the natural gas distribution sector, through its wholly-owned subsidiary Bludigit S.p.A., which offers advanced proprietary digital solutions both within the Italgas Group and to third parties.

Through our digital factory, a key center of innovation within the Italgas Group, Bludigit is committed to digitalization of processes and to the improvement of operational and management activities relating to the network and to quality of the services offered.

In 2024, the Italgas Group continued its technological advancement, including through the use of AI and generative AI (GenAI), for:

- operational efficiency, with the support of fluid dynamic simulations and advanced algorithms for the scheduling and automatic optimization of on-call shifts;
- smart maintenance, an advanced technology developed in collaboration with leading suppliers that allows for a more efficient, safe and sustainable management of the gas network.

2i Rete Gas Group

The 2i Rete Gas Group is one of the main distributors of gas in Italy for civil and industrial use.

The table below shows total revenues, Revenues 2i RG Group excluding IFRIC 12 effects, EBITDA 2i RG Group excluding IFRIC 12 effects and EBIT 2i RG Group for the years ended December 31, 2023 and 2024. For additional information regarding Revenues 2i RG Group excluding IFRIC 12 effects, EBITDA 2i RG Group excluding IFRIC 12 effects and EBIT 2i RG Group, which are non-IFRS measures, see "*Presentation of Financial and Other Information—Non-IFRS measures*." See "*Summary Consolidated Financial Information*" for a reconciliation of each such non-IFRS measure to the most directly comparable IFRS measure.

(million €)	For the year ended December 31,	
	2023	**2024**
Total revenues	1,152.6	1,245.1
Revenues 2i RG Group (excluding IFRIC 12)	816.1	896.0
EBITDA 2i RG Group (excluding IFRIC 12)	547.4	617.5
EBIT 2i RG Group	318.8	380.0

The following constitutes unaudited historical financial information and non-IFRS financial measures and ratios, which have been derived from the internal management reporting utilized by 2i Rete Gas's management on an ongoing basis ("**Unaudited Management Reporting Data**"). The Unaudited Management Reporting Data have not been audited, reviewed, or verified, and no procedures have been completed by our external auditors, consultants, or experts with respect thereto.

(million €)	For the three-month period ended March 31, 2025,
Total revenues	322.9
Revenues 2i RG Group (excluding IFRIC 12)	248.0
EBITDA 2i RG Group (excluding IFRIC 12)	146.1
EBIT 2i RG Group	86.7

Most of the revenues relating to the gas distribution operating segment derive from expired concessions whose management has been extended under the *prorogatio* regime.

The 2i Rete Gas Group, through medium- and low-pressure gas pipelines, brings gas and liquefied petroleum gas ("LPG"), owned by authorized sales companies, from the city-gates to end customers.

The 2i Rete Gas Group engages in three main categories of business activities:

- <u>Network management</u>: this includes the planning, design and construction of infrastructures and the installation of meters. In addition, the 2i Rete Gas Group is responsible for the management and maintenance of the gas network to ensure its proper operation, in compliance with Italian laws, ARERA regulations and the technical safety standards of the emergency system.

- Commercial activities: this includes a wide range of business services supplied primarily to sales companies, such as meter readings, meter deactivations, and supplier switches.

- Dispatching activities: this consists of managing data relating to the volumes of gas distributed, intended for the allocation of daily quantities at the RPs of the transportation networks to the authorized sales companies.

At March 31, 2025, the 2i Rete Gas Group operates in 18 regions of Italy in 140 ATEMs, within which it serves a total of 2,228 municipalities (2,226 in operation and two expected to operate starting in 2025), of which 2,216 are managed by 2i Rete Gas (2,215 in operation and one expected to operate starting in 2025). Twelve municipalities are managed by Cilento Reti Gas S.r.l (11 in operation and one expected to operate strating in 2025). In addition, Cilento Reti Gas S.r.l. is the concessionaire for the construction of the network in another 19 municipalities, subject to availability of suitable public co-financing for the works. Through a network that extends for over 72,000 km, the 2i Rete Gas distributes 2.3 billion cubic meters of gas on behalf of sales companies to 4.9 million end customers. Of the 2,228 municipalities under concession managed by the 2i Rete Gas Group, 2,177 have expired concessions and are being managed under the *prorogatio* regime.

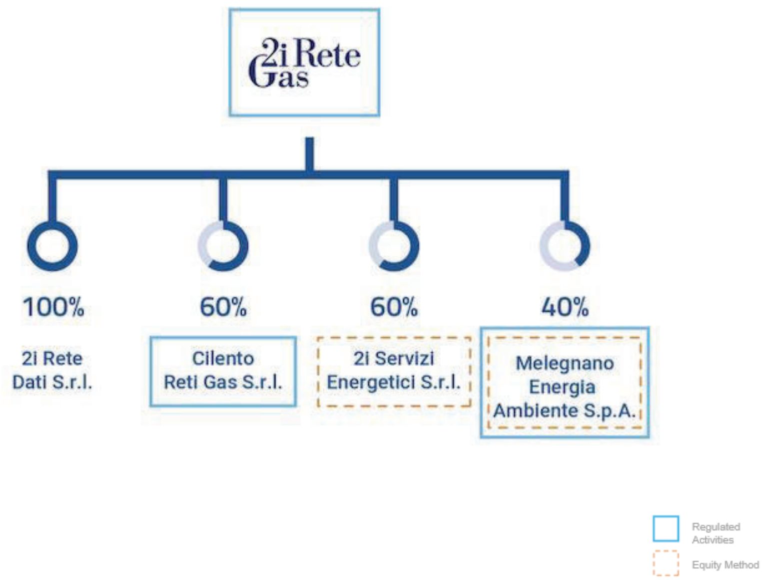
The 2i Rete Gas Group has grown over the years also through acquisitions of companies in the natural gas distribution sector. 2i Rete Gas S.p.A. (formerly F2i Reti Italia S.r.l.) was originally formed on September 16, 2009 by F2i SGR S.p.A. and Ardian (through the vehicle Finavias S.à r.l.), as a vehicle for the acquisition of an 80% stake in the gas distribution operator Enel Rete Gas S.p.A. ("**Enel Rete**"), a company known, prior to its acquisition by Enel Distribuzione, as Camuzzi Gazometri and which had been operating in the gas distribution sector since its establishment in 1929. Over the years, Enel Rete expanded its business both through acquisitions and through organic growth of the network.

In 2011, Enel Rete completed the acquisitions of the Italian distribution networks from the German group E.ON and the French group GDF Suez, which were merged by incorporation in May 2012 and 2013 respectively. In 2014, Enel Rete changed its name to 2i Rete Gas S.p.A. and was subsequently merged, with effect from January 1, 2015, into F2i Reti Italia S.r.l., which was simultaneously transformed into a joint-stock company and took the name of the subsidiary 2i Rete Gas S.p.A.

In 2018, the 2i Rete Gas Group acquired the distribution network in Italy of the Gas Natural Fenosa group (Nedgia S.p.A., formerly Gas Natural Distribuzione), integrated in 2019 and, as a result, also acquired 60% of the share capital of Cilento Reti Gas S.r.l., a company established in 2010 for the construction and management of the gas distribution network in some municipalities in the Cilento area in Italy.

Subsequently, in 2021, 2i Rete Gas also acquired the distribution network in Italy of Edison S.p.A., part of the EDF group (Infrastrutture Distribuzione Gas S.p.A.), integrated at the end of 2021.

Below is a group chart of the 2i Rete Gas Group as of the date of this Offering Circular:



Cilento Reti Gas S.r.l. is a project company (of which 2i Rete Gas owns 60%; with the remaining 40% owned by Bonatti S.p.A.) operating under a public concession for the design and construction of the network and for the management of the natural gas distribution service in the Bussento, Lambro and Mingardo areas, and in the territories of Gelbison and Cervati, Alento and Monte Stella, all in Italy. The company is also engaged in the completion of the natural gas distribution plants under construction and in the management of those already built.

2i Rete Dati S.r.l. operates in the telecommunications industry, in particular in the installation and operation of the preparatory infrastructure for remote reading and remote management of data from gas smart meters and other types of smart devices.

2i Servizi Energetici S.r.l. ("**2i Servizi Energetici**"), established in 2019 in a joint venture with Tekne Esco S.r.l. (which holds the remaining 40% of the capital), develops and markets energy efficiency initiatives to entities in the public sector (and in the future potentially to the private sector as well). The company is not included in the scope of consolidation of the 2i Rete Gas Group.

The customers of the 2i Rete Gas Group are gas sales companies, which benefit from the management and maintenance services of the network infrastructures provided by the 2i Rete Gas Group to distribute gas to end users. The related gas distribution contracts are regulated and supplemented by the applicable regulatory provisions, which provide for the application of the tariff system defined by ARERA. See "*—Regulatory Framework: Gas Distribution Regulations—Italy*" for additional information on the regulatory framework of gas distribution in Italy.

In the year ended December 31, 2024, the top five customers of the 2i Rete Gas Group (i.e., Enel Energia S.p.A., Edison Energia S.p.A., ENI Plenitude S.p.A., Engie Italia S.p.A. and E.ON Energia S.p.A.) generated a total of approximately 53.3% of the 2i Rete Gas Group's Revenues (excluding IFRIC 12). To the best of the Issuer's knowledge, at the date of this Offering Circular, in light of the peculiarities of the regulations of the gas distribution sector and, in particular, the equalization mechanism which ensures a controlled revenue stream regardless of the volumes of gas distributed, there are no risks associated with the customer concentration.

The 2i Rete Gas Group is also actively engaged in energy transition and decarbonization, promoting the use of renewable gases such as biomethane and hydrogen, in line with the European climate neutrality objectives. Among the key initiatives are the adoption of systems for monitoring network leaks and gas advocacy initiatives, aimed at replacing more polluting fuels. In addition, the 2i Rete Gas Group has implemented solutions based on the Internet of Things ("**IoT**") and the digitalization of infrastructure. Thanks to these developments, the 2i Rete Gas Group has optimized operational processes, improved data management and reduced waste and inefficiencies.

With a view to supporting the energy transition, through 2i Servizi Energetici, the 2i Rete Gas Group, enhancing the relationship with certain stakeholders, including municipalities, sales companies and suppliers, pursues the development of value-added services aimed at promoting energy efficiency on buildings and on heating and lighting systems, with such offer being targeted to entities in the public sector (and in the future possibly to the private sector as well).

2i Servizi Energetici carries out energy audits and feasibility studies aimed at assessing energy consumption and optimization of energy performance of a site, also through the potential introduction of innovative technological solutions. Through the preparation of business plan models, it assesses the economic impact and ability to finance investments as well as the potential generation of Energy Efficiency Certificates ("TEE"). At December 31, 2024, 2i Servizi Energetici has developed and submitted to municipalities 95 diagnoses/interim proposals (i.e. preliminary proposals with assessments from public administrations on possible measures to be implemented) and 35 final proposals for energy efficiency in project financing.

Finally, 2i Servizi Energetici currently holds the concession for the management and energy upgrading of public lighting systems in four municipalities and has been nominated as promoter in another six municipalities.

Issuer's rating

Italgas Group

The Issuer and its medium/long-term financial debt have been assigned ratings by Fitch and Moody's as follows. The Moody's ratings were confirmed on October 10, 2024 and the Fitch ratings on October 9, 2024.

	Moody's	FitchRatings
Issuer long-term rating	Baa2	BBB+
Forecast issue rating for the EMTN Program	Baa2	-
Senior unsecured rating for notes issued under the same EMTN Program	Baa2	BBB+
Outlook	Stable	Stable

Both ratings follow the Acquisition announcement.

In Fitch's view, the transaction significantly strengthens Italgas's operational profile, leading the company to manage over 50% of the RAB and RPs in Italy. In addition, the Acquisition will increase the predictability of cash flows in the medium term, thanks to a higher incidence of regulated sectors, which will rise from 89% to 95% of consolidated EBITDA between 2025 and 2028. The Strategic Plan envisages average annual investments of approximately €1.4 billion up to 2028, with EBITDA expected to grow to approximately €2.4 billion by 2028. While Fitch expects the net debt to grow to approximately €11.8 billion by 2028, the net FFO leverage is expected to experience a gradual reduction, reaching the positive target of approximately 6.0x by 2028. In addition, the rating reflects the Issuer's positive track record in executing acquisitions and improving operating profitability, recognizing the Italgas Group's ability to anticipate evolutionary trends in the gas sector, with a view to efficiently accommodating and managing renewable gases. Finally, Fitch points to uncertainties relating to: (i) the AGCM authorization order in connection with the Acquisition, including in light of the fact that the proceeds from ordered assets divestitures may be significantly lower than expected, with subsequent adverse impacts, and (ii) the awards of ATEM concessions, where a delay in the timeline of the awards as well as the award of less ATEM concessions than expected may, in the medium- and long-term, improve the main relevant financial indicators. Fitch also flags long-term regulatory risks possibly adversely impacting, as a result of the energy transition, gas networks in favor of electric networks due to the progressive decrease in the use of natural gas and a more realistic approach to the growth prospectives of green hydrogen. However, the "BBB+" rating with stable outlook is justified by the solidity of the regulated sector and the credibility of management in meeting financial targets.

Moody's rating assessment highlights that, even following the Acquisition, the Issuer will continue to benefit from the low risk profile of its activities, thanks to the high share of revenues generated under the Italian regulatory framework, considered stable and predictable. The Acquisition has a certain degree of execution risk, which, however, should not prevent the Italgas Group from achieving good performance also thanks to the proven experience gained in the gas distribution sector. The integration of Italgas and 2i Rete Gas should generate synergies and improve efficiency, even if the economic benefits may take time and depend on the remedies ordered by the AGCM. Moody's also flags the possible impacts of the remedies ordered by the AGCM, which could impact both the time necessary for the reduction of the Group's debt and the realization of the expected synergies, as well as the fact that the increase in investments following the Acquisition may have an adverse impact on cash flows in the short-/medium-term. The Acquisition will result in an increase in net debt, which will be partially reduced following the completion of the Capital Increase. The Strategic Plan envisages average annual investments of approximately €1.5 billion in the period 2025-2028, with an expected net debt between approximately €11.5 billion and €12.5 billion. Despite the level of debt, investments are expected to increase the RAB and strengthen cash generation capacity, while keeping financial indicators consistent with the Baa2 rating. In addition, the rating takes into account the Issuer's operational efficiencies, the low average cost of debt and the limited exposure to volume risk. Moody's also points out that the Issuer's rating remains linked to the company's exposure to the country risk of the Italian State (stable Baa3).

2i Rete Gas Group

2i Rete Gas and its medium/long-term financial debt have been assigned ratings by S&P and Moody's as follows. Moody's ratings were confirmed on October 10, 2024 and the S&P ratings on October 9, 2024.

	Moody's	S&P Global
Issuer long-term rating	Baa2	BBB
Forecast issue rating for the EMTN 2iRG Program	Baa2	-
Senior unsecured rating for notes issued under the same EMTN 2iRG Program	Baa2	BBB
Outlook	Stable	-

In S&P's view, upon or close to the completion of the Acquisition and the Capital Increase a rating upgrade of one notch is probable. This upgrade remains subject to the presence of an adequate liquidity profile, showing the creditworthiness of the Post-Acquisition Group (which would then have a rating higher than that of Italy).

Moody's rating assessment highlights that, even following the Acquisition, 2i Rete Gas ratings will continue to benefit from the low risk profile of its activities, thanks to the high share of revenues generated under the Italian regulatory framework, considered stable and predictable. In addition, in Moody's view, the integration between Italgas and 2i Rete Gas should generate synergies and improve the operational efficiency of both companies. However, resulting savings may take time to materialize and are subject to potential risks. Moody's also flags the possible impacts of the remedies ordered by the AGCM, divestments and behavioral remedies, which could impact the both the time necessary for the reduction of debt and the realization of the expected synergies, as well as the fact that the increase in investments following the Acquisition may have an adverse impact on cash flows in the short-/medium-term.

The Post-Acquisition Group's commitment to Environmental, Social and Governance ("ESG") issues

The Company has developed a sustainability strategy, with the aim of generating long-term shared value for all stakeholders, balancing economic, social, environmental and financial sustainability. It has also adopted a business model that uses natural, productive, intellectual, financial, human and relational capital in its production processes, promoting the creation of a virtuous circularity aimed at ensuring the growth of the Group in terms of both productivity and improvement of the well-being of the communities and territories in which the Post-Acquisition Group operates.

To this end, the Company has identified a series of actions, accompanied by related targets, to generate a positive impact on the capital it uses. These commitments, also aligned with the United Nations Sustainable Development Goals, are contained in the Sustainable Value Creation Plan, initially approved in 2022 and updated annually in synergy with the Strategic Plan, with a view to complete integration between business and sustainability.

The sustainability strategy and the related approved targets refer to the timeframe of the Strategic Plan (2024-2030) and refer to the scope of the Italgas Group companies fully consolidated at 30 June 2024, while also taking into account the Acquisition.

The Sustainable Value Creation Plan is developed around three pillars – Planet, People and Partnerships – which guide the Post-Acquisition Group towards concrete, measurable and positive impact actions, with the aim of building a sustainable future through medium-long term commitments.

Planet

The Post-Acquisition Group, as an actor in the natural gas distribution sector, pursues the goal of meeting the energy demand of end users in a sustainable way, focusing on the continuous improvement of its infrastructure. This objective translates into the digitalization, safety and sustainability of the distribution network, actively contributing to the energy transition.

In particular, the Sustainable Value Creation Plan envisages making gas distribution networks suitable for distributing biomethane and hydrogen by 2028, and fully digitalized and remotely monitorable through the Digital Advanced Network Automation ("**DANA**") system by 2025 in Italy (by 2027 also the network acquired by the 2i Rete Gas Group) and by 2026 in Greece.

Also in the water sector, the Post-Acquisition Group invests in the technological and digital modernization of infrastructures for a more efficient management of water resources and an improvement in the services offered. The objectives of the Sustainable Value Creation Plan include a reduction in water losses. In particular, in distribution (the sector in which Nepta and Acqualatina operate), losses are expected to be reduced from 73.7% in 2023 to 30.5% in 2030, and, in transportation (the sector in which the Siciliacque company operates), losses are expected to be reduced from 16.5% in 2023 to 6% in 2030.

In addition, the Sustainable Value Creation Plan provides for targets to reduce greenhouse gas emissions and the Post-Acquisition Group's energy consumption, in line with the objectives adopted by the European Union and ahead of the 2030 objectives.

Through a mix of energy efficiency actions, for which the Post-Acquisition Group also uses the energy efficiency services of Geoside, timely inspection and repair of leaks, and smart maintenance to reduce fugitive emissions, the Post-Acquisition Group intends to reduce, by 2030, the Scope 1 and Scope 2 (market-based) climate-changing emissions of its operating activities by 42%, Scope 3 (supply chain) emissions by 33%, as well as its net energy consumption by 33% compared to 2020 levels for the gas distribution sector. These targets were confirmed to be in line with the scenario of containing the global temperature increase below 1.5 degrees in 2050 (as confirmed by Carbonsink, a South Pole group company, in 2022).

As a long-term goal, in line with the European Green Deal, the Post-Acquisition Group also aims to achieve the "Net Zero" goal for the gas distribution sector by 2050 for Scope 1, Scope 2 (market-based) and Scope 3 (supply chain) emissions, also through the use of carbon removal projects starting from 2030.

With regard to the water sector (in which the Group operates also through Nepta, Siciliacque and Acqualatina), the Post-Acquisition Group has set the goal of reducing, by 2030, Scope 1 and Scope 2 (market-based) climate-changing emissions and net energy consumption by 33% compared to 2023 levels.

The Italgas Group's commitment is also reflected in the protection of ecosystems and the adoption of circular economy solutions. By 2030, 6 million Nimbus smart meters will be installed, designed in accordance with the principles of eco-design, composed of up to 85% recyclable materials and made to be compatible with mixtures of methane and hydrogen.

People

People are Italgas's most valuable asset. For this reason, the Post-Acquisition Group is actively committed to improving the quality of the services offered to its customers. For this reason, the Group schedules annual inspections on more than 100% of gas distribution networks for leaks, with the aim of reaching 200% by 2028 (which target is higher than the requirements set by the Italian and Greek regulatory authorities). In addition, for the gas distribution sector, the Post-Acquisition Group aims to be able to, in 98% of emergency interventions, intervene on site within sixty minutes of the emergency call (this goal is also higher than the requirements set by the Italian and Greek regulatory authorities).

In the context of strengthening Italy's energy security by reducing dependence on imports, the Post-Acquisition Group plans to connect 400 biomethane plants to the distribution network by 2030. In addition, it plans the production of 200 tonnes of green hydrogen in the Power-to-Gas (P2G) pilot plant in the Sardinia region of Italy by 2028.

The Italgas Group has adopted policies on health and safety and well-being in the workplace, as well as policies on the protection of human rights and policies promoting diversity, inclusion and opportunities.

The Sustainable Value Creation Plan sets specific (i) health and safety objectives, such as maintaining an annual combined accident index (calculated as the product of the frequency rate (number of accidents per million hours worked) and the severity index (number of days of absence per one-thousand hours worked) at the Post-Acquisition Group level below 0.15 for employees and contractors, and (ii) diversity and inclusion targets, such as women representation in the total workforce and in managerial roles of 23% and 33% respectively by 2030, with a targeted gender pay gap of less than 3% by the same date.

As digitalization is a key element of the Post-Acquisition Group's strategy, the Group invests in the continuous training of its employees, with a focus on digital skills and artificial intelligence. Goal is to achieve by 2030 an average of 45 hours of training for each employee per annum, with a focus on AI and ESG issues.

Partnership

The Post-Acquisition Group adopts a partnership-oriented approach, promoting the research and development of innovative solutions to foster the energy transition through external collaborators, such as innovative SMEs, international DSOs, start-ups and academic institutions. Between 2022 and 2028, the Post-Acquisition Group plans to evaluate over 3,000 collaborations, also through the scouting of advisors, incubators and universities in Europe, the United States and Asia.

The Post-Acquisition Group is committed to disseminating good practices along its supply chain, so that its suppliers adopt sustainability standards in line with the ESG principles adopted by the Post-Acquisition Group. By virtue of this commitment, the Post-Acquisition Group plans to (i) by 2026, involve and train 100% of suppliers potentially at risk of negative impacts on ESG issues, (ii) by 2026, include all SMEs operating as group's subcontractors, in the Post-Acquisition Group's Supplier Portal and (iii) by 2028, set up audits to check their compliance with ESG standards and respect for human rights.

Italgas' attention to the territory and the communities in which it operates also translates into support for local employment and economy. As part of the dialogue with local communities, the Sustainable Value Creation Plan provides for annual meetings to be held with municipalities and other local authorities representing at least 40% of the gas and water RPs managed by the Post-Acquisition Group.

Investments

Italgas Group

Investments made from March 31, 2025 up to the date of this Offering Circular

For the three-month period ended March 31, 2025, the Capital Expenditure of the Italgas Group amounted to €165.7 million, of which €22.9 million related to property, plant and equipments and €142.8 million related to intangible assets, the latter, in particular, relating to the development, maintenance and digitalization of gas distribution infrastructures. From April 1, 2025 to the date of this Offering Circular, the Italgas Group has made investments, in the ordinary course of business, in the development of infrastructures and the digitalization of assets.

The investments described above were entirely financed through cash on hand.

In addition, the Italgas Group completed the Acquisition on April 1, 2025. For further information on the Acquisition, see "*—Material Contracts—Italgas Group—Other Contracts—Acquisition Agreement*."

These investments are consistent with those identified in the Strategic Plan, which envisages capital expenditures for an aggregate amount higher than €15.6 billions during the 2024-2030 period, including investments for business combinations and investments in progress.

Investments in progress or subject to a definitive commitment

As of the date of this Offering Circular, investments in progress or subject of a definitive commitment undertaken by the Italgas Group refer to:

- commitments with the contracting authorities in Italy for the implementation of investments deriving from the award of tenders for the gas distribution service (for the three-month period ended March 31, 2025, approximately amounting to €761.0 million);

- commitments with the municipalities with which concessions have not expired, including new methanizations, and new concessions assigned pursuant to the Letta Decree (for the three-month period ended March 31, 2025, approximately amounting to €36.8 million).;

- investments in the development of natural gas distribution networks in Greece for the period 2024-2028 (for the three-month period ended March 31, 2025, approximately amounting €587.9 million). These investments fall within the Development Program of Enaon EDA, approved by the government of the Greek Republic with Decision E-173/2024, published in the Official Gazette of the Greek Government, no. B' 6152/07.11.2024.

These investments will be financed mainly through cash on hand and, if necessary, through the use of financial debt.

In addition, on January 14, 2025, the Issuer exercised the Toscana Energia Call Option by sending the relevant notification to Alia. As of the date of this Offering Circular, the relevant consideration is yet to be determined. For further information on the Toscana Energia Call Option, see "*—Material Contracts—Italgas Group—Other Contracts—Toscana Energia Call Option*."

At the date of this Offering Circular, there are no further significant investments subject to a definitive commitment relating to partnerships and/or joint ventures.

2i Rete Gas Group

Investments made from March 31, 2025 up to the date of this Offering Circular

For the three-month period ended March 31, 2025, the investments of the 2i Rete Gas Group amounted to €2.3 million in property, plant and equipments and €76.5 million in intangible assets. From April 1, 2025 to the date of this Offering Circular, the 2i Rete Gas Group has continued, in the ordinary course of business, to invest in the development of infrastructures and the digitalization of assets.

The investments in intangible assets and property, plant and equipment, described in this section were entirely financed through cash on hand.

Investments in progress or subject to a definitive commitment

As of the date of this Offering Circular, investments in progress or subject to a definitive commitment by the 2i Rete Gas Group refer to the residual commitments undertaken by the group with the contracting authorities for the implementation of investments deriving from the award of tenders for the gas distribution service (approximately amounting to €435.6 million). In addition, the 2i Rete Gas Group has undertaken commitments with the municipalities with which concessions have not expired, including new methanizations, and new concessions assigned pursuant to the Letta Decree (approximately amounting to €11.7 million).

These investments will be mainly used for the development and strengthening of the gas distribution network in Italy and they will be financed mainly through cash on hand and cash generated from operations as well as, if needed, through recourse to financial indebtendeness.

Regulatory Framework: Gas Distribution Regulations

Italy

Overview

The distribution and metering of natural gas in Italy, due to their quasi-monopolistic nature, are regulated by the ARERA. The ARERA, which was established by Italian Law 481/1995, is an independent administrative authority which operates to ensure the promotion of competition and efficiency in public utility services (including in the natural gas sector) and protect the interests of users and consumers. These functions are performed by balancing the operators' economic and financial objectives with general social objectives, for environmental protection and the efficient use of resources.

For the purpose of creating a common gas market through the liberalization and opening of European national markets, on June 22, 1998 the European Council and the European Parliament approved the First Gas Directive, containing common rules for the transportation, distribution, supply and storage of natural gas. This Directive was implemented in Italy in May 2000 by Italian Legislative Decree No. 164/2000 (as subsequently amended, the "**Letta Decree**"). The Letta Decree defined the segments of the gas market as importation, production, exportation, transportation, dispatching, storage, distribution and sale, and it established principles concerning: (i) the liberalization and increased competition in gas importation, production and sale, (ii) the regulation of transportation and dispatching, storage and distribution, so that those services are provided to third parties on equal terms and with regulated prices, (iii) the so-called unbundling, meaning the separation into different legal entities of the transportation activities from all other activities in the gas market, with the exception of the storage activities which are only required to be accounted for separately, and (iv) access to the gas transportation, distribution and storage services by eligible customers that request it on equal and transparent terms in accordance with the conditions set forth by the Letta Decree.

The Letta Decree redefined the concept of distribution by unbundling it from sales, transportation and dispatching, storage and LNG regasification activities and qualifying it as a public utility. As a result, distribution means the transportation of natural gas from injection points connected to the transportation network through local pipelines for delivery to users. The Letta Decree required that the distribution of gas be entrusted to companies through public tender competitions, for periods of no more than 12 years. Local authorities established the terms and conditions for the provision of the service itself and the quality objectives to be achieved through service agreements. Concessions were awarded upon taking into account the following criteria: the best financial terms, quality and safety standards, investment plans and the technological and management skills offered. Once distribution concessions were granted, relations between the local authority and the operator were governed by service agreements, based on a master agreement approved by the ARERA. Upon expiration of the distribution service agreements, the ownership of the network and the plants would be returned to the local authority or sold to the incoming operator (as applicable), upon payment of consideration. Local authority had to initiate a new tender competition at least one year prior to the expiry of the applicable concession period. However, Article 14 paragraph 7 of the Letta Decree provides that, after the expiry of a concession, the operator is required to continue providing the distribution service (and to be paid for it) in the ordinary course of business until the date on which a new concession is awarded.

The Letta Decree also established a transition period for pre-existing concessions, providing that they should terminate by the end of such transition period, such that new concessions could be awarded in accordance with the new regime established by the Letta Decree. However, Italian law 239/2004 (the so-called "**Legge Marzano**") and Italian Law 51/2006 extended the transition period and postponed the expiry date of the pre-existing concessions, thereby delaying in practice the uniform application of the Letta Decree regime.

Italian Legislative Decree 159/2007, converted into Law 222/2007, introduced an innovative principle, requiring that that tender competitions for gas distribution service should no longer be conducted at the municipality level, but having regard to "minimum territorial areas" including multiple municipalities (ambiti territoriali minimi, or "ATEMs"), delegating to the competent ministry the adoption of further regulations regarding the identification of the ATEMs and the tender criteria. Pending the adoption of such ministerial decrees (which were only adopted in 2011), the launch of new tender competitions was suspended or delayed.

The ATEMs were initially identified by the so-called "**Multi-municipality Areas Decree**" adopted in 2011, which established 177 ATEMs, each including up to 50 municipalities, and serving at least 50,000 users and no more than 300,000 users. Generally speaking, each ATEM corresponds to the territory of an Italian province (provincia). Since the effective date of such decree, concessions awarded pursuant to tender competitions are required to refer to individual ATEMs.

In addition, in 2011, Ministerial Decree 226/2011 ("*Regolamento per i criteri di gara e per la valutazione dell'offerta per l'affidamento del servizio della distribuzione del gas naturale*," commonly referred to as the "**Tender Criteria Decree**") established new rules as to the requirements for participation in tender competitions, the bid evaluation criteria, and the amount of compensation owed to an outgoing operator. The Tender Criteria Decree also established deadlines to launch the new tender competitions, which differed from region to region, depending on the achievement of certain conditions set forth in the decree itself. Such tender criteria were amended in 2015.

As of the date of this Offering Circular, there have been no regulatory developments relating to the extension of the duration of existing concessions (including expired concessions) for the gas distribution and metering.

In 2013, a master service agreement for the distribution of natural gas was approved in accordance with the Letta Decree. Such master service agreement covers in detail all aspects of the concessionary regime, the mutual obligations of the parties, the term of the agreement (i.e., twelve years), the termination provisions, and provides that the outgoing operator must transfer the ownership of its plants to the incoming operator upon payment by the latter of the amount determined pursuant to Article 14, paragraph 8 of the Letta Decree.

Pending the launch of new tender competitions pursuant to the new rules adopted in 2011, however, further legislative and regulatory developments impacted the applicable regime, resulting in further delays in the publication of certain tender competitions. Such legislative and regulatory developments concerned, among other things, the calculation of the amount owed to an outgoing operator by the incoming operator (valore di rimborso) (the "reimbursement value"), as well as the postponement of the original deadlines for the launch of new tender competitions in certain ATEMs.

Further postponements of the deadlines for the launch of new tender competitions were approved in 2014, 2015, 2016 and 2017, along with several amendments to the rules concerning the tender competition criteria and the calculation of the reimbursement value.

This ever-changing legislative and regulatory environment, with new rules often conflicting with the pre-existing framework, created a situation of regulatory uncertainty and complexity, which resulted in the competent authorities for different ATEMs taking different approaches. As a result, as of the date of this document, the gas distribution in several ATEMs continues on the basis of concessions expired many years ago, for which new tender competitions have not yet been launched or are currently in the process of being launched. Conversely, a small number of ATEMs launched new tender competitions over the years, resulting in different regimes applying to the various concessions that the Group currently operates.

At December 31, 2024, there were 172 ATEMs, and 43 tender competitions for the award of new concessions were in progress.

As of the date of this Offering Circular, the Italian Ministry of Environment and Energy Security (Ministero dell'Ambiente e della Sicurezza Energetica, or MASE) is working on a new Ministerial Decree intended to update the regulation of the gas tender criteria, in accordance with the provisions of Italian Law 118/2022. In 2024, the Ministry disseminated a draft of the decree and launched a public consultation. The main amendments proposed in such draft concern the criteria for awarding tenders, in particular the economic conditions, and the scores to be attributed to various criteria. The proposed changes are intended to support the technical innovation of the infrastructure and the use of renewable gas, as well as foster investments that mitigate the emission of greenhouse gases, increase energy efficiency, and implement innovative and digital management tools. No modifications are proposed to the methodologies for calculation of the reimbursement value owed to outgoing operators. The draft Ministerial Decree, if adopted, would apply only to tenders not yet announced as of its effective date; however, contracting authorities could opt in to apply the new rules to tender competitions for which the deadline for submission of offers has not yet expired. As of the date of this document, the draft Ministerial Decree has not yet been approved.

At the date of this Offering Circular, the following criteria are assessed in connection with the award of new concessions, among other things: (i) the financial bid, and, in particular, the fee to be paid to the municipal authorities; (ii) the quality and safety of the service offered; and (iii) the technical bid.

Reimbursement value owed to an outgoing operator of the gas distribution network

The gas distribution business has the characteristics of a natural monopoly. The operator for a particular area typically owns the distribution network in such area. As described above, when a tender for a particular area is awarded to a new operator, Italian law provides that the incoming operator must pay to the outgoing operator an amount as consideration for the transfer of the infrastructure for that area to compensate the exiting operator for the investments carried out to acquire the assets originally and during the term of the concession.

Subject to certain exceptions, the amount of the reimbursement value is generally calculated based on the residual industrial value.

Given the complex and stratified regulatory regime, and the complexities inherent to the reimbursement value calculation methods, the determination of the reimbursement value often leads to disputes between outgoing and incoming operator, as well as with the contracting authorities. See "*Risk Factors—Risks relating to our business and the industry in which we operate—Uncertainty on the reimbursement value owed to outgoing operators may lead to disputes and have material adverse effects on our business, financial condition and results of operations*."

The tariff system

As described above, the distribution and metering of natural gas in Italy is regulated by the ARERA. The ARERA is responsible, among other things, for setting the criteria for calculating the tariffs, and for updating them, as well as establishing rules regarding access to the infrastructure and the supply of the distribution and metering services. The ARERA sets criteria for each regulatory period prior to the beginning of such regulatory period; the current regulatory period covers the years 2020-2025 (the "**fifth regulatory period**"), and the next regulatory period will begin in 2026 (the "**sixth regulatory period**"). The tariff regulations identify the criteria for the determination of the distribution operators' "allowed revenues" and their update during each regulatory period, as well as the methodology for calculating tariffs. This methodology is designed to cover capital and operational costs directly related to the business activities of the operators.

The ARERA has set the criteria for the calculation of tariffs for the fifth regulatory period with its decision (*delibera*) 570/2019/R/gas, subsequently updated with decision 737/2022/R/gas. With decisions 98/2025/R/gas and 87/2025/R/gas, ARERA redetermined the tariffs applicable to the distribution and metering of natural gas, considering operating costs revisions from 2020. Moreover, with Resolution no. 130/2025/R/gas, the ARERA revised the previously announced capital costs revaluation rate for tariffs, setting it at 6.2% for the purposes of the final 2024 tariffs (as opposed to the 5.3% set with Resolution no. 173/2024/R/gas) and at 1.3% for the purposes of the final 2025 tariffs (as opposed to the 0.3% previously announced).

As explained in more detail below, the reference revenues of distribution operators every year are set on the basis of:

- remuneration on net invested capital which is determined multiplying the Local RAB by the WACC;
- depreciation allowance (pursuant to depreciation rates applied to the gross asset base used for calculating the RAB), calculated on the basis of the economic/technical life of different types of assets, as established by the ARERA for local assets;
- operating costs allowance, which may include an element of profit-sharing on the extra-efficiency achieved during the previous regulatory periods; and
- Centralized RAB-allowed revenues, which are set on a parametric basis by ARERA per RP served, updated annually, covering the Centralized RAB remuneration and depreciation allowance.

The ARERA has established that the RAB (i.e., the net invested capital recognized for regulatory purposes) for the fifth regulatory period is calculated as follows:

- for local assets, based on the revaluated historical cost; and
- for centralized assets (i.e., non-industrial buildings, ICT assets, vehicles and other fixed assets), based on a parametrical method, per RP served.

As of December 31, 2024, the Italgas Group's RAB for the Italian gas distribution and metering business was estimated at approximately €9.2 billion, of which approximately €8.9 billion relating to the Local RAB and approximately €0.3 billion relating to Centralized RAB. The total RAB of the 2i Rete Gas Group as of the same date was estimated at approximately €5 billion, of which €4.8 billion relating to local assets and approximately 0.2 billion relating to centralized assets.

The ARERA has established that the following WACC of RAB for the distribution and metering services at the following rates for the fifth regulatory period, in each case real before taxes:

- 6.3% for the years 2020 and 2021;
- 5.6% for the years 2022 and 2023;
- 6.5% for the year 2024; and
- 5.9% for the year 2025.

The allowed revenues are split into revenues which refer to RAB remuneration and depreciation allowance, and into revenues which refer to allowed operating costs.

The revenues related to remuneration and depreciation allowance are updated on an annual basis according to the evolution of the RAB during the period in order to take into account the impact of inflation trends on the operating costs allowance, by applying the gross fixed investments deflator index.

The revenues related to operating costs are updated based on a "price cap" methodology that acts as an incentive mechanism. Pursuant to the price cap mechanism, revenues relating to operating costs are indexed to inflation and reduced by a fixed annual productivity return coefficient (the so-called "x-factor").

This cap reflects the productivity targets that the Authority has assigned to the distribution and metering companies. For each year subsequent to the first year in a regulatory period, if operators achieve a decrease in their costs and/or an increase in their productivity which more than offset the x-factor, they will be able to increase their margins for that year, all other things being equal.

If the allowed revenues for a given year during the regulatory period, calculated in accordance with the above mentioned formula, exceed or are lower than the actual revenues of the operator, the difference is managed through an equalization mechanism, managed by the ARERA through the Cassa per i Servizi Energetici e Ambientali (the Energy and Environment Equalization Fund). The difference is paid by or into such equalization fund in order to ensure that the actual revenues recorded by the operator are equal to the amount of allowed revenues.

In addition, the ARERA has also introduced a system that provides incentives for new investments made by distribution and metering companies, whereby the revenues associated with new investments are paid starting from the first year following that in which the costs were incurred and are guaranteed regardless of the volumes transported.

ARERA Resolution No. 704/2016/R/gas has defined the remuneration mechanism for new methanization locations (so-called "start-up municipalities"), i.e. for locations with a year of first supply after 2017. The allowed revenues mechanism established by ARERA is based on a "three-phase" regime, which provides for a first phase lasting three years (beyond the year of first supply) during which the investments are fully recognized in the tariffs, a second phase where a ceiling is applied to the value of investments recognizable in the tariffs, the calculation of which is based on an estimate of the number of redelivery points that could be connected to the network, and finally a third phase, starting from the sixth year of service following the first year of supply, in which, if the ceiling is exceeded, the recalculation is retroactively made starting from the first year of service taking into account the ceiling on tariff recognition. As a result of this regulation, there could be negative tariff adjustments to be borne by the Group in relation to investments that have exceeded this ceiling. The main areas to which these regulations apply are in Sardinia, where the Group operates through its subsidiary Medea, and some networks in Southern Italy.

WACC Regulatory period

Starting from 2016, ARERA introduced a WACC regulation period for infrastructure services of the electricity and gas sectors (the "**TIWACC**"), having a six year duration, which does not coincide with the tariff regulation period of the gas sector and provides for a mid-term update (after three years) of the allowed rate of return. The TIWACC defines the criteria for the quantification and update of the WACC to be applied in the regulatory WACC period. The current regulatory WACC period covers the years 2022 through 2027. The WACC is calculated by the ARERA for each regulated infrastructure service in the electricity and gas sectors as a weighted average of the rate of return on equity and the cost of debt, taking into consideration the international best practices.

The ARERA has also introduced a WACC update rule based on a trigger mechanism. while parameters relating to the macroeconomic and fiscal context are updated every three years, the ARERA has introduced a mechanism for the annual update of macroeconomic variables, if the cumulative effect of the update of the parameters leads to a change in the WACC above a threshold of 30 bps (basis point spread) for the years 2026 and 2027.

The WACC calculation includes the so-called ß (beta) parameter, corresponding to the measurement of the systemic risk related to each regulated service.

As indicated above, the WACC value for the gas distribution and metering service was 5.6% for years 2022 and 2023, 6.5% for the year 2024 and is 5.9% for the year 2025 (as last updated with ARERA decision 513/2024/R/com).

Sixth Regulatory period

The sixth regulatory period will begin with calendar year 2026. As of the date of this Offering Circular, the ARERA has not approved any final rules regarding the calculation of tariffs for the sixth regulatory period. Future regulations could have a negative impact on the development of the value of the RAB of the Italian companies of the Group, resulting in material adverse effects on our economic, financial and equity results.

Greece

Overview

The natural gas sector in Greece is regulated by the RAEWW, an independent administrative authority which, among other things, determines and updates tariffs, has the power to assign and revoke licenses for the distribution of natural gas in accordance with applicable law, and reviews and approves the business and development plan of operators within the industry.

The distribution of natural gas in Greece is provided by operators which have been granted a license pursuant to the Greek law on energy, which was partially amended on June 20, 2021 by Law no. 4812/2021. Pursuant to such law, licenses have a minimum term of twenty years, which term can be subject to renewal for a further thirty years upon the expiration of the initial term, upon request of the operator. The renewal takes the form of an act issued by the RAEWW, pursuant to the Regulation of National Gas Permits (Greek Ministerial Decision no. 178065/2018, Official Gazette no. 3430/2018). Upon a change in the operator holding the license to provide gas distribution services in a certain area, Article 134 of Greek Law no. 4951-2022 requires the incoming operator reimburse the outgoing operator for the residual value of the relevant assets, to be calculated as the RAB at the end of the license plus a 15% premium.

The tariff system and regulatory periods

As mentioned above, the RAEWW determines and updates the tariffs applicable to the distribution of natural gas for each applicable tariff period, where each period has a four-year duration. The current period covers the years 2023-2026.

Tariffs are determined as follows: (i) for the first year of the regulatory period, discounted regulated revenues (i.e. the amount of revenues determined applying the regulatory WACC, as the discount rate, to the RAB) divided by the amount of estimated supply volume and capacity discounted by type of user; and (ii) for subsequent years, the tariff approved for the first year of the regulatory period indexed to inflation. With Decision no. E-14/2024, RAEWW announced the WACC to be applied to the RAB for the distribution operators of the Enaon Group, setting it at 8.38% for the years 2024, 2025 and 2026.

The difference between the revenues payable to the gas distribution operator on the basis of the regulatory model over the regulatory period and the revenues actually invoiced on the basis of the approved tariff and actual consumption during the same period (the "recoverable difference") is taken into consideration for the determination of the regulated revenues for the following regulatory period, such that the recoverable different is recovered or paid back as applicable. Such regime aims to allow for the coverage of costs incurred by an operator and a fair return on invested capital.

With Decision no. E-257/2024, the RAEWW revised the structure of the tariffs applied by Enaon EDA for the natural gas distribution business, providing, at December 1, 2024, for the gradual application of a single tariff for the same categories of users served in the entire territory managed by the company. The tariffs referring to the years 2025 and 2026 of the 2023-2026 regulatory period are determined, pursuant to the applicable tariff regulation, using the latest available percentage change in the annual average consumer price index (CPI), published by the Greek Statistical Authority. Even though such revision is expected to have a positive impact on the Group, see "*Risk Factors—Risks related to the legal and regulatory framework—We operate in a highly regulated sector. Changes in the applicable tariff regulations and WACC criteria may have a material adverse effect on our business, financial condition and results of operations*." See also "*Annex A—Forecast Data*."

Approval of development plan and business plans

Pursuant to the applicable regulations, prior to the beginning of each regulatory period, an operator must submit to the RAEWW for approval its development plan and its business plan for the subsequent regulatory period, on the basis of which the tariffs and the operator's regulated revenues for the relevant period are determined. Operators must also submit their proposal relating to tariffs and WACC to be applied. The development plan of Enaon EDA was approved by the government of the Greek Republic with Decision E-173/2024, Official Gazette of the Greek no. B' 6152/07.11.2024.

Material Contracts

Italgas Group

Below is a description of the certain material contracts entered into by the Italgas Group in the two years prior to the date of this Offering Circular, not in the ordinary course of business.

Financing Agreements

As of March 31, 2025 and as of December 31, 2024, the Gross financial debt of the Italgas Group amounted to €9,139.9 million and to €7,174.9 million (excluding the Bridge Credit Facility and the 2025 Notes, which drawn or issued, as applicable, subsequent to that date), respectively. For the avoidance of doubt the foregoing data does not take into account the CAIXA Loan Agreement and the 2025 ISP Loan Agreement, entered into in May 2025.

This section contains a summary of the terms of: (i) the Bridge Loan Agreement, (ii) the EMTN Program, (iii) the New EMTN Program, (iv) the Enaon EDA Bond Loan Agreement, (v) the TE EIB Loan Agreement, (vi) the ITG EIB Loan Agreements, (vii) Revolving Loan Agreement, (viii) the 2024 Term Loan Agreement, (ix) the CAIXA Loan Agreement and (x) the 2025 ISP Loan Agreement.

The amount of the Italgas Group's Gross financial debt at March 31, 2025 and at December 31, 2024 relating to the financing agreements described below in this section amounted to a total of €8,474.6 million and €6,509.3 million, respectively (equal to 92.7% and to 90.7% of the Gross financial debt of the Italgas Group at the same dates). In addition, as of March 31, 2025, the Italgas Group has two loans and a revolving credit facility in place for a total committed amount of €975 million, which include a cost component related to the failure to achieve sustainability objectives. As of such date, such loans were used in amount equal to €375 million, which represents approximately 4.1% of the Gross financial debt of the Italgas Group as of March 31, 2025. As of March 31, 2025, the Italgas Group's loans that provide for financial covenants amounted to approximately €53.2 million (€53.2 million as of December 31, 2024), equal to approximately 0.6% of the Italgas Group's Gross financial debt (0.7% as of December 31, 2024), and the Italgas Group had no unused short-term credit facilities (€1,000 million of unused short-term credit facilities available as of December 31, 2024, relating to the Bridge Credit Facility), while medium-long term credit facilities, amounting to €1,130 million, had been used for €192.5 million. On March 31, 2025, the Issuer used the Bridge Credit Facility to finance part of the purchase price for the Acquisition and the related transaction costs. The financial covenants described further below in this section are, in each instance, calculated in accordance with the terms of the relevant agreement.

In line with market standards, the Italgas Group's financing agreements include a negative pledge, as well as the right of the lender to terminate the relevant contract or to accelerate the Italgas Group's payment obligations upon the occurrence of certain events (i.e., events of default).

At the date of this Offering Circular, to the best of the Issuer's knowledge, the Italgas Group was in compliance with all covenants and obligations set forth in its financing agreements. In addition, the Issuer believes that compliance with the remedies ordered by the AGCM in connection with the Acquisition will not have an impact on compliance with such covenants and obligations, nor, on the Group's credit rating.

Bridge Loan Agreement

On October 5, 2024, the Issuer, as borrower, entered into an unsecured loan agreement (the "**Bridge Loan Agreement**"), pursuant to which certain financial institutions and, in particular, JP Morgan S.E., Milan Branch, Bank of America Europe Designated Activity Company, Milan Branch, Citibank N.A., London Branch, Morgan Stanley Bank AG, Société Générale, Milan Branch, Banco BPM S.p.A (as "***Mandated Lead Arrangers***"), JP Morgan Chase Bank, N.A., Milan branch, Bank of America Europe Designated Activity Company, Milan Branch, Citibank N.A., Milan Branch, Morgan Stanley Bank AG, Société Générale, Milan Branch and Banco BPM S.p.A. (as "***Original Lenders***") and J.P.Morgan S.E. (as "***Agent***" and "***Bookrunner***"), undertook to grant a Euro-denominated term credit facility (the "**Bridge Credit Facility**") for an initial committed amount of €2,200 million. The amount of the Bridge Credit Facility was subsequently reduced by €200 million. In addition, following the issuance of the 2025 Notes, the commitment of the Original Lenders was reduced by €1,000 million, in accordance with the provisions of the Bridge Loan Agreement. The residual commitment of the Original Lenders in relation to the Bridge Credit Facility became equal to €1,000 million.

The Bridge Credit Facility was granted in order to finance the payment of part of the purchase price of the Acquisition. As of the date of this Offering Circular, the Bridge Credit Facility has been utilized in full.

The Bridge Credit Facility must be repaid by August 13, 2025. This term, however, may be extended at the discretion of the borrower by a further twelve months (through two extensions of six months each), under the terms and conditions set forth in the Bridge Loan Agreement.

As of March 31, 2025, the outstanding principal amount to be repaid under this loan was €1,000 million.

The Bridge Loan Agreement is governed by the laws of England and Wales.

Interest and Costs

The Bridge Loan Agreement provides for an annual interest rate equal to the EURIBOR (with a floor equal to 0%) plus margin, which varies in accordance with the terms of the agreement up to a maximum of 165 bps. Interest on unpaid amounts will accrue at a rate of 1% per annum.

As customary in this type of financing transactions, the Bridge Loan Agreement also provides for breakage costs in the event of early repayment which does not fall on an interest payment date, except if a mandatory early repayment is due to unlawfulness.

Change of control

The Bridge Loan Agreement includes a change of control clause. "Change of Control" means the event in which a person, or more persons acting in concert, with the exception of Cassa Depositi e Prestiti S.p.A. or any company associated with it, acquires control of the Issuer, where (i) the term "control" has the meaning attributed to it by Article 93 of Italian Legislative Decree 58/1998 and (ii) the phrase "persons acting in concert" has the meaning attributed to it by Article 101-bis of Italian Legislative Decree 58/1998. Upon the occurrence of a "Change of Control Event," the lenders will no longer be obliged to honor their commitment under the Bridge Loan Agreement and, if requested by the "Majority lenders" (as defined in the agreement), the borrower will be required to repay in advance all amounts still due under the Bridge Loan Agreement. "Change of Control Event" means the occurrence of a Change of Control, further to which (a) any credit rating, also provisional, awarded by S&P, Fitch or Moody's to the Issuer's unsecured long-term notes is (i) withdrawn, or (ii) downgraded to a non-investment grade rating (i.e. a credit rating BB+ or lower assigned by S&P or Fitch and Ba1 or lower assigned by Moody's) or, for as long as the Issuer's rating is a non-investment grade, it is reduced by one or more levels, in each case if the status quo prior to the occurrence of such event is not restored within 90 days of its occurrence and (b) in making the decision(s) referred to under (a), the relevant rating agency confirms that the occurrence of the Change of Control was one of the main reasons of such decision.

In addition, in the event that:

(i) the Issuer ceases to own, at any time, more than 50% of the voting share capital of a Material Subsidiary (as defined in the agreement, meaning Italgas Reti and, following the Acquisition, 2i Rete Gas); or

(ii) all or substantially all of the assets of the Group are sold to an entity that is not a member of the Group, in a transaction or series of related transactions;

then the Bridge Credit Facility will be cancelled and all loans, together with accrued interest and all other amounts accrued pursuant to the applicable financial documents, will become immediately due and payable.

Covenants

The Bridge Loan Agreement provides that the Issuer and, where expressly provided, its material subsidiaries, shall comply with certain covenants, subject to certain exceptions and cure periods, including (i) limitations on financial indebtedness, (ii) negative pledge, (iii) limitation on the sale of assets and shares, (iv) limitation on the completion of restructuring transactions and the granting of financing, (v) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business (vi) compliance with law; (vii) *pari passu* clause, (viii) covenants relating to sanctions; (ix) limitation on the disposal of investments in Material Subsidiaries (as defined therein); and (x) obligation to retain a majority equity interest in the share capital in each of the Material Subsidiaries (as defined therein).

Events of default

The Bridge Loan Agreement provides for certain events of default, subject to certain thresholds of materiality and right to cure, including (i) non-payment, (ii) non-compliance with certain obligations, (iii) cross-default, including (a) in the event of non-payment or (b) any other creditor of the Company or any Material Subsidiary (as defined therein) becomes entitled to declare any financial indebtedness of the Issuer or the Material Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described), in each case only if the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within (a) and (b) above is equal to or greater than €100 million (or its equivalent in any other currency or currencies), (iv) cross-acceleration, (v) insolvency and/or insolvency proceedings, (vi) non-payment of amounts required to be paid by a final judgment, (vii) breach of representations and warranties, (viii) expropriations, (ix) unlawfulness, invalidity, cancellation and termination of the agreement, (x) cessation of business activity and (xi) material adverse change.

Notes issued under the EMTN Program

On November 18, 2016, Italgas established a medium/long-term note issuance program, known as *the Euro Medium Term Notes Program* (the "**EMTN Program**") for the issuance of non-convertible notes up to €2.8 billion, admitted to listing on the Luxembourg Stock Exchange by the Commission de Surveillance du Secteur Financier. Following its establishment, the EMTN Program was renewed on an annual basis, increasing the maximum permitted principal amount of notes issued and not redeemed that may be outstanding at the same time first to €3.5 billion, then to €5 billion, subsequently to €6.5 billion and, finally, on the last renewal on October 30, 2024, to €10 billion.

At the date of this Offering Circular, the following eleven notes issued under the EMTN Program are outstanding:

- Euro 750 million 1.625% fixed rate notes due January 19, 2027, ISIN Code XS1551917591 (*Series 2*);
- Euro 750 million 1.625% fixed rate notes due January 18, 2029, ISIN Code (XS1685542497) (*Series 4*);
- Euro 600 million 0.875% fixed rate notes due April 24, 2030, ISIN Code (XS2032727310) (*Series 5*);
- Euro 500 million 1,000% fixed rate notes due December 11, 2031, ISIN Code (XS2090807293) (*Series 6*);

- Euro 500 million 0.250% fixed rate notes due June 24, 2025, ISIN Code (XS2192431380) (*Series 7*);

- Euro 500 million 0.000% fixed rate notes due February 16, 2028, ISIN Code (XS2299001888) (*Series 8*);

- Euro 500 million 0.500% fixed rate notes due February 16, 2033, ISIN Code (XS2299002423) (*Series 9*);

- Euro 500 million 4.125% fixed rate notes due June 8, 2032, ISIN Code (XS2633317701) (*Series 10*);

- Euro 1 billion 3.125% fixed rate notes due February 8, 2029, ISIN Code (XS2760773411) (*Series 11*)

- Euro 500 million 2.875% fixed rate notes due March 6, 2030, ISIN Code (XS3009463996) (*Series 12*) (the "**First 2025 Notes**"); and

- Euro 500 million 3.500% fixed rate notes due March 6, 2034, ISIN Code (XS3017216097) (*Series 13*) (the "**Second 2025 Notes**" and, together with the First 2025 Notes, the "**2025 Notes**"),

(collectively, the "**Notes**").

As of the date of this Offering Circular, the available amount under the EMTN Program is €3.4 billion.

As customary, the Terms and Conditions applicable to each Note provide, among other things, for certain events of default upon the occurrence of which each noteholder may request the repayment of the notes together with interest accrued up to that date. Such events of default are listed below:

- failure by Italgas to pay any amount, principal or interest, due under the relevant Note for a period of 14 days;

- failure by Italgas to perform or observe any of its other obligations under the Terms and Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service by a noteholder on the Issuer of notice requiring the same to be remedied;

- the financial indebtedness of Italgas and/or of one of its Material Subsidiaries (as defined therein) becomes due and payable prematurely due to an event of default (however described), as well as the non-payment at maturity (as extended, if applicable) by Italgas and/or one of its Material Subsidiaries of any financial indebtedness or amounts due under any guarantee and/or indemnity given by the Issuer or the Material Subsidiary in relation to any financial indebtedness, in each case for an amount exceeding €100,000,000 (or the relevant equivalent in another currency);

- any security (except as set forth under the applicable base prospectus of the EMTN Program) present or future, created or assumed on or against all or a material part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it, if not contested in good faith or discharged or cancelled within 60 days of such enforcement;

- any order is made by any competent court or resolution passed for the liquidation, winding up or dissolution (*scioglimento* o *liquidazione*) of the Issuer or any of its Material Subsidiaries and such order or resolution is not contested in good faith or discharged and cancelled within 60 days, save for the purposes of (i) a solvent amalgamation, merger, de-merger or reconstruction (a "**Solvent Reorganization**") under which the assets and liabilities of the Issuer or such Material Subsidiary, as the case may be, are assumed by the entity resulting from such Solvent Reorganization and (A) such entity continues to carry on substantially the same business of the Issuer or such Material Subsidiary, as the case may be, and (B) in the case of a Solvent Reorganization of the Issuer, such entity assumes all the obligations of the Issuer in respect of the Notes and an opinion of an independent legal adviser of recognized standing in the Republic of Italy has been delivered to the agent of the Notes confirming the same prior to the effective date of such Solvent Reorganization, or (ii) a reorganization on terms previously approved by the extraordinary meeting of noteholders of the relevant Notes;

- Italgas announces that the Group shall cease to carry on the whole of its business, or the Group ceases to carry on the whole of its business, save, in either case, for the purposes of (i) a Solvent Reorganization under which the assets and liabilities of, as appropriate, the Issuer, and/or such Material Subsidiary, as the case may be, are assumed by the entity resulting from such Solvent Reorganization, and such entity assumes all the obligations of the Issuer in respect of the Notes and the coupons and an opinion of an independent legal adviser of recognized standing in the Republic of Italy has been delivered to the Agent confirming the same prior to the effective date of such Solvent Reorganization or (ii) a reorganization on terms previously approved by the extraordinary meeting of noteholders of the relevant Notes;

- (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable insolvency, composition, reorganization or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) unless initiated by a member of the Group, is not contested in good faith or is not discharged within 60 days;

- failure by Italgas or one of its Material Subsidiaries (as defined therein) to pay a final judgment within 60 days, if the amount thereof exceeds a significant amount of such company's assets;

- the Issuer or any of its Material Subsidiaries stops or announces that it shall stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, or initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganization or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) otherwise than for the purposes of a solvent amalgamation, merger, de-merger or reconstruction.

New EMTN Program

On May 6, 2025, the Board of Directors resolved to submit to CONSOB's approval the base prospectus for a new *Euro Medium Term Notes* program for the issuance of notes up to €5 billion and subject to annual renewal (the "**New EMTN Program**"). The New EMTN Program will also be submitted to the approval of Borsa Italiana, for listing on the Milan Stock Exchange – *Mercato Telematico delle Obbligazioni* (MOT).

Upon approval of the base prospectus by CONSOB, Italgas may commence the issuance of new notes under the New EMTN Program. As of the date of this Offering Circular, the definitive documentation relating to the New EMTN Program is yet to be executed.

Enaon EDA bond loan agreement

On December 20, 2024, Enaon EDA and Eurobank S.A. ("**Eurobank**") entered into a bond loan agreement governing the issuance by Enaon EDA, and the subscription by Eurobank, of notes regulated by Greek law, up to a maximum total principal amount of €530,000,000 (the "**Enaon EDA Bond Loan Agreement**").

The Enaon EDA Bond Loan Agreement provides for the issuance of three tranches of notes:

- tranche "A," up to the maximum total principal amount of €130,000,000, outstanding at March 31, 2025 in an amount equal to €130,000,000, with interest rate of EURIBOR, or other applicable reference rate pursuant to the terms of the agreement, plus margin of 140 bps per annum (subject to a possible reduction of 20 bps per annum based on the financial debt / EBITDA ratio of Enaon EDA and Enaon). In addition, certain "Mandatory Costs" (as defined in the Enaon EDA Bond Loan Agreement) are applicable to tranche A. Tranche A is subject to bullet repayment, with maturity date on December 13, 2029, and is to be used entirely to finance, through an intragroup bond loan, the repayment of tranche A of the bond loan agreement dated September 30, 2022 between Enaon and Eurobank (the "**Existing Bond Loan**");

- tranche "B," up to the maximum total principal amount of €300,000,000, outstanding at March 31, 2025 in an amount equal to €24,500,000, with interest rate of EURIBOR, or other applicable reference rate, plus margin of 140 bps per annum (subject to a possible reduction of 20 bps per annum depending on the financial debt / EBITDA ratio of the Enaon Group). In addition, certain "Mandatory Costs" (as defined in the Enaon EDA Bond Loan Agreement) are applicable to tranche B. Tranche B is subject to repayment on an amortizing basis, with maturity date on December 13, 2034, and is to be used in part to finance, through an intragroup bond loan, the repayment of up to €24,500,000 of tranche B of the Existing Bond Loan and in part to finance capital expenditures relating to the management, distribution and development of the natural gas distribution network up to a maximum amount of €275,500,000.00; and

- tranche "C," up to the maximum total principal amount of €100,000,000, outstanding at March 31, 2025 in an amount equal to €38,000,000, with interest rate of EURIBOR, or other applicable reference rate, plus margin of 140 bps per annum (subject to a possible reduction of 20 bps per annum depending on the financial debt / EBITDA ratio of the Enaon Group) In addition, certain "Mandatory Costs" (as defined in the Enaon EDA Bond Loan Agreement) are applicable to tranche C. Tranche C is subject to bullet repayment, with maturity date on December 13, 2027, and is to be used in part to finance, through an intragroup bond loan, the repayment up to a maximum amount of €38,000,000 of tranche C of the Existing Bond Loan and in part to finance ordinary business activities.

Pursuant to the Enaon EDA Bond Loan Agreement, Enaon EDA is also subject to certain disclosure obligations in relation to, inter alia, financial statements, the occurrence of events of default and Eurobank's KYC activities, as well certain covenants which include, among others, negative pledges, limitations on acts of disposal, business maintenance, limitations on extraordinary transactions (such as, but not limited to, mergers and share capital reduction transactions), limitations to financial indebtedness and compliance commitments.

The Enaon EDA Bond Loan Agreement also provides for (i) certain voluntary early redemptions, as set forth therein, (ii) mandatory early redemption, if it is or has become unlawful for the bondholders to hold the notes, and (iii) mandatory early redemption of all outstanding notes and cancellation of any commitment still outstanding upon the occurrence of a change of control, consisting in the Issuer ceasing to have the right to indirectly appoint the majority of the directors of Enaon EDA, ceasing to hold indirectly more than 50.1% of the shares of Enaon EDA or ceasing to have the right to indirectly exercise more than 50.1% of the Enaon EDA voting rights exercisable at the Enaon EDA shareholders' meeting.

As customary in this type of financing transactions, the Enaon EDA Bond Loan Agreement provides for breakage costs in the event of early repayment.

The agreement also provides for certain events of default; upon the occurrence of such events, the bondholders' representative may, and, at the request of a certain number of bondholders, must, request the redemption of the notes, together with interest accrued up to that date and any other sum due pursuant to the Bond Loan Documents (as defined therein), as well as, in addition or alternatively, request the termination of the Hedging Agreements (as defined therein). Such events of default are listed below:

(i) non-payment of the amounts due under the Enaon EDA Bond Loan Agreement for more than 5 business days;

(ii) failure to comply with the covenants set out in the Enaon EDA Bond Loan Agreement, following any applicable cure period;

(iii) the untruthfulness of the representations and warranties referred to in the Enaon EDA Bond Loan Agreement, following any applicable cure period;

(iv) cross-default, if (i) any financial indebtedness (as defined in the agreement) over €10 million is not paid when due and payable (after the expiry of any applicable cure period) or (ii) any financial indebtedness (as defined in the agreement) of Enaon EDA, to the extent payable to bank or financial institution, is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);

(v) insolvency of Enaon EDA or beginning of negotiations with any creditors of Enaon EDA for the rescheduling of any indebtedness of the company in accordance with the relevant procedures provided under Greek law;

(vi) a final adverse judgment for breach of environmental laws or licenses that determines a material adverse effect;

(vii) the revocation, suspension, expiration or cancellation of licenses necessary for the conduct of the business of Enaon EDA that are not replaced or renewed within 60 days;

(viii) the initiation of moratorium or composition or similar arrangements with creditors or rehabilitation or special administration proceedings, an application for liquidation, dissolution or administration, the application of protective measures, the appointment of a liquidator/administrator or similar figure or a declaration by shareholders, directors or executives that they wish to request the appointment of a liquidator/administrator or similar figure, except for (a) any steps or procedures that are part of a permitted intra-group solvent reorganization or a reorganization approved by a certain number of bondholders, or (b) a winding-up petition presented by a creditor is being challenged in good faith and is discharged or struck out within 90 days or such shorter period required by applicable law, or has been demonstrated to be frivolous or vexatious;

(ix) it becomes unlawful for Enaon EDA to perform its obligations under the Enaon EDA Bond Loan Agreement or the obligations under such agreement are unlawful, invalid, non-binding and unenforceable under applicable law;

(x) the failure of Enaon EDA to comply with a final judgment;

(xi) enforcement proceedings against Enaon EDA in excess of €1 million that are not abandoned within 14 days, unless such proceedings are contested in good faith and diligently and Enaon EDA has sufficient liquidity to meet its obligations;

(xii) the cessation or threat of cessation by Enaon EDA of its business activities or any part thereof that is substantial in relation to the business of the Enaon Group;

(xiii) the expropriation by a government authority (or other authority) of all or substantially all of Enaon EDA's assets;

(xiv) judicial, arbitral or administrative proceedings are brought against Enaon EDA which, if concluded by a decision unfavorable to Enaon EDA, could reasonably be expected to have a material adverse effect; and

(xv) the occurrence of a material adverse event.

TE EIB Loan Agreement

On July 27, 2016, Toscana Energia S.p.A. ("**TE"**), as borrower, and the EIB, as lender, entered into a loan agreement (the "**TE EIB Loan Agreement**"), under which the EIB undertook to grant a Euro-denominated term loan (the "**TE EIB Loan**") for an initial amount of €90 million, to be repaid in 22 equal semi-annual instalments, with final maturity date on June 30, 2031.

The TE EIB loan was granted in order to support the implementation of a project for the improvement and expansion of the gas distribution network managed by TE.

As of March 31, 2025, the outstanding principal amount to be repaid under this loan was €53.2 million.

The TE EIB Loan Agreement is governed by the laws of Italy.

Interest and Costs

The TE EIB Loan Agreement provides for a semi-annual fixed interest rate of 1.049%, accruing in arrears on the relevant payment dates.

Interest on arrears will accrue on each unpaid amount, at an annual rate equal to:

- in the case of amounts due and unpaid relating to disbursements made under the TE EIB Loan, the greater of (i) the applicable interest rate increased by 2% and (ii) EURIBOR increased by 2%;

- in the case of amounts due and not paid other than those mentioned above, EURIBOR increased by 2%.

In the event of early repayment of the TE EIB Loan, occurring on a date that does not coincide with a date of payment of the instalments, compensation will be due in the amount determined by the EIB on the basis of the provisions of the TE EIB Loan Agreement.

Change of Control

The TE EIB Loan Agreement includes a change of control clause. "Change of Control" means the event in which (i) a person, or more persons acting in concert, acquires control of TE or (ii) Public Shareholders (as defined therein) cease to hold, directly or indirectly, more than 50% of TE's share capital, where (i) the term "control" means the power to direct the management and policies of an entity, whether through the holding of voting capital, by contract or otherwise and (ii) the phrase "persons acting in concert" means acting in coordination pursuant to an agreement or understanding (which is not required to be in the form of an executed document).

Upon the occurrence of a "Change of Control," TE shall notify the EIB and the EIB shall be entitled to request, by written notice, the repayment of any amount due under the TE EIB Loan, as well as the accrued interest and applicable ancillary amounts, on the date indicated by the EIB and determined in accordance with the TE EIB Loan Agreement.

The change of control clause was waived on March 31, 2020 by the EIB in connection with the acquisition of control of TE by the Italgas Group.

Covenants

The TE EIB Loan Agreement provides that TE shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others, (i) limitations on indebtedness, (ii) negative pledge, (iv) limitation on the completion of restructuring transactions, (v) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (vi) compliance with laws; (vi) obligation not to change its corporate activity or that of the group companies, (vii) covenants relating to sanctions.

The TE EIB Loan Agreement provides that TE shall also comply with certain financial covenants, subject to periodic verification and in relation to each reporting period:

(1) the Net Financial Position (as defined therein, and calculated on an aggregate basis for the entire Italgas Group) / EBITDA ratio is less than or equal to 5.2x;

(2) the ratio of (i) the sum of FFO (as defined therein) and financial charges and (ii) the sum of the repayments of the financial debt principal for the last 12 months (including early repayments and voluntary repayments but excluding short-term credit facilities and overdrafts) and financial charges, is not less than 1.0x;

(3) the Net Financial Position / RAB ratio does not exceed 55%.

Events of Default

The TE EIB Loan Agreement provides for certain events of default and causes of withdrawal, subject to certain thresholds of materiality and right to cure and also relating to the other companies of the Italgas Group, including, (i) non-payment; (ii) failure to comply with certain obligations, (iii) insolvency and/or insolvency proceedings and/or enforcement proceedings, (iv) breach of representations and warranties, (v) material adverse change, (vi) cross default and cross acceleration, (vii) unlawfulness.

Causes of Mandatory Early Repayment

The TE EIB Loan Agreement provides for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure and also relating to the other companies of the Italgas Group, including (i) the occurrence of a change of control, (ii) a significant reduction in project costs, (iii) failure to communicate any voluntary early repayment of other loans, within the limits and under the conditions indicated in the agreement, (iv) unlawfulness, (v) regulatory changes that materially affect the ability of the borrower to fulfill its obligations, (vi) transfer of assets, (vii) loss of concessions, (viii) failure to carry out the project, (ix) non-allocation or incomplete allocation of amounts received.

ITG EIB Loan Agreements

On November 29, 2016, the Issuer, as borrower, and the EIB, as lender, entered into a loan agreement (the "**ITG EIB 1 Loan Agreement**"), under which the EIB undertook to grant a Euro-denominated term loan (the "**EIB ITG 1 Loan**") for an initial amount of €300 million.

The EIB ITG 1 Loan will have to be repaid in 14 equal semi-annual installments, based on a specific repayment plan, with final maturity date on November 30, 2032.

In addition, on December 19, 2017, the Issuer, as borrower, and the EIB, as lender, entered into an additional loan agreement (the "**ITG EIB 2 Loan Agreement**" and, together with the ITG EIB 1 Loan Agreement, the "**ITG EIB Loan Agreements"),** under which the EIB undertook to grant a Euro-denominated term loan (the "**ITG EIB 2 Loan**" and, together with the ITG EIB 1 Loan, the "**ITG EIB Loans")** for an initial amount of €360 million.

The ITG EIB 2 Loan will have to be repaid in 30 equal semi-annual capital installments, on the basis of a specific repayment plan, the first of which was due on June 15, 2023, with final maturity date on December 15, 2037.

The ITG Loan Agreements were granted in order to support the implementation of an investment project aimed at supporting the implementation of a project to introduce meters in some areas in which the Group operates.

As of March 31, 2025, the outstanding principal amount to be repaid under these loans was €512 million.

ITG EIB Loan Agreements are governed by the laws of Italy.

Interest and Costs

The ITG EIB 2 Loan provides for an interest rate of six-month EURIBOR plus a margin of 47 bps, in arrears on the relevant payment dates, while the interest rate applied to the ITG EIB 2 Loan is equal to the six-monthly EURIBOR increased by a margin of 35.5 bps, in arrears on the relevant payment dates.

Interest on arrears will accrue on each unpaid amount, at an annual rate equal to:

- in the case of amounts due and unpaid relating to disbursements made under the ITG EIB Loans, the applicable interest rate increased by 2%;
- in the case of amounts due and not paid other than those mentioned above, EURIBOR increased by 2%.

In the event of early repayment of the ITG EIB 1 Loan occurring on a date that is not an interest payment date, and in the event of mandatory early repayment of the EIB 2 Loan, compensation will be due in the amount determined and communicated by the EIB.

Change of Control

The ITG EIB Loan Agreements include a change of control clause. "Change of Control" means an event in which (i) a person (other than the Italian Republic) or a group of persons, acting in concert, acquires control of the borrower, (ii) the Italian Republic holds (including through CDP Reti) less than 25% of the voting share capital of the Issuer; or (iii) the Issuer ceases to own 51% of the share capital of Italgas Reti, where (i) the term "control" has the meaning attributed to it by Article 2359 of the Civil Code or, otherwise, means the power to direct the management and policies of an entity, whether through the holding of capital held by contract or otherwise and (ii) the phrase "persons acting in concert" means acting in coordination pursuant to an agreement or understanding (which is not required to be in the form of an executed document). Upon the occurrence of a "Change of Control," the Issuer shall notify the EIB and the EIB shall be entitled to request, by written notice, the repayment of any amount due under the ITG EIB Loan Agreements, as well as accrued interest and applicable ancillary amounts, on the date indicated by the EIB and determined in accordance with the ITG EIB Loan Agreements.

Covenants

The ITG EIB Loan Agreements provide that the Issuer shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others, (i) limitations on indebtedness, (ii) limitation on the provision of collateral, (iii) limitation on the sale of assets and shares, (iv) limitation on the completion of restructuring transactions, (v) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (vi) compliance with laws; (vii) obligation not to modify its corporate activity and that of the group companies (viii) covenants relating to sanctions, (ix) obligation to establish liens (*i.e.* any security interest, loan or segregation of equity for a specific purpose) at the simple request of the EIB, in the event that the Issuer or one of its subsidiaries establishes, agrees to, provides or renews Liens in favor of third parties, according to terms set forth in the ITG EIB Loan Agreements.

Events of Default

The ITG EIB Loan Agreements provide for certain events of default and causes of withdrawal, subject to certain thresholds of materiality and right to cure and also relating to the other group companies, including, (i) non-payment; (ii) non-compliance with certain obligations, (iii) insolvency and/or insolvency proceedings and/or enforcement proceedings, (iv) breach of representations and warranties, (v) material adverse change, (vi) cross default, including default on other loans, when the borrower's contractual counterparty is entitled to demand from the borrower the early repayment of such other loan or other financial transaction, in each case provided that such other loan or the related commitment exceeds a total principal amount of €25 million, (vii) cross acceleration, (viii) unlawfulness, (ix) change in the authorizations relating to the project for which the loan is granted.

Causes of mandatory early repayment

The ITG EIB Loan Agreements provide for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure and also relating to other group companies, including (i) the occurrence of a change of control, (ii) a significant reduction in project costs, (iii) failure to communicate any voluntary early repayment of other loans, to the extent and under the conditions set forth therein, (iv) unlawfulness, (v) regulatory changes affecting the borrower's ability to materially perform its obligations, (vi) transfer of assets, (vii) loss of concessions, (viii) loss of any rating, or downgrade (i.e. (a) credit rating assigned by Standard and Poor's lower than BBB-, (b) credit rating assigned by Fitch lower than BBB- and (c) credit rating assigned by Moody's lower than Baa3) by one or more rating agencies in accordance with the provisions of the ITG EIB Loan Agreements. Should (viii) occur, the EIB will have the right to require the Issuer to provide additional guarantees (with conditions deemed satisfactory by the EIB) and issued by banks deemed acceptable by the EIB, or cash deposits for guarantee purposes or any other guarantee acceptable to the EIB, and; if the EIB does not consider such additional guarantees to be satisfactory, the EIB has the right to request the immediate early repayment of the loans under the ITG EIB Loan Agreements.

Revolving Loan Agreement

On March 7, 2024, the Issuer, as borrower, and Banca Nazionale del Lavoro S.p.A. (as original lender), BNP Paribas, Italian Branch (as mandated lead arranger), Cassa Depositi e Prestiti S.p.A., Intesa Sanpaolo S.p.A., Mediobanca – Banca di Credito Finanziario S.p.A., Société Générale, Milan Branch and Unicredit S.p.A. (the latter as both original lender and mandated lead arranger) (the "**RCF Lenders**") entered into a loan agreement (the "**Revolving Loan Agreement**"), pursuant to which the RCF Lenders undertook to grant an unsecured Euro-denominated revolving loan (the "**Revolving Loan**") for an initial amount of €600 million.

The Revolving Loan was granted for general cash requirements and must be repaid periodically on the maturity date of each interest period, while the final maturity date coincides with the third anniversary of the signing of the Revolving Loan Agreement. This term, however, may be extended at the request of the borrower by a further twelve months for a maximum of two times, under the terms and conditions set forth in the Revolving Loan Agreement.

As of March 31, 2025, this loan has not been used.

The Revolving Loan Agreement is governed by the laws of Italy.

<u>Interest and Costs</u>

The Revolving Loan Agreement provides for an interest rate of EURIBOR with a floor equal to 0 plus a margin of 45 bps per annum. Such margin may vary in accordance with a margin adjustment mechanism based on the Issuer's long-term unsecured corporate public credit rating, ranging from 30 bps per annum (if the rating is equal to or higher than A-/A3) to 85 bps per annum (if the rating is equal to or lower than BBB-/Baa3). These values may be further increased or decreased depending on the compliance with the Issuer's KPIs (as defined and as set forth in the agreement, and which include certain KPIs relating to sustainability objectives).

Interest on arrears will accrue on each unpaid amount, calculated by applying a percentage of 1%.

As customary in this type of financing transactions, the Revolving Loan Agreement provides for breakage costs in the event of early repayment.

<u>Change of Control</u>

The Revolving Loan Agreement includes a change of control clause. "Change of Control" means the event in which a person, or group of persons acting in concert, with the exception of Cassa Depositi e Prestiti S.p.A., acquires control of the Issuer acting individually or jointly with a company affiliated with Cassa Depositi e Prestiti S.p.A, where (i) "control" has the meaning attributed to it by Article 93 of Italian Legislative Decree 58/1998 and (ii) the phrase "persons acting in concert" has the meaning attributed to it by Article 101-bis of Italian Legislative Decree 58/1998. Upon the occurrence of a "Change of Control Event," if so requested by the RCF Lenders, the Issuer will be required to repay such RCF Lenders all amounts still due under the Revolving Loan Agreement. "Change of Control Event" means the occurrence of a Change of Control, further to which the rating assigned to the Issuer is (i) withdrawn, or (ii) downgraded to a non-investment grade rating (i.e. a credit rating BB+ or lower assigned by S&P or Fitch and Ba1 or lower assigned by Moody's) or, for as long as the Issuer's rating is a non-investment grade, it is reduced by one or more levels, in each case if the status quo prior to the occurrence of such event is not restored within 90 days of its occurrence and (b) in making the decision(s) referred to under (a), the relevant rating agency confirms that the occurrence of the Change of Control was one of the main reasons of such decision.

In addition, in the event that:

- the Issuer ceases to hold more than 50% of the voting share capital of Italgas Reti; or
- all or substantially all of the assets of the Italgas Group are sold, either in a single transaction or in a series of related transactions,

then the facility will be canceled and all outstanding loans, together with the accrued interest and all other applicable amounts accrued pursuant to the financial documents, will become immediately due and payable.

<u>Covenants</u>

The Revolving Loan Agreement provides that the Issuer shall comply complies with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others, (i) limitation on the provision of guarantees, (ii) limitation on the sale of assets and shares, (iii) limitation on the completion of restructuring transactions, (iv) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (v) compliance with law; (vi) limitations on dividend distributions or acquisitions; (vii) obligation not to modify and to ensure that the Material Subsidiaries (as defined therein) do not change their corporate objects; (viii) restrictions on changes or waivers that may result in a material adverse event, (ix) covenants relating to sanctions, (x) implementation of Decree 231, (xi) compliance with the prohibition on financial assistance, (xi) *pari passu* clause, (xii) obligation to comply with Article 2358 of the Italian Civil Code (which prevents a company from granting loans to or providing guarantees in favor of third parties for the acquisition and subscription of its own shares), (xiii) obligation to retain a majority equity interest in the voting share capital in each of the Material Subsidiaries (as defined therein).

Events of Default

The Revolving Loan Agreement provides for certain events of default and causes of withdrawal, subject to certain thresholds of materiality and right to cure and also relating to other companies of the Italgas Group, including, (i) non-payment, (ii) non-compliance with certain obligations, (iii) cross-default, including (a) in the event of non-payment or (b) any other creditor of the Company or any Material Subsidiary (as defined therein) becomes entitled to declare any financial indebtedness of the Issuer or the Material Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described), in each case only if the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within (a) and (b) above is equal to or greater than €100 million (or its equivalent in any other currency or currencies), (iv) cross-acceleration, (v) insolvency and/or insolvency proceedings and/or enforcement proceedings, (vi) breach of representations and warranties, (vii) material adverse change, (viii) unlawfulness, invalidity.

Causes of mandatory early repayment

The Revolving Loan Agreement provides for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure, including (i) the occurrence of a change of control event, also relating to Italgas Reti, (ii) unlawfulness.

Term Loan Agreement

On October 17, 2024, the Issuer, as borrower, and Mediobanca Banca di Credito Finanziario S.p.A., as lender (the "**2024 Term Lender**"), entered into a loan agreement (the "**2024 Term Loan Agreement**"), pursuant to which the 2024 Term Lender undertook to grant a Euro-denominated term loan (the "**2024 Term Loan**") for an initial amount of €125 million, with maturity date on October 18, 2027. The 2024 Term Loan was granted to cover general cash requirements, as well as to support needs related to current and investment assets.

As of March 31, 2025, the outstanding principal amount to be repaid under this loan was €125 million.

The 2024 Term Loan Agreement is governed by the laws of Italy.

Interest and Costs

The 2024 Term Loan Agreement provides for an annual interest rate of EURIBOR (with a zero floor clause) plus a variable margin, initially equal to 65 bps, to be redetermined according to compliance with the Issuer's as set forth in the agreement, to be paid on each interest payment date.

Interest on arrears will accrue on each unpaid amount, at an annual rate equal to the applicable interest rate increased by 2%.

As customary in this type of financing transactions, the 2024 Term Loan Agreement provides for breakage costs in the event of early repayment on a date other than an interest payment date.

Covenants

The 2024 Term Loan Agreement provides that the Issuer shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others, (i) limitation on the provision of guarantees, (ii) limitation on the completion of restructuring transactions, (iii) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (iv) compliance with law; (v) obligation not to modify its corporate activity and or of the group companies; (vi) covenants relating to sanctions; (vii) *pari passu* clause; (viii) obligation not to request the segregation of assets; (ix) disclosure obligations.

Events of Default

The 2024 Term Loan Agreement provides for certain events of default and causes of withdrawal, subject to certain thresholds of materiality and right to cure and also relating to other group companies, including, (i) non-payment, (ii) non-compliance with certain obligations, (iii) cross-default (a) in the event of non-payment or (b) in the event that a creditor of the borrower accelerates the payment obligations under, or terminates, another financing agreement due to a borrower's breach, for an aggregate amount equal to or higher than €100,000,000, (iv) cross-acceleration, (v) insolvency and/or insolvency proceedings and/or enforcement proceedings, (vi) the issuance of any judicial or administrative order, even provisionally enforceable (but in any event excluding preliminary measures), which, if enforcement is not suspended or revoked, will give rise to a Material Adverse Event (as defined therein), (vii) breach of representations and warranties, (viii) material adverse change, (ix) unlawfulness, invalidity, (x) registration of judicial mortgages, (x) the person in charge of the audit of the financial statements expresses a negative opinion or declares the impossibility of expressing an opinion on the financial statements of the Issuer.

Causes of mandatory early repayment

The 2024 Term Loan Agreement provides for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure, including (i) the occurrence of a change of control, (ii) unlawfulness.

Change of Control

The 2024 Term Loan Agreement includes a change of control clause. "Change of Control" means the event in which (i) a person, or more persons acting in concert, with the exception of Cassa Depositi e Prestiti S.p.A. or any company part of the same group as Cassa Depositi e Prestiti S.p.A., acquires control of the Issuer and (ii) as a result of (i), the borrower's credit rating is downgraded to non-investment grade (BB+ in the case of Fitch, Bal in the case of Moody's or equivalent or lower) by both Moody's and Fitch, where the phrase "persons acting in concert" has the meaning attributed to it by Article 101-bis of Italian Legislative Decree 58/1998.

CAIXA Loan Agreement

On May 16, 2025, the Issuer, as borrower, and CaixaBank, S.A. Branch in Italy ("**Caixa**"), as lender, entered into a loan agreement (the "**CAIXA Loan Agreement**"), pursuant to which Caixa undertook to grant a Euro-denominated term loan (the "**CAIXA Loan**") for an initial amount of Euro 300 million. The CAIXA Loan was granted in order to cover general cash requirements, as well as to support needs related to current and investment assets. The CAIXA Loan Agreement was not entered in connection with the Acquisition.

The CAIXA Loan will have to be repaid in a single instalment on the final maturity date, which is May 16, 2028.

As of the date of this Offering Circular, the outstanding principal amount to be repaid under this loan is Euro 300 million.

The CAIXA Loan Agreement is governed by the laws of Italy.

Interest and Costs

The CAIXA Loan Agreement provides for an interest rate of three-month EURIBOR plus a 68bps margin, which may adjusted based on the Company's compliance with certain sustainability-related KPIs as set forht in the agreement.

Interest on arrears will accrue on each unpaid amount, at an annual rate equal to the applicable interest rate increased by 2%.

As customary in this type of financing transactions, the CAIXA Loan Agreement provides for breakage costs in the event of early repayment on a date other than an interest payment date.

Change of control

The CAIXA Loan Agreement includes a change of control clause. "Change of Control" means the event in which a person, or more persons acting in concert, with the exception of Cassa Depositi e Prestiti S.p.A. or any company part of the same group as Cassa Depositi e Prestiti S.p.A., acquires control of the Issuer, where the phrase "persons acting in concert" has the meaning attributed to it by Article 101-bis of Italian Legislative Decree 58/1998). Upon the occurrence of a "Change of Control Event," the Issuer shall promptly notify Caixa and Caixa shall be entitled to request, by written notice, the repayment of any amount due under a CAIXA Loan, plus interest accrued and ancillary amounts, on the date indicated by Caixa and determined in accordance with the CAIXA Loan Agreement. "Change of Control Event" means the occurrence of a Change of Control, further to which (a) any credit rating awarded by Fitch or Moody's to the Issuer is downgraded to a non-investment grade rating (i.e. a credit rating BB+ or lower assigned by Fitch and Ba1 or lower assigned by Moody's) and (b) in making the decision referred to under (a), the relevant rating agency confirms that the occurrence of the Change of Control was one of the main reasons of such decision.

Covenants

The CAIXA Loan Agreement provides that the Issuer shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others: (i) limitation on the provision of guarantees, (ii) obligation not to modify its corporate activity, (iii) limitation on extraordinary transactions, (iv) limitations on the establishment of separate assets and loans intended for a specific business, (v) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (vi) compliance with law, (vi) covenants relating to sanctions.

Events of Default

The CAIXA Loan Agreement provides for certain events of default and causes of withdrawal, subject to certain thresholds of materiality and right to cure and also relating to other group companies, including: (i) non-payment, (ii) non-compliance with certain obligations, (iii) cross-default including (a) in the event of non-payment or (b) in the event that a creditor of the borrower accelerates the payment obligations under, or terminates, another financing agreement due to a borrower's breach, for an aggregate amount equal to or higher than €100,000,000, (iv) insolvency and/or insolvency proceedings and/or enforcement proceedings, (vi) the issuance of any judicial or administrative order, including a provisionally enforceable order (but in any event excluding preliminary measures), which, if enforcement is not suspended or revoked, gives rise to a material adverse event, (vii) false declarations, (viii) material adverse changes, (ix) illegality, invalidity, (x) registration of judicial mortgages, (x) the person in charge of the audit of the financial statements expresses a negative opinion or declares the impossibility of expressing an opinion on the financial statements of the Issuer.

Causes of mandatory early repayment

The CAIXA Loan Agreement provides for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure, including: (i) the occurrence of a change of control, (ii) unlawfulness.

2025 ISP Loan Agreement

On May 16, 2025, the Issuer, as borrower, and Intesa Sanpaolo S.p.A. ("**ISP**"), as lender, entered into a loan agreement (the "**2025 ISP Loan Agreement**"), pursuant to which ISP undertook to grant a Euro-denominated term loan (the "**2025 ISP Loan**") for an initial amount of Euro 300 million. The 2025 ISP Loan was granted in order to cover general cash requirements, as well as to support needs related to general business activities and the achievement of sustainability targets. The 2025 ISP Loan Agreement was not entered in connection with the Acquisition.

The 2025 ISP Loan will have to be repaid in a single instalment on the final maturity date, which is May 16, 2028.

As of the date of this Offering Circular, the outstanding principal amount to be repaid under this loan is Euro 300 million.

The 2025 ISP Loan Agreement is governed by the laws of Italy.

Interest and Costs

The 2025 ISP Loan Agreement provides for an interest rate of three-month EURIBOR plus a 70bps margin, which may adjusted based on the Company's compliance with certain rating indicators and/or sustainability-related KPIs as set forht in the agreement.

Interest on arrears will accrue on each unpaid amount, at an annual rate equal to the applicable interest rate increased by 2%.

As customary in this type of financing transactions, the 2025 ISP Loan Agreement provides for breakage costs in the event of early repayment on a date other than an interest payment date.

Covenants

The 2025 ISP Loan Agreement provides that the Issuer shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others: (i) limitation on the provision of guarantees, (ii) obligation not to modify its corporate activity, (iii) limitation on extraordinary transactions, (iv) limitations on the establishment of separate assets and loans intended for a specific business, (v) obligation to avoid activities involving a material adverse event, (vi) compliance with law.

Events of Default

The 2025 ISP Loan Agreement provides for certain events of default and causes of withdrawal, subject to certain thresholds of materiality and right to cure and also relating to other group companies, including: (i) non-payment, (ii) non-compliance with certain obligations, (iii) cross-default including (a) in the event of non-payment or (b) in the event that a creditor of the borrower accelerates the payment obligations under, or terminates, another financing agreement due to a borrower's breach, for an aggregate amount equal to or higher than €100,000,000, (iv) insolvency and/or insolvency proceedings and/or enforcement proceedings, (vi) the issuance of any judicial or administrative order, including a provisionally enforceable order (but in any event excluding preliminary measures), which, if enforcement is not suspended or revoked, gives rise to a material adverse event, (vii) false declarations, (viii) material adverse changes, (ix) illegality, invalidity, (x) registration of judicial mortgages, (x) the person in charge of the audit of the financial statements expresses a negative opinion or declares the impossibility of expressing an opinion on the financial statements of the Issuer.

Other Contracts

Acquisition Agreement

On October 5, 2024, the Company entered into a definitive agreement (the "**Acquisition Agreement**") with F2i SGR S.p.A., in the name, on behalf of F2i Terzo Fondo per le Infrastrutture ("**F2i**") and Finavias S.à r.l. ("**Finavias**" and, jointly with F2i, the "**Sellers**" and, together with Italgas, the "**Parties**"), as sellers, relating to the acquisition of 2i Rete Gas. The transaction closed on April 1, 2025 (the "**Closing Date**," and such closing the "**Closing**").

Below is a description of the Acquisition and a summary of the main provisions of the Acquisition Agreement.

Structure of the Acquisition

On the Closing Date, Italgas acquired a 99.94% stake in the share capital of 2i Rete Gas (the "**Transferred Shares**"), from the Sellers as follows: (a) 63.90% from F2i; and (b) 36.04% from Finavias. At Closing, the Transferred Shares were transferred by the Sellers to Italgas free of any liens or encumbrances, against payment of the purchase price (as described below) by Italgas to each of the Sellers, *pro-rata* with respect to their shareholding in the capital of 2i Rete Gas.

Conditions Precedent of the Acquisition

Pursuant to the Acquisition Agreement, the completion of the Acquisition was subject to the satisfaction (or waiver) of certain conditions precedent as set forth therein, all of which were satisfied by the Closing Date. In particular, the following conditions precedent (collectively, the "**Conditions Precedent**") were set to be satisfied by by May 31, 2025 (the "**Long-Stop Date**," which date could have been extended in writing by the Parties), with the exception of (d) below, the fulfilment of which had to be verified (as was verified) at the Closing Date:

(a) Antitrust Condition Precedent: obtaining the antitrust approval required from the AGCM in connection with the consummation of the Acquisition, provided that if such approval were subject to conditions, commitments or other remedies binding upon the Italgas Group, the 2i Rete Gas Group or any of their respective affiliates, the Issuer would not be required to agree to any such conditions, commitments or other remedies that were materially disproportionate to the industrial and strategic rationale of the Acquisition (the "**Antitrust Condition Precedent**"). The Antitrust Condition Precedent was satisfied on March 11, 2025;

(b) GP Condition Precedent: obtaining the required "golden power" approval for the Acquisition from the Italian Presidency of the Council of Ministers, provided that if such approval were subject to conditions, commitments or other remedies binding upon the Italgas Group, the 2i Rete Gas Group or any of their respective affiliates, the Parties would not be required to agree to any such conditions, commitments or other remedies that were materially disproportionate to the industrial and strategic rationale of the Acquisition or would have a negative impact on the assets and/or business of: (i) with respect to Italgas, the Acquisition, the 2i Rete Gas Group, or the Italgas Group; and (ii) with respect to the Sellers, the Sellers (the "**GP Condition Precedent**"). The GP Condition Precedent was satisfied on December 20, 2024;

(c) FSR Condition Precedent: obtaining the required FSR authorization for the Acquisition from the European Commission, pursuant to Regulation (EU) 2022/2560 on foreign subsidies distorting the internal market, provided that if such approval were subject to conditions, commitments or other remedies binding upon the Italgas Group, the 2i Rete Gas Group or any of their respective affiliates, the Issuer would not be required to agree to any such conditions, commitments or other remedies that were materially disproportionate to the industrial and strategic rationale of the Acquisition or that would have a negative impact on the assets and/or business of the Acquisition, the 2i Rete Gas Group, or the Italgas Group (the "**FSR Condition Precedent**"). The FSR Condition Precedent was satisfied on February 13, 2025;

(d) Residual Regulatory Condition Precedent: up to and including the Closing Date, no authority (other than those relevant for the purposes of the Conditions Precedent referred to in letters (a), (b) and (c) above) having issued an order or decision (even if appealable, unenforceable or non-final) that has binding effect on the Parties and prohibits the Closing (the "**Residual Regulatory Condition Precedent**"). The Acquisition Agreement contains an extremely broad definition of "authority"; as such, the authorities whose orders or decisions could be relevant for the purposes of the satisfaction (or non-satisfaction) of the Residual Regulatory Suspensive Condition could reasonably be identified, *inter alia*, as national or supranational judicial bodies and/or authorities that regulate the specific sector in which Italgas and 2i Rete Gas operate (such as the ARERA). The Residual Regulatory Condition Precedent was satisfied on April 1, 2025, at Closing.

With reference to the Antitrust Condition Precedent, on March 11, 2025 the AGCM approved the Acquisition, subject to the following remedies:

(i) with reference to 31 ATEMs in which both the Italgas Group and the 2i Rete Gas Group hold, individually, a share of the RPs equal to at least 20% of each ATEM and, jointly, more than 50% of the RPs, the transfer of control, *de facto* and *de jure*, of the assets corresponding to at least 20% of the total RPs of the Post-Acquisition Group, as well as certain behavioral measures aimed at encouraging participation in future tenders by competitors of the Post-Acquisition Group and to be applied to (a) the RPs of the Post-Acquisition Group to be divested as ordered by the AGCM, should such divestments not be completed due to the absence of offers equal to at least the minimum sale price set by the AGCM (which has not been disclosed to the market) and, in any case, (b) the RPs of the Post-Acquisition Group not subject to divestment. In particular,

- the behavioral measures applicable to scenario (a) above consist, as determined by the AGCM, of (i) execution of a transitional service agreement, (ii) hiring of employees of the outgoing operator; (iii) obligation to provide to requesting third parties certain data and information; (iv) upon request of the incoming operator, earlier expiration dates for the concessions financed under the official plan to methanize Southern Italy (the so-called "*piano di metanizzazione del mezzogiorno*"); (v) RIV payment dilation for a maximum period of three years, subject to an interest rate set by the AGCM clearance order (or, alternatively, a payment to the incoming operator); and

- the behavioral measures applicable to scenario (b) above are the same measures applicable to scenario (a), with the exclusion of point (iv) above;

(ii) with reference to 4 ATEMs in which the 2i Rete Gas Group holds a percentage of the ATEM RPs between 15% and 20% and in which the joint presence of the Italgas Group and the 2i Rete Gas Group is greater than 50% of the total RPs, the transfer of control, *de facto* and *de jure*, of the assets corresponding to at least the number of RPs that the Italgas Group has acquired from the 2i Rete Gas Group, as well as the behavioral measures ordered for the 31 ATEMS described under the preceding paragraph (i)(a) (except that the RIV payment dilation applies to a maximum period of eighteen months, as opposed to three years), aimed at incentivizing participation in future tenders by competitors of the Post-Acquisition Group, which measures shall apply where the divestments are not completed due to the absence of offers above the minimum sale price, as set by the AGCM (which has not been disclosed to the market);

(iii) with reference to 30 ATEMs in which the AGCM identified the existence of an indirect restriction as a result of the size reached by the Post-Acquisition Group, the behavioral measures ordered for the 31 ATEMS described under the preceding paragraph (i)(a), aimed at encouraging participation in future tenders by competitors of the Post-Acquisition Group.

The AGCM has ordered that the aforementioned assets divestments take place in one divestment procedure. In connection with such transactions, the Issuer was required to appoint a "monitoring trustee," which will oversee the implementation of the divestment procedure and will report to the AGCM. Such monitoring trustee has now been appointed. Within three months from March 6, 2025, Italgas will have to issue a "request for expressions of interest."

The assets divestment procedures of the impacted RPs (approximately 600,000) is expected to be completed in line with the timeline set by the authority; accordingly, the relevant binding preliminary contracts will have to be executed, and the relevant handover process will have to be initiated, within approximately seven months and a half from March 11, 2025.

Should the Group fail to comply with the AGCM remedies and order, the AGCM may, following a preliminary proceeding, revoke the authorization previously granted and issue an administrative saction against the Issuer, the amount of which would be between 1% and 10% of the Group's revenues deriving from the markets impacted by the Acquisition.

The Issuer did not agree to any conditions, commitments or other remedies for the fulfillment of the Conditions Precedent, with the exceptions of the AGCM remedies described above. Such AGCM remedies were considered by the Issuer not to be materially disproportionate to the industrial and strategic rationale of the Acquisition.

<u>Purchase Price</u>

The consideration for the Acquisition was based on a locked-box mechanism, with December 31, 2023 as reference date (the "**Locked Box Date**"). The purchase price payable in connection with the Acquisition was calculated as follows:

(a) the price offered for 100% of the share capital of 2i Rete Gas, equal to €2,060,000,000 (two billion and sixty million euros) (the "**Offered Price**"), plus

(b) interest accrued on the Offered Price from the Locked Box Date to the Closing Date at the rate indicated in the Acquisition Agreement (the "**ticking fee**"), minus

(c) any leakage as defined in the agreement, plus interest accrued thereon from the date on which the leakage occurred to the Closing Date.

(the "**Price**," and the portion of the Price payable by Italgas with respect to the Transferred Shares, being the amount equal to 99.94% of the Price, the "**Purchase Price**"). The Purchase Price paid on April 1, 2025 is equal to €2,071,934,768.

The Acquisition Agreement provides for a mechanism for Italgas to verify, after the Closing, the amounts of leakage and ticking fee calculated by the Sellers prior to the Closing (the "**Verification of the Purchase Price**"). In the event that, after Closing, Italgas identifies items of leakage that were not disclosed by the Sellers prior to the Closing or discrepancies with respect to the information provided by the Sellers regarding the leakage, therefore impacting also the calculation of the related interest, the Purchase Price will be adjusted as agreed between the Parties or, in the absence of agreement, by an independent expert appointed by the Parties. The Sellers (or the Seller concerned, as the case may be) will be required to pay to Italgas the amount so determined as an adjustment of the Purchase Price. As of the date of this Offering Circular, Italgas has started the process for the Verification of the Purchase Price. Pursuant to the Acquisition Agreement, the liability of the Sellers for the Purchase Price so verified lapses on the date that falls forty business days after the date on which the first post-Closing financials statements of 2i Rete Gas are approved and certified, provided that such expiration date does not apply to amounts that were communicated by the Issuer to the Sellers before such date.

Sellers' Representations and Warranties, W&I Policy and Sellers' Indemnification Obligations

The Acquisition Agreement includes certain customary representations and warranties given by the Sellers at signing and on the Closing Date (the "**Sellers' Representations and Warranties**"). These include:

(a) Fundamental R&W: fundamental representations and warranties concerning, in particular, the organization and good standing of the Sellers, the powers and capacity of the Sellers to execute and perform their obligations under the Acquisition Agreement, ownership of the Transferred Shares and absence of conflicts ("**Fundamental R&W**"); and

(b) Business R&W: business representations and warranties relating to the: (i) organization and validity of 2i Rete Gas; (ii) powers and capacity of 2i Rete Gas and absence of conflicts; (iii) capital of 2i Rete Gas and Shareholding; (iv) ownership of the companies controlled by 2i Rete Gas; (v) organization and validity of the companies controlled by 2i Rete Gas; (vi) companies of the 2i Rete Gas Group; (vii) financial statements; (viii) real estate; (ix) assets; (x) networks; (xi) intellectual property; (xii) information technology; (xiii) litigation; (xiv) labor law matters; (xv) insurance policies; (xvi) material contracts; (xvii) professional liability; (xviii) tax; (xix) loans, notes and guarantees; (xx) public contributions; (xxi) environment; (xxii) concessions, permits and tender procedures; (xxiii) data protection; (xxiv) extraordinary transactions; (xxv) compliance with law and the Anti-Corruption and Sanctions Act; (xxvi) Golden Power and antitrust: completeness of documents; (xxvii) absence of brokers; (xxviii) the truthfulness, accuracy and correctness of the information provided ("**Business R&W**").

The agreement also includes customary indemnification obligations related to the Sellers' Representations and Warranties (the "**Indemnification Obligations**"). The Acquisition Agreement provides that Italgas and the companies of the 2i Rete Gas Group shall be held harmless and indemnified from any loss incurred and suffered that would not have been incurred or suffered if the Sellers' Representations and Warranties had been true and accurate. Such indemnity constitutes the exclusive remedy available to Italgas (as the parties expressly excluded any other remedies available under applicable law) and is subject to the following limitations:

(a) W&I Policy: on the signing date of the Acquisition Agreement, Italgas entered into an R&W insurance policy for the coverage of the Indemnity Obligations with a pool of insurers including AIG Europe S.A., Tokio Marine Europe S.A. and Liberty Specialty Markets Europe S.à r.l. (on behalf of Liberty Mutual Insurance Europe SE) (the "**W&I policy**"). The W&I Policy is subject to customary terms and conditions, including:

  (i) time limitations: which, depending on the Sellers' Representation and Warranty at issue, may span from a minimum of 3 years from Closing (for example, for general Business R&W on financial statements, real estate, assets, networks, loans, etc.) to a maximum of 7 years from Closing (for Fundamental R&W, other Business R&W considered particularly relevant, including those on tax matters); and

  (ii) economic limitations: (x) *de minimis*: €100,000 for each loss, (y) deductible: €5,300,000; and (z) cap: €100,000,000;

(b) Sellers' Liability: coverage of the Indemnification Obligations may also be provided by the Sellers, on a residual basis with respect to the W&I Policy, within the following customary limits:

  (i) time limitations: (x) for Fundamental R&Ws, equal to 30 business days following the expiry date of the statute of limitation period of each Fundamental R&W; and (y) for Business R&Ws, depending on the specific Business R&W, spanning from a minimum of 3 years from Closing (e.g., for general Business R&W on financial statements, real estate, assets, networks, loans, etc.) to a maximum of 7 years from Closing (for Business R&W considered particularly relevant, including those on tax matters);

(ii) economic limitations: (x) for Fundamental R&Ws, Sellers are liable within the limits of the Purchase Price actually received by each Seller for the Shareholding; and (y) for Business R&Ws, Sellers are liable up to €1.00 (one euro), it being understood that the aforementioned economic limitations do not apply in the event of fraud by the Sellers on the relevant Sellers' Representation and Warranty.

In addition to the Indemnification Obligations, the Sellers have also assumed the obligation to indemnify and hold harmless Italgas and the companies of the 2i Rete Gas Group from any loss incurred and suffered by them that would not have been incurred or suffered if the Sellers had fulfilled their obligations under the Acquisition Agreement. These additional indemnification obligations held by the Sellers are the only remedy available to Italgas in the event of non-compliance by the Sellers with their obligations under the Acquisition Agreement (except in the case of willful misconduct by the relevant Seller) and are assumed within the following limits: (a) they expire after 30 business days following the expiry date of the statute of limitation period of the right; and (y) they are capped at the Purchase Price actually received by each Seller for the Shareholding, provided that such economic limitation does not apply in the event of the Sellers' willful misconduct.

The Sellers have not assumed any special indemnity obligation in favor of Italgas or the 2i Rete Gas Group, except for an indemnity obligation assumed by Finavias in respect of 2i Rete Gas in relation to any liabilities that may arise from the payment of dividends resolved by 2i Rete Gas in favor of Finavias ("**Finavias Indemnity**").

Italgas Representations and Warranties

The Acquisition Agreement includes certain customary representations and warranties given by Italgas signing and on the Closing Date (the "**Italgas Representations and Warranties**"). In particular, the Italgas Representations and Warranties concern the organization and good standing of Italgas, Italgas's powers and capacity to sign and execute the Acquisition Agreement and the absence of conflicts.

The agreement also includes customary indemnification obligations related to the Italgas Representations and Warranties, requiring that the Sellers be held harmless by Italgas for any loss they may incur and suffer as a result of a breach of Italgas Representations and Warranties, with the following limitations: (a) they are capped at the Purchase Price paid by Italgas to the Sellers for the Shareholding; and (b) they expire 30 business days following the expiry date of the statute of limitation period of the relevant Italgas Representation and Warranty.

Sellers' non-compete and non-solicitation obligations

The Sellers have assumed, on their own behalf and on behalf of their affiliates (defined, for these purposes, (i) for F2i, as the subsidiaries of F2i, with the exclusion of portfolio companies; and (ii) for Finavias, as the companies controlled by it), certain non-compete and non-solicitation obligations for a period of 2 (two) years as from the Closing Date, applicable to the territories of the Republic of Italy and Greece, the main terms of which are set out below:

(a) non-compete obligation: this applies in relation to the distribution of natural gas through local networks for distribution to the end user and consists in the prohibition of carrying out this activity, directly, indirectly, through employment or consultancy contracts, as well as of holding shares in companies or entities that carry out such activity, with limited standard exceptions as set forth in the Acquisition Agreement;

(b) prohibition of solicitation: this applies in relation to (x) the managers of the 2i Rete Gas Group, where it consists of the prohibition of hiring them or otherwise inducing them to terminate their employment with 2i Rete Gas and accept an employment or consultancy relationship with parties other than the companies of the 2i Rete Gas Group (unless the managers have already resigned or have otherwise already terminated their employment with the companies of the 2i Rete Gas Group); and (y) to customers of the 2i Rete Gas Group, where it consists of the prohibition of inducing them to terminate their relationship with the 2i Rete Gas Group or to move their business away from the companies of the 2i Rete Gas Group.

The Acquisition Agreement provides, for each violation of the aforementioned non-compete and non-solicitation obligations, for the payment of a penalty by the Seller breaching such obligations, in favor of Italgas, equal to €1,000,000 (one million euros) for each violation, without prejudice to the greater damage suffered by Italgas or the companies of the 2i Rete Gas Group.

Sellers' Liability Regime

All rights and obligations held by the Sellers pursuant to the Acquisition Agreement, notwithstanding Article 1294 of the Italian Civil Code on conflicts of interest, are granted and assumed individually, severally and not jointly by each Seller. With reference to the relations among Sellers, it is agreed that (i) the rights and obligations relating to a Seller individually shall rest exclusively with such Seller, while (ii) the rights and obligations relating to the Sellers collectively shall rest with all Sellers, *pro rata* to their shareholding in the share capital of 2i Rete Gas.

Italgas's obligations

The Acquisition Agreement provides for a number of obligations to be borne by Italgas, as summarized below:

(a) waiver of claims against directors and employees of the companies of the 2i Rete Gas Group: Italgas has undertaken not to bring (and to ensure that its affiliates, including the companies of the 2i Rete Gas Group after the Closing, do not make) any claim against any current or former director, manager or employee of any company of the 2i Rete Gas Group in relation to due diligence on the 2i Rete Gas Group carried out by Italgas for the purposes of the Acquisition, the setting up of the relevant data room and any other document or information made available to Italgas or its representatives prior to the closing in relation to the Acquisition, except in the case of fraud. Italgas has also undertaken to ensure that the D&O policy arranged by the 2i Rete Gas Group in favor of its senior managers, for the coverage of any liability deriving from their duties assumed or carried out in the 2i Rete Gas Group, is also extended post-closing for the applicable run-off period, with payment of the relevant premium;

(b) change of company names containing "2i": Italgas has undertaken to ensure that, within 60 (sixty) business days of Closing, the companies of the 2i Rete Gas Group: (i) change their company names to names that do not contain "2i"; and (b) as far as reasonably possible, cease to use any logo, graphics or website name containing "2i";

(c) D&O policy: Italgas has undertaken to ensure that, after the Closing, 2i Rete Gas will activate the run-off of the D&O (directors and officers) policy existing prior to Closing so to extend post-Closing the coverage of D&Os of the 2i Rete Gas Group companies appointed before the Closing, paying the related premium;

(d) access to limited information of the 2i Rete Gas Group: Italgas has undertaken to ensure that, after Closing, the Sellers can have access to certain limited information that may be deemed reasonably necessary for them in the context of any disputes involving the Sellers with reference to the companies of the 2i Rete Gas Group. To this end, it is understood that the Sellers will have to sign specific confidentiality agreements and Italgas will not be required to provide any information the disclosure of which would violate applicable law.

Applicable law and jurisdiction

The Acquisition Agreement is governed by the laws of Italy.

In the event of any disputes arising between the Parties in relation to the Acquisition, including any dispute relating to the interpretation, validity, effectiveness, applicability, execution, termination or cancellation thereof, the Parties shall be required, in the first place, to make an attempt at an amicable resolution. If, after 30 days, one of the Parties does not consider an amicable solution possible, the dispute shall be settled finally and exclusively according to the rules of the National and International Arbitration Chamber of Milan by three arbitrators appointed in accordance with applicable rules. Without prejudice to the foregoing, the Court of Milan will have exclusive jurisdiction on any legal proceeding in any way related to the Acquisition Agreement that cannot be subject to arbitration.

Toscana Energia Call Option

On December 27, 2022, Alia Servizi Ambientali S.p.A. ("**Alia**"), Toscana Energia and the Issuer entered into a contract (the "**TE Contract**") relating to, among other things, "put and call" options on the basis of which the Issuer has the right to purchase 30,134,618 shares in Toscana Energia owned by Alia, equal to approximately 20.6099% of the share capital of Toscana Energia (the "**TE Shares of Alia**" and the "**Toscana Energia Call Option**") and Alia has the right to sell Alia's TE Shares to the Issuer.

Per the terms of the TE Agreement, on January 14, 2025, the Issuer exercised the Toscana Energia Call Option by sending the relevant notification to Alia. The purchase price is contractually set at the fair market value on the exercise date of the Toscana Energia Call Option, calculated by an international financial institution jointly appointed by the parties within 15 business days from the exercise of the call or, upon failure of the parties to reach an agreement, appointed by the President of the National and International Chamber of Arbitration of Milan at a party's request. In particular, the valuation methodology must comply with the international best practice for a regulated natural gas distribution business (*i.e.*, the RAB), subject to adjustments on the basis of the value, on such date, of Toscana Energia's net financial position (as defined in the contract) for the percentage represented by Alia's TE Shares.

As of the date of this Offering Circular, the parties, waiving the timeline set forth under the agreement as set forth above, are in discussions to reach an agreement for the appointment of the international financial institution that will determine the purchase price.

The sale of the Toscana Energia Call Option must be completed on the tenth business day following the determination of the purchase, except as otherwise set forth in the TE Contract.

2i Rete Gas Group

Below is a description of the main contracts entered into by 2i Rete Gas or by companies of the 2i Rete Gas Group in the two years preceding the date of this Offering Circular, outside the ordinary course of business.

Financing Agreements

As of December 31, 2024 and as of March 31, 2025, the Gross financial debt of the 2i Rete Gas Group amounted to €3,296.4 million and €3,100.4 million, respectively.

This section contains a summary of: (i) the EMTN 2iRG Program; (ii) the 2iRG EIB Loan Agreements; (iii) the 2iRG 2024 Revolving Loan Agreement; (iv) the 2iRG 2024 2024 Term Loan Agreement.

The amount of the Gross financial debt of the 2i Rete Gas Group at March 31, 2025 and at December 31, 2024 relating to the financing agreements described below in this section amounted to €3,076.4 million and €3,195.7 million, respectively (equal to 99.2% and to 96.9% of the Gross financial debt of the 2i Rete Gas Group at the same dates). At March 31, 2025, the financing agreements of the 2i Rete Gas Group that provide for financial covenants amounted to approximately €335.8 million (€334.1 million at December 31, 2024), equal to approximately 10.8% of the Gross financial debt at the same date (10.1% at December 31, 2024), and the 2i Rete Gas Group had available short term credit lines for €200 million (same at December 31, 2024) and available long-term credit lines for €700 million.

In line with market standards, the group's financing agreements include certain obligations (such as negative pledges) borne by the 2i Rete Gas Group as well as the possibility for the group's counterparties to terminate or withdraw from the relevant contract or to request mandatory early repayment upon the occurrence of certain events (such as events of default).

At the date of this Offering Circular, to the best of the Issuer's knowledge, the obligations, commitments, financial covenants and limitations provided for in the loan agreements of the 2i Rete Gas Group have been complied with. The fulfilment by the Post-Acquisition Group of the remedies ordered by the AGCM in connection with the approval of the Acquisition will not have an impact on compliance with such obligations, commitments, financial covenants and limitations, nor, in the Issuer's opinion, will it have an impact on the rating of the 2i Rete Gas Group.

With regard to the Acquisition and the presence of change of control clauses in certain loan agreements of the 2i Rete Gas Group, the group obtained appropriate letters of consent and/or waiver by the lenders and such letters and/or waivers do not provide for limitations and/or commitments for the Post-Acquisition Group.

At December 31, 2024, the 2i Rete Gas did not have subsidized loans in place.

EMTN 2iRG Program

On June 30, 2014, 2i Rete Gas established a medium/long-term note issuance program, known as the Euro Medium Term Note Program (the "**EMTN 2iRG Program**"), for the issuance of non-convertible notes up to €3 billion. Following its establishment, the EMTN 2iRG Program was renewed on several occasions, increasing the maximum permitted principal amount of notes issued and not redeemed that may be outstanding simultaneously under the program first to €3.5 billion, then to €4 billion and, finally, on June 28, 2024, to €4.5 billion.

At the date of this Offering Circular, the following five notes issued under the EMTN 2iRG Program are outstanding:

- Euro 435 million 1.75% fixed rate notes due August 28, 2026, ISIN Code XS1571982468 (Series 4);
- Euro 730 million 1.608% fixed rate notes due October 31, 2027, ISIN Code XS1709374497 (Series 5);
- Euro 500 million 2.195% fixed rate notes due September 11, 2025, ISIN Code XS1877937851 (Series 6);
- Euro 500 million 0.579% fixed rate notes due January 29, 2031, ISIN Code XS2292547317 (Series 7); and
- Euro 550 million 4.375% fixed rate notes due June 6, 2033, ISIN Code XS2631869232 (Series 8),

(collectively, the "**2iRG Notes**").

The Terms and Conditions, i.e. the general terms and conditions, applicable to each 2iRG Note, do not include, as customary for similar transactions carried out by issuers rated at *investment grade*, any representation or warranty by 2i Rete Gas nor any financial covenants. In addition, they provide, among other things, for an early redemption clause exercisable at the option of each noteholder of the relevant 2iRG Note, in the event that the following occur at the same time:

(a) a change of control, i.e. the fact that 2i Rete Gas ceases to be controlled, directly or indirectly, by the reference shareholders identified in the relevant base prospectus of the 2iRG EMTN Program; and

(b) a rating event, i.e., considering the rating of 2i Rete Gat the date of this Offering Circular, the downgrading of the relevant 2iRG Notes below investment grade or the revocation of the rating of the relevant 2iRG Notes, in each case within 60 days of the change of control event, if (i) the investment grade rating is not reinstated by the same rating agency (in the event of downgrading) or a new investment grade rating is not assigned by one of the rating agencies expressly indicated in the Terms and Conditions applicable to the relevant 2iRG Note (in the event of revocation), in each case within 60 days of the occurrence of the change of control; and (ii) the relevant rating agency publicly announces or confirms in writing that the downgrading or revocation of the rating was caused by or significantly affected by the change of control event.

Moody's and S&P, on October 10, 2024 and October 9, 2024 respectively, and therefore following the Acquisition announcement, confirmed the rating of 2i Rete Gas previously assigned, in both cases above investment grade. In addition, S&P has indicated that, close to or upon completion of the Acquisition and following the execution of the Capital Increase, the rating of 2i Rete Gas may be upgraded of one notch.

As customary, the Terms and Conditions applicable to each 2iRG Note provide, among other things, for certain events of default upon the occurrence of which the trustee may, or, at the request of a certain number of noteholders, must, request the early repayment of the notes together with interest accrued up to that date. Such events of default are listed below:

- failure by 2i Rete Gas to pay any amount, principal or interest, due under the relevant 2iRG Note for a period of 14 days;

- 2i Rete Gas fails to perform or observe any of its other obligations under the Terms and Conditions or the trust deed and the failure continues for the period of 45 days (or such longer period as the trustee may permit) following the service by the Trustee on the Issuer of written notice requiring the same to be remedied, except in any case where the trustee considers such failure to be incapable of remedy, in which case no such continuation or notice is required;

- the financial indebtedness of 2i Rete Gas and/or of one of its Material Subsidiaries (as defined therein) becomes due and payable prematurely due to an event of default (however described), as well as the non-payment at maturity (as extended, if applicable) by 2i Rete Gas and/or one of its Material Subsidiaries (as defined therein) of any financial indebtedness or amounts due under any guarantee and/or indemnity given by 2i Rete Gas or the Material Subsidiary in relation to any financial indebtedness, in each case for an amount exceeding €50,000,000 (or the relevant equivalent in another currency);

- any security (except as set forth under the applicable base prospectus of the EMTN 2iRG Program) present or future, created or assumed on or against all or a material part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it, if not contested in good faith or discharged or cancelled within 60 days of such enforcement;

- any order is made by any competent court or resolution passed for the liquidation, winding up or dissolution (scioglimento o liquidazione) of 2i Rete Gas or any of its Material Subsidiaries and such order or resolution is not discharged or cancelled within 60 days, save for the purposes of (i) a solvent amalgamation, merger, de-merger, reconstruction or other transaction having substantially the same effect (a "Solvent Reorganization") under which the assets and liabilities of 2i Rete Gas or such Material Subsidiary, as the case may be, are assumed by the entity resulting from such Solvent Reorganization and (A) such entity continues to carry on substantially the same business of 2i Rete Gas or such Material Subsidiary, as the case may be, and (B) in the case of a Solvent Reorganization of 2i Rete Gas, such entity assumes all the obligations of 2i Rete Gas in respect of the 2iRG Notes and the trust deed and an opinion of an independent legal adviser of recognized standing in the Republic of Italy has been delivered to the trustee confirming the same prior to the effective date of such Solvent Reorganization, or (ii) a reorganization on terms previously approved in writing by the trustee or by the extraordinary meeting of noteholders of the relevant 2iRG Notes;

- 2i Rete Gas or any of its Material Subsidiaries ceases or announces that it shall cease to carry on the whole or a substantial part of its business, save for the purposes of (i) a Solvent Reorganization under which the assets and liabilities of 2i Rete Gas or such Material Subsidiary, as the case may be, are assumed by the entity resulting from such Solvent Reorganization and such entity assumes all the obligations of 2i Rete Gas in respect of the 2iRG Notes and the trust deed and an opinion of an independent legal adviser of recognized standing in the Republic of Italy has been delivered to the trustee confirming the same prior to the effective date of such Solvent Reorganization, or (ii) a reorganization on terms previously approved in writing by the trustee or by the extraordinary meeting of noteholders of the relevant 2iRG Notes;

- (i) proceedings are initiated against 2i Rete Gas or any of its Material Subsidiaries under any applicable insolvency, composition, reorganization or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them; and (ii) in any case (other than the appointment of an administrator) unless initiated by a member of the 2i Rete Gas Group, is not contested in good faith by all appropriate means or is not discharged within 60 days;

- failure by 2i Rete Gas or one of its Material Subsidiaries (as defined therein) to pay a final judgment within 60 days, if the amount thereof exceeds a significant amount of such company's assets;

- 2i Rete Gas or any of its Material Subsidiaries stops or announces that it shall stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, or initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganization or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) otherwise than for the purposes of a Solvent Reorganization or on terms previously approved in writing by the trustee or by the extraordinary meeting of noteholders of the relevant 2iRG Notes.

EIB 2iRG Loan Agreements

On December 18, 2015, 2i Rete Gas, as borrower, and the EIB, as lender, entered into a loan agreement (the "**2iRG EIB 1 Loan Agreement**"), under which the EIB undertook to grant a term loan (the "**2iRG EIB 1 Loan**") for an initial amount of €200 million, aimed at supporting the implementation of an investment project in the natural gas distribution network managed by 2i Rete Gas.

The EIB 2iRG Loan 1 will have to be repaid in 22 equal semi-annual instalments, on the basis of a specific repayment plan. The maturity date is December 29, 2030.

In addition, on December 19, 2016, 2i Rete Gas, as borrower, and EIB, as lender, entered into a loan agreement (the "**2iRG EIB 2 Loan Agreement**" and, together with the 2iRG EIB 1 Loan Agreement, the "**2iRG EIB Loan Agreements"),** under which the EIB undertook to grant a term loan (the "**EIB 2iRG Loan 1**" and, together with the EIB 2iRG Loan 1, the "**EIB 2iRG Loans**") for a total amount of €225 million, divided into two tranches, of which the first tranche, equal to €70 million, was paid out on December 29, 2016 (the "**Tranche 1**") and the second tranche, equal to €155 million, on January 23, 2017 (the "**Tranche 2**"), to be repaid in full by December 29, 2026

The 2iRG EIB 1 Loan was granted in order to support an investment project relating to the installation of smart meters in the natural gas distribution network managed by 2i Rete Gas in Italy, while the 2iRG EIB 2 Loan was granted in order to support an investment project relating to the expansion and development of the natural gas distribution network managed by 2i Rete Gas.

At March 31, 2025, the outstanding principal amount to be repaid under this loan was €335.8 million.

The 2iRG EIB Loan Agreements is governed by the laws of Italy.

<u>Interest and Costs</u>

The 2iRG EIB 1 Loan provides for an interest rate of EURIBOR (with a floor equal to 0%), plus margin of 59 bps per year. Tranche 1 of the EIB 2 2iRG Loan 2 provides for an interest rate of 1.392% per year, while Tranche 2 provides for an interest rate of 1.398% per year.

Interest on arrears will accrue on each unpaid amount at an annual rate equal to:

- in the case of amounts due and unpaid relating to disbursements under the EIB 2iRG Loan 1, the applicable annual rate increased by 2%, while in the case of amounts due and unpaid relating to disbursements under the EIB 2iRG Loan 2, the higher of (i) the applicable annual rate increased by 2% and (ii) the EURIBOR increased by 2%;

- in the case of amounts due and not paid other than those mentioned above, the EURIBOR increased by 2%.

The EIB will determine the applicable compensation to be paid by 2i Rete Gas in the event of early repayment, (i) for of the 2iRG EIB Loan 2, upon any early repayment; (ii) for the 2iRG EIB Loan 1, only if the early repayment does not take place on a fixed payment date under the relevant contract.

Change of control

The 2iRG EIB Loan Agreements include a change of control clause. "Change of Control" means the event in which F2i Fondi Italiani per le Infrastrutture SGR S.p.A., acting on behalf of one or more investment funds or entities managed by it, and Ardian France S.A., through one or more of its vehicles, companies or entities, even jointly, cease to directly or indirectly control 2i Rete Gas, where the term "control" means the ability to direct the management and policies of a company, whether through the ownership of voting capital, through a contract or otherwise, or through the ability to direct the management of the company pursuant to and for the purposes of Article 2359 of the Civil Code. Upon the occurrence of a "Change of Control," the EIB shall be entitled to request, by written notice, the repayment of any amount due under the EIB 2iRG Loans, as well as interest accrued and ancillary amounts.

On March 14, 2025, the EIB informed 2i Rete Gas that it had waived its right to request early repayment under the 2iRG EIB Loan Agreements in relation to the "Change of Control" integrated with the completion of the Acquisition.

Covenants

The 2iRG EIB Loan Agreements provide that 2i Rete Gas (and, in some circumstances, also the other companies of the 2i Rete Gas Group) shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others, (i) limitations on financial indebtedness, (ii) negative pledge, (iii) limitation on the sale of assets and shares, (iv) limitation on the completion of restructuring transactions, (v) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (vi) compliance with law; (vii) limitations on the distribution of dividends; (viii) obligation to ensure that at least 90% of the EBITDA of the 2i Rete Gas Group derives from natural gas distribution activities; (ix) an obligation not to modify the company's activities or those of the companies of the 2i Rete Gas Group, (x) covenants relating to sanctions, (xi) obligation not to segregate assets or destine assets to a specific activity.

The 2iRG EIB Loan Agreements also provide that 2i Rete Gas shall comply with certain financial covenants, measured periodically up to the expiration of the contracts. In particular, 2i Rete Gas is expected to comply with the following covenants:

- the FFO / net financial position ("**NFP**") (as defined in the contract) ratio must be not less than 9.5%;
- the NFP / RAB ratio shall not exceed 78%; and
- the EBITDA / net interest ratio must be higher than 3.5x.

In addition, a most favored nation provision applies to any clause relating to the loss of rating or to the financial covenants provided for in a loan agreement entered into with a third party.

Events of default

The 2iRG EIB Loan Agreement provides for certain events of default and causes of withdrawal, subject to certain thresholds of materiality and right to cure, including, (i) non-payment; (ii) non-compliance with certain obligations, (iii) insolvency and/or insolvency proceedings and/or enforcement proceedings, (iv) breach of representations and warranties, (v) material adverse change, (vi) cross default, including for default on other loans, when the borrower's contractual counterparty is entitled to request borrower's early repayment of such other loan or other financial transaction, in each case provided that such other loans or commitments exceed a total principal amount of €20 million, (vii) cross-acceleration, (viii) unlawfulness, (ix) invalidity.

Causes of mandatory early repayment

The 2iRG EIB Loan Agreement provides for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure, including (i) the occurrence of a change of control, (ii) a significant reduction in project costs, (iii) failure to communicate any voluntary early repayment of other loans, within the limits and under the conditions indicated therein, (iv) unlawfulness, (v) regulatory change that materially affects the borrower's capacity to fulfil its obligations, (vi) loss of concessions.

2iRG 2024 Revolving Loan Agreement

On May 16, 2024, 2i Rete Gas, as borrower, and Bank of America Europe Designated Activity Company, BNP Paribas Italian branch, BPER Banca S.p.A., Intesa Sanpaolo S.p.A. (also as agent bank), Unicredit S.p.A., as mandated lead arrangers, and UniCredit S.p.A., Banca Nazionale del Lavoro S.p.A., Bank of America Europe Designated Activity Company, BPER Banca S.p.A and Intesa Sanpaolo S.p.A., as lenders (the "**2iRG 2024 RCF Lenders**"), entered into a loan agreement (the "**2iRG 2024 Revolving Loan Agreement**"), pursuant to which the 2iRG 2024 RCF Lenders undertook to grant a revolving loan (the "**2iRG 2024 Revolving Loan**") for an initial amount of €200 million, with maturity date May 16, 2029.

The 2iRG 2024 Revolving Loan was granted for general cash requirements.

At March 31, 2025, this facility is yet to be used.

The 2iRG 2024 Revolving Loan Agreement is governed by the laws of Italy.

Interest and Costs

The 2iRG 2024 Revolving Loan provides for an interest rate of EURIBOR (with a floor equal to 0%) plus margin of 70 bps per year, subject to a margin adjustment mechanism based on the long-term unsecured corporate public credit rating of 2i Rete Gas, between 60 bps per annum (if the rating is higher than BBB) and 100 bps per annum (if the rating is lower than BBB). The 2iRG 2024 Revolving Loan Agreement also provides for the possibility of linking the change in margin to compliance with sustainability values.

Interest on arrears will accrue on each unpaid amount, calculated by increasing by 1% the rate that would have been due if the overdue amount had been considered, during the period of default, to be a loan in the same currency as the unpaid amount. Interest shall be calculated for subsequent periods, the duration of which shall be reasonably determined by the agent.

As customary in this type of financing transactions, the 2iRG 2024 Revolving Loan Agreement provides for breakage costs in the event of early repayment.

Change of control

The 2iRG 2024 Revolving Loan includes a change of control clause. "Change of Control" means the event in which (i) at any time prior to an initial public offering, the Permitted Controlling Entities cease to control 2i Rete Gas or (ii) at any time after an initial public offering, (a) the Permitted Controlling Entities cease to hold, either directly or indirectly, at least 30% of the voting share capital of 2i Rete Gas; and/or (b) any person other than the Permitted Controlling Entities, acting alone or in concert with other parties, holds, directly or indirectly, a percentage of the voting share capital of 2i Rete Gas greater than the percentage held by the Permitted Controlling Entities, where the term "control" means (i) holding at least 50.01% of the issued voting share capital of an entity; or (ii) having the power (by virtue of ownership of shares, proxy, contract, agency or otherwise) to appoint or dismiss all or a majority of the members of the board of directors of an entity. Upon the occurrence of a "Change of Control" or upon the transfer of all or substantially all of the group's assets, 2i Rete Gas shall repay any outstanding amount due under the 2iRG 2024 Revolving Loan (in addition to accrued interest and applicable ancillary amounts), after promptly notifying the agent of the change of control (or of the transfer) and no later than the fifth business day (but not earlier than the second business day) following the agent's request to do so.

For purposes of the 2iRG 2024 Revolving Loan Agreement, "Permitted Controlling Entities" means:

- collectively, the Sponsors (i.e. funds and/or entities directly or indirectly managed and/or advised by F2i, Ardian France S.A. and/or APG Asset Management N.V. and any subsidiary or affiliate of Ardian France S.A. and APG Asset Management N.V.); and/or
- any person to whom all 2iRG 2024 RCF Lenders have given their consent, without prejudice to the fact that the consent of the 2iRG 2024 RCF Lenders shall not be unreasonably withheld if:
    - such person is an investor of primary standing (e.g., insurance companies, pension funds and/or government entities) who is not subject to sanctions or is based in a

country or territory that is, or whose government is, subject to sanctions that broadly prohibit transactions;

- the change of control in favor of an investor of primary standing does not cause the rating of 2i Rete Gas to fall below BBB- by Fitch or S&P or Baa3 by Moody's; and

- the "know your customer" requirements relating to 2i Rete Gas and the controlling investor are complied with.

On December 11, 2024, Intesa Sanpaolo S.p.A., as agent and in the name and on behalf of the other 2iRG 2024 RCF Lenders, informed 2i Rete Gas that the Acquisition does not represent a "Change of Control" pursuant to the 2iRG 2024 Revolving Loan Agreement, classifying the Issuer as a Permitted Controlling Entity.

Covenants

The 2iRG 2024 Revolving Loan Agreement provides that 2i Rete Gas shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others, (i) limitations on financial indebtedness, (ii) negative pledge, (iii) limitation on the sale of assets and shares, (iv) limitation on the completion of restructuring transactions, (v) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (vi) compliance with law; (vii) limitations on acquisitions; (viii) obligation not to modify and to ensure that the material subsidiaries do not change their corporate objects; (ix) restrictions on modifications or waivers that may result in a material adverse event, (x) covenants relating to sanctions, (xi) except where provided for in the contract, obligation not to conclude a merger or demerger transaction, (xii) obligation not to acquire or make investments in companies, (xiii) *pari passu* clause, (xiv) obligation not to grant loans or security interests, except where permitted, (xv) obligation to ensure that the EBITDA, revenues and aggregate assets of the borrower and its Material Subsidiaries (as defined therein) always represent 80% of the consolidated EBITDA, consolidated revenues and consolidated assets of the 2i Rete Gas Group.

Events of default

The 2iRG 2024 Revolving Loan Agreement provides for certain events of default, subject to certain thresholds of materiality and right to cure, including (i) non-payment, (ii) non-compliance with certain obligations, (iii) cross-default (a) in the event of non-payment or (b) any other creditor of 2i Rete Gas or any Material Subsidiary (as defined therein) becomes entitled to declare any financial indebtedness of 2i Rete Gas or the Material Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described), in each case only if the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within (a) and (b) above is equal to or greater than €20 million (or its equivalent in any other currency or currencies), (iv) cross-acceleration, (v) insolvency and/or insolvency proceedings and/or enforcement proceedings, (vi) non-payment of amounts required to be paid by a final judgment, (vii) breach of representations and warranties, (viii) expropriation, execution or attachment placed on any of the company's assets, for a value exceeding €5,000,000 and not waived within the following 30 business days, (ix) material adverse change, (x) cessation of control over any of the relevant companies, (xi) termination of or withdrawal from any of the financial documents, (xii) unlawfulness, invalidity, change in applicable law that involves a material adverse event, (xiii) cessation of business activity, (xiv) auditors opinion with material reservations on the financial statements, (xv) loss of authorizations or concessions.

Causes of mandatory early repayment

The 2iRG 2024 Revolving Loan Agreement provides for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure, including (i) the occurrence of a change of control, (ii) unlawfulness, (iii) loss of concessions.

2iRG 2024 Term Loan Agreement

On September 30, 2024, 2i Rete Gas, as borrower, and BNP Paribas, Italian Branch, UniCredit S.p.A. and Intesa Sanpaolo S.p.A., as mandated lead arrangers, and Banca Nazionale del Lavoro S.p.A., UniCredit S.p.A. and Intesa Sanpaolo S.p.A. as lenders (the "**2iRG 2024 Term Lenders**"), entered into a loan agreement (the "**2iRG 2024 Term Loan Agreement**)"), pursuant to which the 2iRG 2024 Term Lenders undertook to grant a term loan (the "**2iRG Term Loan**") denominated in Euro and for an initial amount of €500 million, with maturity date September 20, 2026. Maturity may be extended of twelve months under the terms and conditions set forth in the 2iRG 2024 Term Loan Agreement and subject to the consent of the 2iRG 2024 Lenders.

The 2iRG Term Loan was granted for general cash requirements.

At March 31, 2025, this facility is yet to be used.

The 2iRG 2024 Term Loan Agreement is governed by the laws of Italy.

Interest and Costs

The 2iRG Term Loan Agreement provides for an interest rate of EURIBOR (defined as the Term Reference Rate) plus margin of 80 bps per year, subject to an adjustment mechanism based on the public credit rating of 2i Rete Gas, between 70 bps per annum (if the rating is higher than BBB) and 110 bps per annum (if the rating is below BBB).

Interest on arrears will accrue on each unpaid amount, calculated by increasing by 1% the rate that would have been due if the overdue amount had been considered, during the period of default, to be a loan in the same currency as the unpaid amount. Interest shall be calculated for subsequent periods, the duration of which shall be reasonably determined by the agent.

As customary in this type of financing transactions, the 2iRG Term Loan Agreement provides for breakage costs in the event of early repayment

Change of control

The 2iRG Term Loan Agreement includes a change of control clause. "Change of Control" means the event in which (i) at any time prior to an initial public offering, the Permitted Controlling Entities cease to control 2i Rete Gas or (ii) at any time after an initial public offering, (a) the Permitted *Controlling* Entities cease to hold, either directly or indirectly, at least 30% of the voting share capital of 2i Rete Gas; and/or (b) any person other than the Permitted Controlling Entities, acting alone or in concert with other parties, holds, directly or indirectly, a percentage of the voting share capital of 2i Rete Gas greater than the percentage held by the Permitted Controlling Entities. Upon the occurrence of a "Change of Control" or in the event of the sale of all or substantially all of the company's assets, 2i Rete Gas shall repay any outstanding amount pursuant to the 2iRG Term Loan (in addition to accrued interest and applicable ancillary amounts) within five business days of the occurrence of such event.

For the purposes of the 2iRG 2024 Term Loan Agreement:

- "Permitted Controlling Entities" means:
    - collectively, the Sponsors (i.e. funds and/or entities directly or indirectly managed and/or advised by F2i, Ardian France S.A. and/or APG Asset Management N.V. and any subsidiary or affiliate of Ardian France S.A. and APG Asset Management N.V.); and/or
    - any person to whom all 2iRG 2024 Term Lenders have given their consent, without prejudice to the fact that the consent of the 2iRG 2024 Term Lenders shall not be unreasonably withheld if:
        - such person is not subject to sanctions or is established in a country or territory that is, or whose government is, subject to sanctions that broadly prohibit transactions;
        - the change of control in favor of an investor of primary standing does not cause the rating of 2i Rete Gas to fall below BBB- by Fitch or S&P or Baa3 by Moody's; and
        - the "know your customer" requirements relating to 2i Rete Gas and the controlling investor are complied with.

On December 11, 2024, Intesa Sanpaolo S.p.A., in its capacity as agent and in the name and on behalf of the other 2iRG 2024 Term Lenders, informed 2i Rete Gas that the Acquisition does not represent a "Change of Control" pursuant to the 2iRG 2024 Term Loan Agreement, classifying the Issuer as a Permitted Controlling Entity.

Covenants

The 2iRG 2024 Term Loan Agreement provides that 2i Rete Gas shall comply with certain covenants subject to certain exceptions, thresholds of materiality and right to cure, including, among others, (i) limitations on financial indebtedness, (ii) negative pledge, (iii) limitation on the sale of assets and shares, (iv) limitation on the completion of restructuring transactions, (v) the obtainment and maintenance of authorizations required under the applicable laws and regulations for the conduct of the business, (vi) compliance with law; (vii) limitations on the distribution of dividends; (viii) obligation not to change the corporate activities of the borrower and its group companies, (ix) covenants relating to sanctions, (x) *pari passu* clause, (xi) obligation to ensure that the EBITDA, revenues and aggregate assets of the borrower and its Material Subsidiaries (as defined therein) always represent 80% of the consolidated EBITDA, consolidated revenues and consolidated assets of the 2i Rete Gas Group.

Events of default

The 2iRG 2024 2024 Loan Agreement provides for certain events of default, subject to certain thresholds of materiality and right to cure, including (i) non-payment, (ii) non-compliance with certain obligations, (iii) cross-default (a) in the event of non-payment or (b) any other creditor of 2i Rete Gas or any Material Subsidiary (as defined therein) becomes entitled to declare any financial indebtedness of 2i Rete Gas or the Material Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described), in each case only if the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within (a) and (b) above is equal to or greater than €20 million (or its equivalent in any other currency or currencies), (iv) cross-acceleration, (v) insolvency and/or insolvency proceedings and/or enforcement proceedings or non-renewal of certain concessions or contracts, (vi) non-payment of amounts required to be paid by a final judgment, (vii) breach of representations and warranties, (viii) expropriation, execution or attachment placed on any of the company's assets, for a value exceeding €5,000,000 and not waived within the following 30 business days, (ix) material adverse change, (x) unlawfulness or invalidity, (xi) the auditors make material reservations on the audited annual consolidated financial statements, (xii) cessation of business activity, (xiv) loss of authorizations or concessions.

Causes of mandatory early repayment

The 2iRG 2024 Term Loan Agreement provides for certain causes of mandatory early repayment, subject to certain thresholds of materiality and right to cure, including (i) the occurrence of a change of control, (ii) unlawfulness, (iii) loss of concessions, (iv) capital market transactions carried out by 2i Rete Gas, or its subsidiaries, within the limits of the proceeds deriving from such triggering capital market transaction.

Legal Proceedings

This section contains a summary description of the main disputes relating to the Italgas Group and to the 2i Rete Gas Group ongoing at the date of this Offering Circular.

Disputes Relating to the Italgas Group

As of March 31, 2025, the "Risk provision for litigation" and the "Risk provision for tax disputes," representing the allocations made by the Group to cover its probable liabilities in connection with legal and tax disputes and included in the item "Provision for risks and charges," amounted to €7.9 million (€8.4 million as of December 31, 2024 and €10.2 million as of December 31, 2023), and was divided as follows: (i) civil, administrative and criminal litigation amounting to €4.7 million (5.1 million as of December 31, 2024 and €7.1 million as of December 31, 2023); (ii) labor law disputes amounting to €3.0 million (€3.0 million as of December 31, 2024 and €2.9 million as of December 31, 2023); (iii) tax risks of €0.2 million (€0.3 million as of December 31, 2024 and €0.2 million as of December 31, 2023). See also "*Risk Factors—Risks relating to our business and the industry in which we operate—We are exposed to risks associated to litigation and regulatory proceedings and cannot offer assurances regarding the outcomes of any particular proceeding*."

At the date of this Offering Circular, the Italgas Group is not involved in any proceedings related to violation of Decree 231, nor in arbitration, fiscal and/or administrative proceedings which may have material effects on the business, financial condition and results of operations of the Italgas Group.

Please see below for a list of the most significant disputes to which the companies of the Italgas Group are parties; the aggregate amounts claimed under the proceedings set forth below, where determinable at the time as of this Offering Circular, are equal to €225,559,073.82.

Criminal proceedings

Italgas Reti – Ravanusa Event – Court of Agrigento

The Public Prosecutor's Office at the Court of Agrigento has launched an investigation into an explosion that occurred in the town of Ravanusa on December 11, 2021. The incident caused the death of nine victims as well as the collapse or damage of several buildings. On December 31, 2021, the Public Prosecutor's Office at the Court of Agrigento notified the beginning of the investigation to ten employees of Italgas Reti, in order to proceed with certain technical investigations that could not take place during the trial.

These technical investigations revealed that a steel pipeline laid in 1988 by Siciliana Gas S.p.A. (a company that was merged into Società Italiana per il gas S.p.A. in 2008, which later became Italgas Reti on November 7, 2016) broke. In addition, further laboratory tests were carried out on the odorization of the gas and soil samples taken near the site of the event in the days following the explosion, which confirmed the presence of the odorizing molecule.

On May 16, 2023, the Public Prosecutor's Office requested to close the proceedings against all Italgas Reti suspects, while it issued notice of conclusion of the preliminary investigations pursuant to Article 415 bis of the Code of Criminal Procedure against a former employee of Siciliana Gas S.p.A. and the company that had laid the pipeline. That individual did not transfer to Italgas Reti in connection with the aforementioned merger. Furthermore, Italgas Reti is not a party to the proceedings in question pursuant to the Decree 231.

Following the objection to the request for closing submitted by the injured parties, hearings were held before the preliminary investigations judge on October 17, 2023, December 5, 2023, February 27, 2024, April 30, 2024 and May 31, 2024.

Following such hearings, the preliminary investigations judge ordered further investigations, aimed in particular at further analyzing the testing and maintenance activities of the network, giving the Public Prosecutor's Office a deadline of six months to complete such additional investigations. Following further investigations, the Public Prosecutor's Office filed a new request for dismissal. The decision of the judge for preliminary investigations on the matter is currently pending.

On May 31, 2024, the preliminary investigations judge also ordered the indictment of the representatives of Siciliana Gas S.p.A. and the construction company.

Italgas Reti has appeared in the proceeding as a *responsabile civile* (i.e. a party with vicarious civil liability for the actions of the representative of Siciliana Gas S.p.A.) in connection with the claim opened with the relevant insurance companies for the orderly management of claims within the scope of the applicable third-party liability policy. Additionally, as of the date of this Offering Circular, a claim for damages, in an amount not yet specified by the requesting party, is pending in the proceeding. At the first hearing, set for December 12, 2024, the defense counsel acting for representative of Siciliana Gas made a request for an abbreviated procedure subject to the completion of an expert report, on which the judge reserved the right to decide, postponing the hearing to February 6, 2025. The hearing was subsequently adjourned to, and held on, February 20, 2025, where the judge rejected the request and set the schedule for the forthcoming hearings at: June 12 and July 10, 2025.

Civil Litigation

Municipality of Venice / Italgas Reti – Court of Venice

On April 24, 2019, the Municipality of Venice served a summons at the Court of Venice, aimed at the ascertainment and consequent payment by Italgas Reti of €59,006,552.03 as consideration for the use of a portion of the gas distribution network forming the subject of free devolution for the period between June 1, 2010 and December 31, 2018 as well as the amounts due for the same reason from December 31, 2018 up to the final judgment.

Italgas Reti challenged such request for payment and requested its rejection on the basis that: a) the municipality received the network free of charge, and therefore without any financial outlay to be remunerated; b) there is no regulatory basis for allowing the determination of the fee for the use of the network to be linked to the tariffs defined by ARERA; c) the fee for the use of the assets of the so-called Block A was included in the fee agreed with a subsequent additional deed. Italgas Reti requested, in alternative: a) the redetermination of the "appropriate" fee that Italgas Reti should have paid to the Municipality in the period between January 1, 2013 and December 31, 2018, since, as a result of the Letta Decree, the concession expired by law on December 31, 2012;

b) an order imposing on the Municipality to repay the amount paid by Italgas Reti in the period between January 1, 2013 and December 31, 2018 but not due to the Municipality (as the difference between the fee paid and the sum of the fees due), comprising both the concession fee and that relating to the use of Block A, as redetermined by the judge.

On April 26, 2021, the judge ordered Italgas Reti to produce relevant documentation and consequently scheduled a hearing for May 31, 2022 for the examination of such documentation. On May 31, 2022, the Municipality requested that Italgas Reti be ordered to supplement the documentation produced. Italgas Reti challenged the request and requested that the judge set a hearing for closing arguments or, alternatively, to set a deadline for counterclaims. Following the hearing, the judge requested further additional documentation for a hearing to be held on January 17, 2023. On that date, the Municipality insisted on the admission of a court-appointed technical expert, while Italgas Reti requested that the judge set a hearing for closing arguments.

The judge decided to request the opinion of a court-appointed technical expert. Expert analyses are currently ongoing. The next hearing, for the examination of the court-appointed technical expert opinion, initially set for April 24, 2025, was postponed, upon request of the court-appointed technical expert, to July 10, 2025.

Publiservizi S.p.A. / Italgas S.p.A. – Court of Florence

On July 25, 2019, the Issuer was served with a writ of summons by Publiservizi, on its own behalf and as representative of municipalities that are shareholders in Toscana Energia, alleging a violation of a shareholders' agreement entered into on June 28, 2018 between Italgas and Publiservizi and requesting that Italgas be ordered to purchase 3% of the share capital of Toscana Energia S.p.A. (at the price of €70,000,000.00) or to, in any case, perform its obligations under the aforementioned shareholders' agreement and, in alternative, to pay Publiservizi an amount of €59,800,000.00 as compensation for damages for non-performance or, alternatively, for unjust enrichment.

On April 30, 2021, the judge scheduled the hearing for closing arguments for September 13, 2023. By judgment issued on June 11, 2024, the Court of Florence fully rejected the requests in Publiservizi' writ of summons. On January 13, 2025, Publiservizi (now Alia) filed an appeal before the Court of Appeal of Florence against such order. The next hearing is scheduled for September 12, 2025.

Italgas Reti / Municipality of Rome – Court of Rome

The Municipality of Rome, where Italgas Reti carries out the gas distribution service on the basis of a concession contract, following a series of discussions aimed at reaching an agreement for the rescheduling of the implementation of the business plan under such contract, alleged that Italgas Reti had breached its contract due to alleged delays in the execution of the plan itself and filed a notice with the Lazio Regional Administrative Court ("**TAR**") for the application of contractual non-compliance penalties. Italgas Reti, in rejecting the allegations of the Municipality of Rome, appealed to the Lazio TAR on January 11, 2019 for cancellation of such notice. Subsequently, on December 19, 2019, the Municipality of Rome notified Italgas Reti of a managerial decision whereby it quantified the alleged amount due by Italgas Reti in €91,853,392.79 and reserved the right to enforce the bank guarantee that had been issued to guarantee the correct execution of the contract at issue. On January 20, 2020, Italgas Reti challenged the aforementioned managerial decision before the Lazio TAR, submitting an appeal for the suspension of the effect of the penalty measure, stating, inter alia, (i) nullity of the penalty clause due to indeterminacy; (ii) non-existence and/or in any event non-imputability to Italgas Reti of the non-fulfilment alleged by the Municipality; (iii) waiver by the Municipality of the timely application of the penalty clause; (iv) violation of the procedure for the application of the penalty clause.

As the Lazio TAR expressed several doubts on whether it has jurisdiction over the case, an appeal was filed before the Court of Cassation for a preliminary decision on jurisdiction.

At the hearing held on April 22, 2020, with order no. 4140/2020, the Lazio TAR took note of the proposed preliminary decision on jurisdiction, suspended the proceedings and, deeming not to have jurisdiction, declared the appeal to be inadmissible. On May 13, 2020, Italgas Reti appealed against this order before the Council of State, which upheld the appeal filed by Italgas Reti, temporarily suspending the effect of the order issued.

On January 12, 2021, the Court of Cassation declared that the ordinary court had jurisdiction over the case. Therefore, on February 11, 2021, Italgas Reti resumed the proceedings before the Civil Court of Rome.

In addition, on June 5, 2020, Italgas Reti filed an appeal with the Lazio TAR requesting that the Municipality of Rome be ordered to pay compensation to Italgas Reti for the total amount of €106,290,396.25

deriving from the Municipality of Rome's breach of the concession contract. Subsequently, in line with the previous judgment, the TAR reaffirmed the jurisdiction of the ordinary court and Italgas Reti resumed the proceedings before the Civil Court of Rome, requesting that such proceeding be joined to the proceeding concerning the penalties imposed by the Municipality of Rome. The preliminary hearing for both judgments, which had been joined, was set for July 11, 2023. Following the hearing, the judge ordered a court-appointed technical expert opinion to be prepared over the course of 2024. At a hearing held on December 11, 2024, the judge invited the parties to reach a settlement of the dispute, postponing the hearing - in the absence of a settlement agreement - to February 18, 2025 for clarification of the conclusions. Following that hearing, held on February 19, 2025, the judge granted adjournment to July 1, 2025.

On November 17, 2021, Italgas Reti obtained an order from the Civil Court of Rome by which the effects of the measure quantifying penalties were suspended and the Municipality of Rome was prohibited from enforcing the bank guarantee.

<u>Italgas Reti / 2iReteGas / Municipality of Naples – Court of Naples</u>

Italgas Reti served two summonses on the Municipality of Naples and 2i Rete Gas before the Court of Naples requesting payment of the higher amount as the reimbursement value to be paid by the incoming operator to the outgoing operator, quantified in €59,657,684.00.

The first judgment concerns the challenge made against the provisional reimbursement value updated to June 30, 2022. This judgment is currently suspended as the Municipality of Naples has filed an appeal for a decision of jurisdiction, raising doubts over the jurisdiction of the ordinary judge in favor of that of the administrative court. The Combined Sections of the Court of Cassation, with an order dated December 31, 2024, affirmed the jurisdiction of the ordinary judge, rejecting the appeal brought by the Municipality of Naples.

The second judgment concerns the challenge made against the final reimbursement value updated to November 30, 2022. On June 13, 2024, the judge adjourned the hearing to February 20, 2025. On February 20, 2025, the judge granted an adjournment to September 16, 2025.

<u>Municipality of Cavallino Treporti / Italgas Reti – Court of Venice</u>

Following the ruling of the Council of State on the acquisition, free of charge, of certain assets, the Municipality of Cavallino-Treporti initiated civil proceedings before the Court of Venice in order to recover the amounts it considered due for the use by Italgas Reti of the assets, which the Municipality alleges to be equal to €4,699,129.00. The first hearing, scheduled for December 17, 2020, was adjourned to April 1, 2021 and, finally, to April 22, 2021, for the admission of evidence in support of the respective defenses. The final hearing was scheduled for January 13, 2022. With a judgment dated June 27, 2022, the Court of Venice rejected the case filed by the Municipality of Cavallino-Treporti.

The Municipality of Cavallino-Treporti appealed before the Court of Appeal of Venice. With judgment of April 22, 2024, the Court of Appeal of Venice, while raising several doubts over its jurisdiction, rejected the appeal of the Municipality of Cavallino-Treporti.

The Municipality of Cavallino-Treporti then appealed to the Court of Cassation against the judgment of the Court of Appeal of Venice. As of today, the scheduling of the hearing is pending.

Disputes Relating to the 2iRete Gas Group

At December 31, 2023 and December 31, 2024, the item "Provision for disputes and litigation," amounting to €4.4 million in both cases and included in the item "Provisions for risks and charges" of the respective consolidated financial statements of the 2i Rete Gas Group, represents the allocations made to cover probable liabilities of the 2i Rete Gas Group deriving mainly from the ongoing legal disputes. See also "*Risk Factors—Risks relating to our business and the industry in which we operate—We are exposed to risks associated to litigation and regulatory proceedings and cannot offer assurances regarding the outcomes of any particular proceeding*."

At date of this Offering Circular, 2i Rete Gas and the companies of the 2i Rete Gas Group are not involved in proceedings related to violation of Decree 231, nor in arbitration, fiscal and/or administrative proceedings which may have material effects on the business, financial condition and results of operations of the 2i Rete Gas Group.

For further information on the litigation initiated by Italgas Reti against the Municipality of Naples and 2i Rete Gas, the only significant dispute in which the 2i Rete Gas Group is involved, please refer to "*—Disputes Relating to the Italgas Group*" above.

MANAGEMENT

This section contains a summary of certain provisions of the Company's bylaws (Statuto) and of Italian law regarding corporate governance in effect at the date hereof. This summary is qualified in its entirety by reference to such bylaws and Italian law, as the case may be, and does not purport to be complete.

*The Company is managed by the Board of Directors (each member thereof, a "**Director**"). In addition, pursuant to the Italian Civil Code, the Company has a supervisory body (Collegio Sindacale) (the "**Board of Statutory Auditors**").*

*This section also contains information about the officers of the Group with managerial functions, regular access to privileged information and the power to undertake decisions that may impact the evolution and future of Italgas (the "**Key Managers**") identified by Italgas in accordance with EU Directive 2017/828 and the Consolidated Financial Act.*

Corporate Bodies and Key Managers

Board of Directors

The Board of Directors is composed of nine members, each of whom were appointed at the shareholders' meeting on May 13, 2025 and are expected to remain in office until the approval of the financial statements for the year ending on December 31, 2027.

The table below lists the names of all directors, the offices they hold within the Company and the place and date of birth of each director.

Name	Position	Place and Date of Birth
Paolo Ciocca (1)	Chairperson	Rome, April 17, 1963
Paolo Gallo	Chief Executive Officer	Turin, November 18, 1961
Qinjing Shen	Director	People's Republic of China, July 22, 1978
Fabio Barchiesi	Director	Rome, August 8, 1982
Cecilia Andreoli (1)	Director	Carpi (MO), July 27, 1980
Costanza Bianchini (1)	Director	Carrara, May 3, 1987
Erika Furlani (1)	Director	Udine, May 1, 1972
Gianmarco Montanari (1)	Director	Novara, April 20, 1972
Alessandra Faella (1)	Director	Vico Equense (NA), April 4, 1982

(1) Director who has declared to meet the independence requirements pursuant to the combined provisions of Articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Financial Act and Article 2 of the Corporate Governance Code.

For the purposes of their corporate offices, members of the Board of Directors are domiciled at the registered offices of the Company.

Biographies of Directors

Short biographies of each member of the Board of Directors are set out below.

Paolo Ciocca

Paolo Ciocca has been a director of Italgas since 2025.

He graduated cum laude in Economics and Commerce and subsequently obtained a PhD in corporate tax law, and the titles of Chartered Accountant and Auditor. Mr. Ciocca has acquired considerable experience mainly in finance, security and new technologies, also holding the role of Lecturer of the courses "Strategic Studies" and "War & Crisis Management"; he is Professor of Practice at the Luiss School of Law. During his professional career, he has held top positions in the Italian Ministry of Economy, first as Director of International Relations of the Department of Finance (2002-2005) and then as Director General of Finance (2005-2007). He has also held important positions in leading international institutions such as the International Fund Agricultural Development, where he was Secretary of the Fund (head of the diplomatic-institutional relations with the 160 member states) (2007-2013). He was also Deputy Director-General of the Department of Security Intelligence (DIS) of the Italian

Presidency of the Council of Ministers (from 2013 to 2018), in charge of strategic analysis, economic intelligence, training and cybersecurity. Before becoming Chairman of Open Fiber S.p.A. and Open Fiber Holdings S.p.A. on 17 April 2023, he also held the role of CONSOB Commissioner from 2018 to 2023. During his tenure, he has explored issues such as technological innovation applied to finance, cybersecurity and the supervision of corporate governance and statutory auditors. He also oversaw CONSOB's activity in the field of digital finance and was a member of CEAOB, the European Forum of Statutory Audit Regulators. He is currently Chairman of Open Fiber S.p.A., Open Fiber Holdings S.p.A. and independent director and Chairman of the Nomination and Governance Committee of Banca Generali S.p.A.

Paolo Gallo

Paolo Gallo has been the General Manager and Chief Executive Officer of Italgas since August 2016.

He holds a degree in Aeronautical Engineering from the Polytechnic of Turin. He later gained an MBA from the *Scuola di Amministrazione Aziendale* (SAA - Università degli Studi di Torino). From 2014 to 2016 he was CEO of Grandi Stazioni S.p.A., where he finalized the privatization. Previously (2011 – 2014) he was firstly General Manager and then CEO of Acea one of the leading Italian multi-utility companies, listed on the Milan stock exchange. From 2002 to 2011 he was part of the Edison group, first as Director of Strategy and Innovation and later (2003 - 2011) as General Manager and then CEO of Edipower S.p.A. He began his career at Fiat Avio S.p.A. in 1988 where he held various positions of responsibility for 13 years. In 1997 he began to get involved in the energy sector developing new initiatives in Italy, India and Brazil and later combined all the electricity generation activities for the Fiat group at Fiat Energia S.p.A. (where he was CEO until 2002), the vehicle through which the Fiat group acquired control of Montedison in July 2001.Between 1992 and 1994 he was Director of the MBA course at the School of Business Management of the University of Turin, teaching "The economic-financial evaluation of industrial investments" until 2002, and he was the co-author of important publications in the industry. Since 2018 he has been Associate Professor of the Re-engineering Operational Processes (Master Digital Ecosystem) and Energy Management (Master Energy Industry) courses at the Luiss Business School.

Qinjing Shen

Qinjing Shen has been a Director of Italgas since 2022.

He holds a Bachelor Degree and Master's Degree in Electrical Power System and its Engineering from Zhejiang University, China.Currently, he holds the office of Board member of CDP RETI S.p.A., Italgas S.p.A., Terna S.p.A and State Grid's Chief Representative in Italy. He has held the position of Director of Department of Business Development&Strategy, State Grid International Development, LTD from 2016 to 2021. As Key Contact and Coordinator in CPFL Energy sophisticated transactions of Brazil (Deal size: 9 billion USD, including Controlling Block deal, Mandatory Tender Offers for CPFL Energy minority shareholders, Mandatory Tender Offers for CPFL Renewabie, Re-IPO of CPFL). As Key player for State Grid's other M&A deals (Chilquinta, Chile (2.5 billion USD, 2020) CGE, Chile (3 billion USD, 2021). SGID set up State Grid Brazil Holding (SGBH), which has engaged in power transmission projects, including Phase II of Belo Monte UHVDC Transmission, the world's longest ±800kV power transmission line. During the construction process, the team established an integrated plan regarding the protection of local animals and vegetation, especially for endangered species. Over 95% animals were rescued and over 25% vegetation were saved from deforestation when the project completed. And the reforestation plan has enabled greater biodiversity in the ecosystem. He has held the position of Deputy Director of Department of Business Development&Strategy, State Grid lnternational Development, LTD from 2013 to 2016, as Project Manager and Key Contact of CDP Reti transaction (€2.2 billion) in 2014. Highly evolved in several Australia M&A transactions at that period for State Grid. He has held the position of Project Manager of Department of Business Development&Strategy, State Grid International Development, LTD from 2008 to 2013. As Project Manager acquired transmission Concessions in Brazil from Spain investors (1 billion USD) in 2010. Participating in the transaction of NGCP of Philippines (2009), REN of Portugal (2011). He has held the position of Dispatching Engineer of Dispatching Communication Center, Zhejiang Electric Power Company (a subsidiary of State Grid Corporation of China) (2003-2008). From February 17, 2022 he is a member of the board of directors of Snam S.p.A.

Fabio Barchiesi

Fabio Barchiesi has been a Director of Italgas since 2025.

He graduated from the Faculty of Medicine and Surgery and obtained a second Master's degree in Economics, followed by an Executive Master in Business Administration at LUISS Business School and an

Executive Master in Planning, Strategy and Control at Bocconi University. He has gained experience in M&A, Capital Investments, Business Development, Organization, Project Compliance and Cost Management. During his professional career, he held the position of Director of Organization and Services at CONI SportLab – CONI Servizi (2015-2017), functions of Human Resources and Organization, Administration and Management Control, Business Development, as well as managing relations with external professionals belonging to the various specializations. From 2017 to 2021 held the position of General Manager at CONI Sport Lab – and Health. From 2023 to 2025 he held the position of Director of Development, Governance and Business Equity at CDP Equity, managing strategic projects relevant to equity and supporting the Company in the implementation of the Business Plan; at the same time, from 2022 to 2024 he was also a member of the Board of Directors of CDP Immobiliare SGR; from 2021 to 2025 he held the position of Chief Executive Officer and Head of Implementation of the Plan and Strategic Initiatives of CDP, managing significant strategic projects for both corporate and Group, coordinating equity activities and monitoring the progress of the project sites of the Business Plan. He currently is Deputy General Manager of CDP, and Director of the Investments, Human Resources, Transformation and External Relations Department, with the aim of ensuring the pursuit of corporate and Group strategies regarding investments in risk capital and investment funds, carrying out M&A transactions or sales of shareholdings in fund units or other equity investments, and evaluating and coordinating the implementation of the related operations, both nationally and internationally. He also coordinates activities related to the management of the direct and indirect portfolio, the management of institutional relations with national and territorial stakeholders, the management of human resources, the management of internal and external communication and the definition of marketing strategies, as well as the coordination of activities related to environmental sustainability, corporate protection, innovation and information systems, logistical support and document management. In addition, he also currently is Director of Ansaldo Energia S.p.A. and Chairman of the Advisory Board of Fondo Italiano Tecnologia e Crescita (FITEC).

Cecilia Andreoli

Cecilia Andreoli has been a director of Italgas since 2025.

She graduated in Business Administration from the University of Modena and Reggio Emilia, subsequently deepening the issues related to insolvency procedures and business recovery at the School of Higher Education (SAF) of Emilia Romagna (established by the National Council of Chartered Accountants). She also holds the titles of Chartered Accounts and Statutory Auditor. During her professional career, she has gained consolidated experience in advising companies on tax matters and defense intax disputes, in management consulting and business organization, in corporate restructuring and extraordinary finance transactions, also offering advice on business valuations, financial planning and tax bonuses related to construction. From 2011 to 2013 she was a member of the Equal Opportunities Committee of the Chartered Accountants and Accounting of Modena, actively participating in the work of the Committee, aimed at promoting access to self-employment, entrepreneurial training and professional qualification for self-employed workers, through training and partnership actions in support of professional women. From 2013 to 2019, she was a Member of the Taxation Study Commission the Order of Chartered Accountants and Accounting Experts of Modena, deepening the regulatory innovations in matters and developing publications on related issues. From 2020 to 2024, she was a member of the Commission Simplification of Tax Compliance of the Union of Young Chartered Accountants. From February 2021 she is also a Member of the Commission for Simplification of Tax Compliance. She currently holds the position of Statutory Auditor in Prysmian S.p.A., Unicredit Leasing S.p.A., Unicredit Factoring S.p.A., Confindustria Servizi S.p.A., National Consortium for the collection, recovery and recycling of wood packaging – RILEGNO and Chairman of the board of Statutory Auditors at De' Longhi S.p.A. and Sistemi Formativi Confindustria. Cecilia Andreoli is the owner of the Studio Andreoli – Accounting Firm.

Costanza Bianchini

Costanza Bianchini has been a director of Italgas since 2025.

She graduated in Law from the University of Pisa and subsequently qualified as a lawyer. Over the years, she has acquired in-depth professional experience in the field of corporate management and in the coordination and connection of institutional relations with central and peripheral State administrations, with national and European Parliament Institutions, with local Authorities, with public companies and with different types of stakeholders. During her professional career she has collaborated with different Law Firms, gaining consolidated experience at Civil, Criminal and Administrative Law, as well as qualified expertise in tax crimes, crimes against property and person, compensation actions and debt collection. Since 2024 she holds the position of Private Secretary of the Under-Secretary of State, taking care, for the Under-Secretary of State, the coordination activities related to institutional relations with the offices of the Ministry of Economy and Finance, the Parliament, the Institutional Partners, the Public Companies and the private entities, due to the institutional position.

Erika Furlani

Erika Furlani has been a director of Italgas since 2025.

She graduated from the Faculty of Management Engineering of the University of Udine, subsequently obtaining a PhD in Chemical and Energy Technologies; she also obtained the qualification to the profession of Engineer. During her professional career she held the position of Assistant Professor (2006-2023) at the Polytechnic Department of Engineering and Architecture of the University of Udine, focusing her research activity on ceramic materials and hydraulic binders; during the years 2007 and 2008 she also held the position of Tutor for the university courses of Materials Science and Technology of the Faculty of Engineering of the same University. Co-author of 40 scientific publications in international journals in the field of Materials Science, she has gained extensive experience in the field of particle size measurements on Dynamic Light Scattering and Particle Size Distribution Analizer, optical microscopy, sample preparation for SEM electron microscopy and EDXS micronanalysis, in the use of servopneumatic machines for resistance tests and in the use of hydraulic presses for resistance tests on materials. From 2019 to 2024 she also held the position of Mayor of the Municipality of Campoformido (UD); starting from 2024 she holds the position of Chairperson of the Interporto di Cervignano del Friuli.

Alessandra Faella

Alessandra Faella has been a director of Italgas since 2025.

Alessandra Faella has twenty years of international experience in the energy, industrial and infrastructure sectors, with a strong focus on strategy, corporate governance, business transformation and sustainability. She holds a double degree with honors in Economics and Innovation and in General Management from Bocconi University and has completed exchange programs at ESADE Business School (Spain) and Chalmers University of Technology (Sweden). She also holds an Executive Master in Digital Transformation from Politecnico di Milano. She holds corporate governance certifications such as: Board Academy from LUISS and Assogestioni The Effective Board from NED Community and AIDC, Women on Board from Federmanager and AIDP. She is Chartered Accountant (qualified in Italy as Dottore Commercialista), and Innovation Manager (certified by the Italian Ministry of Development). She began her career in marketing and communications, working with L'Oréal and Richemont in Italy and Switzerland. She then joined Accenture as a Digital Consultant, contributing to the digitalization of financial processes for Benetton Japan. In the same year, she moved to Henkel Italy as a Key Account Manager, managing a portfolio of over 100 clients and driving significant growth. From 2007 to 2011, she was a Senior Consultant at Bain & Company, supporting top management of leading industrial companies in the design of strategic plans and large-scale transformation initiatives. In 2011, she joined General Electric Oil & Gas, where she held managerial positions in marketing, integration and supply chain, leading global teams across Italy and the United States. Since 2016, she has continued her career at GE-Baker Hughes, first as Global Sales & Operations Planning Leader and, since 2020, as Global Aftermarket Sales Director for the valves division (Dresser Italia), overseeing worldwide aftermarket sales and strategy development. From 2020 to 2023, she served as an independent member of the Board of Directors of Terna S.p.A. (the Italian Transmission System Operator), actively contributing to the Control, Risk and Sustainability Committee and the Remuneration Committee. She is a member of professional associations including the NED Community and Federmanager and supports volunteer initiatives such as Dynamo Camp and the Houston Food Bank.

Gianmarco Montanari

Gianmarco Montanari has been a Director of Italgas since 2022.

He holds a degree in Management Engineering from the Polytechnic of Turin, followed by four further degrees in Management, Economics, Political Science and Law from the University of Turin and the Board Director Diploma, awarded with Distinction (top 3), from the IMD in Lausanne. He has, over the years, obtained numerous specialisations at leading International Business Schools (i.e. Harvard Business School, IMD, INSEAD, Columbia University, Bocconi) on topics of management, innovation, digitalisation and governance including the International Directors Programme at INSEAD. He is qualified to practice as an engineer, journalist publicist, financial advisor, F.I.G.C. Sport Management Collaborator, ACOI Coach and OIV Band 3 by the Ministry of Education. Gianmarco Montanari is currently Director General of MOST Foundation, leader research technology foundation in sustainable mobility. Previously, he was Director General of the Italian Institute of Technology in

Genoa, where he was responsible in particular for the research areas related to Energy, Lifetech, Sustainability, Robotics, Artificial Intelligence and Computational Science, before he was City Manager (General Manager) of the city of Turin after having worked for twenty years in top positions in the Automotive, Financial Services, Management Consulting and Central Public Administration sectors, always managing reorganisation processes and the digital transformation of complex enterprises with modern organisations. He is and has been advisor to numerous investment funds, multinational companies and ministries. He is and has been a member of numerous boards of private and public companies, including Gruppo Torinese Trasporti, Agenzia delle Entrate, AGID (Agency for Digital Italy), the University of Turin and the Reale Group. He is and has been a member of OIVs, Independent Evaluation Bodies. He was first awarded the honour of Commendatore della Repubblica Italiana and then Ufficiale al Merito della Repubblica Italiana. He authored the book "*Tech Impact. Luci ed ombre dello sviluppo tecnologico*" (Tech Impact. The lights and shadows of technological development) and numerous other publications, as well as an authoritative speaker on topics of innovation, technology and change management. He is the inventor of the IED® Intergenerational Environmental Debt. He is currently a member of the Board of Directors and of the Appointments Committee as well as Chairman of the Compensation Committee of FinecoBank, as well as Independent Director and Member of the Remuneration Committee of the Tinexta Group, a company listed on the Star segment and a leading European operator in four business areas: Digital Trust, Cyber security, Credit Information & Management and Innovation & Marketing Services.

None of the members of the Board of Directors has a family relationship with any other member of the same Board, with any member of Italgas's Board of Statutory Auditors or with any of the Company's Key Managers.

The members of the Board of Directors need to meet the requirements of professionalism, integrity and independence, to the extent and within the terms established by the applicable regulations from time to time and by the Articles of Association.

On May 26, 2025, the Board of Directors, on the basis of the declarations provided by the relevant parties, verified that all the Directors possess the integrity requirements set forth under Art. 2 of Italian Ministerial Decree No. 162 of March 30, 2000 as referenced by Art. 148, paragraph 4 of Consolidated Financial Act, as referenced by Art. 147 *quiquinquies* of Consolidated Financial Act.

The existence of the independence requirements provided for by Article 147-*ter*, paragraph 4 and Article 148, paragraph 3 of the Consolidated Financial Act and Recommendations 6 and 7 of the Corporate Governance Code was ascertained by the Board of Directors, on the basis of statements made by the relevant parties, on May 26, 2025 (as per the press release issued to the market on the same date) also taking into account the qualitative and quantitative criteria for the assessment of independence approved by the Board of Directors on December 16, 2024.

To the Company's knowledge, none of the members of the Board of Directors have, in the five-year period prior to the date of this Offering Circular, been convicted of fraud or bankruptcy; been involved in a company subject, during the performance of his or her professional duties, to any bankruptcy proceeding, temporary receivership or compulsory winding-up; or been subject to criminal charges and/or sanctions by public authorities or regulators (including appointed industry associations) or to injunction by any court affecting his ability to hold any position as a member of Italgas's corporate, management or supervisory bodies or to perform any of Italgas's corporate or management activities.

The following table lists the corporations and partnerships, other than entities forming part of the Group, in which the members of the Board of Directors (i) currently serve or have previously served as a member of either an administrative, management or Board of Statutory Auditors; and/or (ii) are or have been a shareholder within the last five years, including their position as of the date of this Offering Circular, excluding any non-significant shareholdings of less than 3% of the share capital of companies listed on regulated markets.

Name	Company	Office / Equity Investment	Status
Paolo Ciocca	Open Fiber S.p.A.	Chaiperson of the board of directors	In office
	Open Fiber Holdings S.p.A.	Chaiperson of the board of directors	In office
	Banca Generali S.p.A.	Director	In office

Name	Company	Office / Equity Investment	Status
Paolo Gallo	Picarro Inc.	Director	In office
Qinjing Shen	CDP Reti S.p.A.	Director	In office
	Terna S.p.A..	Director	In office
	Snam S.p.A.	Director	In office
Cecilia Andreoli	De Longhi S.p.A.	Chairperson of the board of statutory auditors	In office
	Prysmian S.p.A.	Statutory auditor	In office
	Consorzio Nazionale "Rilegno"	Statutory auditor	In office
	Unicredit Factoring S.p.A.	Statutory auditor	In office
	Unicredit Leasing S.p.A.	Statutory auditor	In office
	Finance For Food S.p.A. Società Benefit	Statutory auditor	Terminated
	Reconta S.r.l.	Sole director	In office
	Sae Emilia S.r.l.	Chaiperson of the board of directors	In office
	Confindustria Servizi S.p.A.	Statutory auditor	In office
	Sfc Sistemi Formativi Confindustria – Società Consortile per Azioni	Statutory auditor	In office
	Green Arrow Capital S.g.r. S.p.A.	Statutory auditor	Terminated
	Zenit Società Per Azioni	Statutory auditor	In office
	IWS S.p.A.	Statutory auditor	In office
	Federlegno Arredo Eventi S.p.A.	Chairperson of the board of statutory auditors	Terminated
	Made Eventi S.r.l.	Statutory auditor	Terminated
	Prezzemolo & Vitale S.p.A.	Statutory auditor	Terminated
	Luiss Alumni 4 Growth S.r.l.	Statutory auditor	Terminated
	Flare S.r.l.	Statutory auditor	Terminated
	Villa Guidelli S.r.l.	Shareholder	In office
	Reconta S.r.l.	Shareholder	In office
	Grizzaga S.r.l.	Shareholder	Terminated
Fabio Barchiesi	Ansaldo Energia S.p.A.	Director	In office
	Greenit S.p.A.	Director	Terminated

Name	Company	Office / Equity Investment	Status
	Holding Reti Autostradali S.p.A.	Director	Terminated
	Autostrade Per L'italia	Director	Terminated
	CDP Real Asset S.g.r. S.p.A.	Director	Terminated
Costanza Bianchini	B.K.H. Anoi S.r.l.s.	Sole shareholder	In office
Erika Furlani	Interporto Cervignano Del Friuli S.p.A.	Chaiperson of the board of directors	Terminated
Gianmarco Montanari	Fineco S.p.A.	Deputy chaiperson of the board of directors	In office
	Gruppo Tinexta S.p.A.	Director	In office
	Reale Ites S.r.l.	Chaiperson of the board of directors	In office
Alessandra Faella	Terna S.p.A.	Director	Terminated

Tasks and duties of the Chairman of the Board of Directors

The Chairperson of the Board of Directors is vested with the powers provided in the Articles of Association and Italian law regarding the functioning of corporate bodies and has the legal representation of the Company. The Chairman is also responsible to oversee the implementation of resolutions of the Board of Directors. Pursuant to Article 14 of the Articles of Association, the Chairman (i) represents the Company; (ii) presides over shareholders' meetings, exercising functions in accordance with the law and the regulations of the shareholders' meeting; (iii) convenes and presides over the Board of Directors, prepares the agenda and coordinates activities thereof; and (iv) ensures that all adequate information on issues listed on the agenda are provided to the Directors. As resolved by the Board of Directors on May 13, 2025, the Chairperson also (i) handles relationships of strategic importance with institutional bodies and international authorities, after having obtained the opinion of the Chief Executive Officer; (ii) assesses and supports the proposals of the Chief Executive Officer for the appointment of the head of internal audit, general managers, the officer responsible for the preparation of the financial reports of the Company and the members of the supervisory body in accordance with applicable law, to be submitted to the Board of Directors.The Chairperson also has the duties and powers granted to him under the Rules for the functioning and organisation of the Board of Directors of Italgas S.p.A. and the Guidelines of the Internal Control and Risk Management System of the Italgas Group as approved by the Board of Directors.

Powers granted to the Chief Executive Officer

Mr. Gallo, first appointed as CEO of the Company in 2016, was confirmed the grant by the Board, effective from May 13, 2025, of full management powers except for the powers reserved to the Board of Directors or the Chairperson, and except as otherwise provided under applicable law and in the Articles of Association . Pursuant to the Articles of Association, the CEO represents the Company before any judicial or administrative authority and before third parties; and has the power to sign on behalf of the Company. In addition, among other things, the CEO: (i) is responsible for the administration of the Company and the Group and the elaboration of the key strategic objectives and sustainability initiatives, which are then submitted to the Board of Directors for approval; (ii) submits the strategic plan and the sustainable value creation plan to the Board of Directors on an annual basis for approval,; (iii) chairs the Sustainability Business Review, an internal managerial committee which performs detailed assessment of the most important environmental sustainability KPIs and discusses the progress of related initiatives; and (iv) chairs the Innovation Committee, an internal managerial committee which examines and evaluates efficiency initiatives in Group operations, including those with a focus on reducing emissions and/or increasing energy efficiency.The CEO is also assigned the role of Chief Executive Officer pursuant to the Corporate Governace Code for the purpose of establishing and maintaining an effective internal control and risk management system.

Powers of the Board of Directors

The Board of Directors has broad powers under Italian law, the Corporate Governance Code and the Articles of Association to decide on a broad range of corporate issues that include Italgas's strategy, organization and internal controls. Pursuant to Article 12 of the Articles of Association, the Board of Directors also has the power to resolve on matters concerning: (i) a merger of the Company with a wholly-owned subsidiary; (ii) a merger of the Company with an least 90%-owned subsidiary; (iii) the institution, modification, suppression of branch offices; (iv) the reduction of the share capital in case of withdrawal of shareholders; (v) amendments of the Articles of Association as may be required in order to comply with new mandatory legal provisions; and (vi) the transfer of the registered offices of the Company within the Italian territory.

Board Committees and Other Corporate Governance Matters

The Company's corporate governance system, aligned with the national best practices of peer companies, has been defined in accordance with the Corporate Governance Code and Articles of Association. The newly elected Board of Directors will establish board committees in accordance with the provisions of such code and with our internal procedures. Under the prior standing Board of Directors and up until the election of the new Board of Directors on May 13, 2025, the governance structure included the the following committees: an Appointments and Compensation Committee, a Control, Risk and Related Party Transactions Committee and a Sustainable Value Creation Committee.

Board of Statutory Auditors

The current members of the Board of Statutory Auditors were appointed at the shareholders' meeting on May 13, 2025 and is expected to remain in office until the shareholders' meeting called for approval of the financial statements for the year ending December 31, 2027.

The table below lists the names of all auditors in charge as of the date of this Offering Circular, specifying the offices they hold within the Company and the place and date of birth of each auditor.

Name	Position	Place and Date of Birth
Giulia Pusterla	Chairperson	Como, February 12, 1960
Maurizio Di Marcotullio...........................	Statutory Auditor	Tivoli, May 24, 1967
Eliana Quintili...	Statutory Auditor	Montegiorgio (FM), January 10, 1965
Stefano Podda...	Alternate Auditor	Trieste, July 17, 1968
Maurizio De Filippo	Alternate Auditor	Catanzaro, October 15, 1968

All Statutory Auditors are in possession of (i) the independence requirements provided for by art. 148, paragraph 3 of the Consolidated Financial Act, as well as art. 2 of the Corporate Governance Code and (ii) the requirements of professionalism and integrity required by art. 148, paragraph 4 of the Consolidated Financial Act and by Decree of the Ministry of Justice no. 162 of March 30, 2000. The assessment regarding, among other things, the existence of the requirements of independence of professionalism and integrity and the absence of causes of ineligibility and incompatibility was carried out by the Board of Statutory Auditors on May 23, 2025.

Giulia Pusterla

In 1985, Giulia Pusterla started her own business, a consulting firm specialized in corporate restructuring and turnaround, insolvency issues, and corporate governance. Together with her team, she also provides my clients with tax and management advisory services. She is a member of the board of directors and the board of statutory auditors of various Italian companies, including listed companies such as Risanamento S.p.a., Leonardo S.p.a. and Italgas S.p.A. Previously, she sat on the board of directors of Banco di Desio e della Brianza S.p.a. and was the chairman of the board of statutory auditors of Tod's S.p.A., Ratti S.p.a. and Gepafin S.p.a. She collaborates with the Italian Bankruptcy Courts and she has been appointed as "official receiver" in relation to the insolvency procedures of over 100 companies. She acts as Extraordinary Commissioner in the Extraordinary Administration proceedings of Tirrenia di Navigazione S.p.a. and Siremar – Sicilia Regionale Marittima S.p.a. and she is regularly invited as keynote speaker and panel member in conferences and seminars on issues related to insolvency law. She is registered in the Register of "*Revisori Contabili*" (Statutory Auditors) qualified as "*Dottore Commercialista*" and registered in the "*Albo dei Dottori Commercialisti di Como*".

She graduated in Business Economics and Management at Università Bocconi.

Maurizio Di Marcotullio

Chartered Accountant, member of the Association of Chartered Accountants of Rome and enrolled on the Register of External Auditors. He has gained significant experience working with leading tax consulting firms. He practices as a Chartered Accountant in the following areas: national and international tax planning, taxation of extraordinary transactions, business appraisals and valuations, wealth management, taxation of renewable energy, real estate tax. He is an expert in contract negotiations for M&A transactions and company law. He assists private equity funds in investment transactions. He is a statutory auditor and on the board of directors of joint stock companies, including listed companies.

Eliana Quintili

Graduated in Economics and Commerce from the University of Bologna, she has been a member of the Register of Chartered Accountants and Accounting Experts of Fermo since 1991, the Register of Statutory Auditors since 1995, and the Register of Technical Consultants of the Court of Fermo since the same year. Since 2022, she has served as Vice President of the XBRL Italia Association. She is currently a member of the National Council of Chartered Accountants and Accounting Experts with responsibility for compliance and organizational models. In the past, she held the position of President of the Regional Union of Chartered Accountants and Accounting Experts of the Marche and of the Territorial Order of Fermo. She has been a statutory auditor and director in numerous public and private companies, including Busitalia Sita Nord S.r.l. (FS Group), Sita Dink S.r.l., and Cassa di Risparmio di Fermo S.p.A. Since 1991, she has been carrying out her professional activity independently, providing advice in business and tax matters, in extraordinary transactions, in court-appointed and party-appointed technical consultancy, as well as in the management of insolvency proceedings. She has also held positions as bankruptcy trustee and coadjutor in certified recovery plans and compositions with creditors.

Stefano Podda

Graduated in Economics and Commerce from the University of Trieste in 1996, he has been enrolled in the Register of Chartered Accountants and Accounting Experts of the Province of Trieste since 2006 and in the Register of Auditors since 2007. Chartered Accountant with consolidated experience in tax and corporate consultancy, since 2006 he has been working as first independently and then from 2007 within the Studio Associato Podda Scalise Parapat – Chartered Accountants. Previously, he held roles in administration and accounting: between 2001 and 2005 he was head of the Budget-Tax Liaison Office at a leading insurance company; from 1997 to 2001 he worked in the Administration and Accounting Office of an internationally operating engineering company. During his career he has held numerous positions in control and governance bodies. He was a member of the board of statutory auditors and the supervisory board of CDP Equity S.p.A., of the board of statutory auditors of Poste Tributi S.c.p.A. in liquidation, of the board of statutory auditors of the Historical Museum and Park of Miramare Castle, and of the board of statutory auditors of Aries – Special Agency of the Venezia Giulia Chamber of Commerce. He has also been a member of the board of statutory auditors of Aries S.c.a.r.l., of the Aquileia Foundation and of the Health Services Company No. 1 Triestina. He has served on several public bodies, including as chairman of the board of statutory auditors and auditor of the municipality of Muggia (TS). He was also liquidator of Agenzia per la Mobilità Territoriale S.p.A.

Maurizio De Filippo

Graduated in Economics and Commerce from the University "La Sapienza" of Rome, he has been enrolled in the Register of Chartered Accountants and Accounting Experts since 1995 and in the Register of Auditors since 1999. He has over twenty-five years of experience in the fields of corporate consulting, insolvency and corporate governance, with a solid background also in the judicial and institutional fields. Since 2020 he has been Extraordinary Commissioner in the liquidation of Preca Brummel S.p.A. During his career he has managed multiple insolvency procedures as Commissioner and Judicial Liquidator at various Italian courts. He has also held positions as Judicial Administrator of assets and companies seized from organized crime, collaborating with the National Agency for Seized Assets. He is currently Chairman of the Board of Directors of Aequa Roma S.p.A., a company owned by the municipality of Rome, and has acted as statutory auditor in major companies such as Aeroporti di Roma S.p.A., GNL Italia S.p.A. (Snam Group), IDS AirNav S.r.l. (ENAV Group) and Enel Green Power Solar Metehara S.p.A. Since 1998 he has been a founding partner of De Filippo Scandurra & Partners, specialized in consultancy in civil, criminal, corporate, banking and insolvency matters. He has carried out scientific activity as an adjunct professor at the University of Cassino and as a speaker at conferences in the economic-legal field. In the institutional sphere, he was a Councilor of the Order of Chartered Accountants and Accounting Experts of Rome for two terms, participating in working groups and technical commissions. He was also a member of the National Assembly of Delegates of the Pension Fund for Chartered Accountants.

None of the members of the Board of Statutory Auditors has any family relationship with any other member of the same board, with any member of Italgas's Board of Directors or with any of the Company's Key Managers.

To the Company's knowledge, none of the members of the Board of Statutory Auditors of Italgas has, in the five-year period prior to the date of this Offering Circular, been convicted of fraud or bankruptcy; been involved in a company subject, during the performance of his professional duties, to any bankruptcy proceeding, temporary receivership or compulsory winding-up; or been subject to criminal charges and/or sanctions by public authorities or regulators (including appointed industry associations) or to injunction by any court affecting his ability to hold any position as a member of Italgas's corporate, management or supervisory bodies or to perform any of Italgas's corporate or management activities except as indicated below.

The following table lists the corporations and partnerships, other than entities forming part of the Group, in which the members of the Board of Statutory Auditors (i) currently serve or have previously served as a member of either an administrative, management or Board of Statutory Auditors; and/or (ii) are or have been a shareholder within the last five years, including their position as of the date of this Offering Circular, excluding any non-significant shareholdings of less than 3% of the share capital of companies listed on regulated markets.

Name	**Company**	**Office / Equity Investment**	**Status**
Giulia Pusterla	S.O.G.E.O. S.r.l.	Shareholder	Current
	Risanamento S.p.A.	Director	In office
	Ri Infrastrutture S.r.l.	Director	In office
	RI AMBIENTE S.r.l.	Director	In office
	Koinos Coop.Informatica Organizzazione Servizi Dei Dottori Commercialisti	Director	In office
	Be Cause Sicaf S.p.A.	Chairperson of the board of statutory auditors	In office
	Tinexta Innovation HUB S.p.A.	Chairperson of the board of statutory auditors	In office
	Leonardo S.p.A.	Statutory auditor	In office
	Mts S.p.A.	Statutory auditor	In office
	Pfh S.p.A.	Statutory auditor	In office
	F2i ER L S.p.A.	Statutory auditor	In office
	Geasar S.p.A.	Statutory auditor	In office
	F2i Fibra S.r.l.	Statutory auditor	In office
	Molini Lario S.p.A.	Statutory auditor	In office
	Gruppocinque S.p.A.	Statutory auditor	In office
	Centro Tessile Serico Sostenibile S.r.l.	Statutory auditor	In office
	Ratti S.p.A.	Chairperson of the board of statutory auditors	Terminated
	Datev Koinos S.r.l.	Director	Terminated
	Risanamento Europa S.r.l.	Director	Terminated
	Sirefid S.p.A.	Director	Terminated

Name	Company	Office / Equity Investment	Status
	Milano Santa Giulia S.p.A.	Director	Terminated
	Gepafin S.p.A.	Chaiperson of the board of statutory auditors	Terminated
	Banco Di Desio E Della Brianza S.p.A.	Director	Terminated
	La Provincia di Como Editoriale S.p.A.	Director	Terminated
	Tod's S.p.A.	Chairperson of the board of statutory auditors	Terminated
	F2I ER S.p.A.	Statutory auditor	Terminated
	VE1 S.p.A. in liquidazione	Chaiperson of the board of statutory auditors	Terminated
	Banco di Desio e della Brianza S.p.A.	Chairperson of the board of statutory auditors	Terminated
Eliana Quintili	Ellegibi S.r.l.	Shareholder	Current
	SIAM Quality S.r.l.	Shareholder	Current
	I.L.C.A. S.r.l. (in liquidazione)	Shareholder	Current
	Azienda Agricola Quintili Maria Candida e sorelle - S.n.c.	Shareholder	Current
	Cassa Di Risparmio Di Fermo S.p.A.	Alternate auditor	In office
	Domus S.r.l	Sole director	In office
	Busitalia - Sita Nord S.r.l	Director	Terminated
	Associazione XBRL	Director	Terminated
	Quadrante S.r.l.	Statutory auditor	In office
	Sita Drink S.r.l.	Statutory auditor	In office
	Abruzzo Social Tourist S.p.A.	Statutory auditor	Terminated
Maurizio Di Marcotullio	DMG & Partners S.r.l.	Shareholder	Current
	Sorgenia S.p.A.	Chairperson of the board of statutory auditors	In office
	Aditinet Consulting S.p.A.	Chairperson of the board of statutory auditors	In office

Name	Company	Office / Equity Investment	Status
	Marbles S.p.A.	Chairperson of the board of statutory auditors	In office
	Retelit S.p.A.	Statutory auditor	In office
	Retelit Digital Services S.p.A.	Statutory auditor	In office
	Samso S.p.A.	Statutory auditor	In office
	ETS Italia S.p.A.	Statutory auditor	In office
	Aeroporto di Trieste S.p.A.	Statutory auditor	In office
	Green Food Energy S.r.l	Statutory auditor	In office
	Irideos Data Center Italia S.r.l	Sole auditor	In office
	Philogen S.p.A.	Chairperson of the board of statutory auditors	In office
	Mercurio S.p.A.	Chairperson of the board of statutory auditors	In office
	Lega Pro Calcio Professionistico	Statutory auditor	Terminated
	RAM S.p.A.	Statutory auditor	Terminated
	Revalue Energies S.p.A.	Chairperson of the board of statutory auditors	Terminated
	GESAC S.p.A.	Statutory auditor	Terminated
Stefano Podda	CDP Equity S.p.A.	Statutory auditor	In office
	Noios S.r.l.s.	Sole director	In office
Maurizio De Filippo	Mama S.r.l.	Shareholder	Current
	De Filippo Scandurra & Partners	Shareholder	Current
	Fondo di accantonamento delle Indennita' di fine carriera per i giocatori e allenatori di calcio	Statutory auditor	In office
	Mama S.r.l.	Director	In office
	Sport Invest 2000 S.p.A.	Statutory auditor	In office
	Aequa Roma S.p.A.	Chaiperson of the board of directors	In office
	Preca Brummel S.p.A.	Extraordinary commissioner	In office
	Calcio Servizi Lega Pro S.r.l.	Sole auditor	In office

Name	Company	Office / Equity Investment	Status
	Gnl Italia S.p.A.	Chairperson of the board of statutory auditors	Terminated
	Aeroporti Di Roma S.p.A.	Statutory auditor	Terminated
	Enel Green Power Solar Metehara S.p.A.	Statutory auditor	Terminated
	Marinella - S.p.A. in liquidation	Co-liquidator	Terminated

Key Managers

The table below lists the names of all Key Managers of the Company in charge as of the date of this Offering Circular, specifying the offices they hold within the Company, the place and date of birth.

Name	Position	Place and Date of Birth
Gianfranco Maria Amoroso	Chief Financial Officer	Milano, March 25, 1968
Pier Lorenzo Dell'Orco	Chief Executive Officer of Italgas Reti	Rome, January 18, 1970
Nunziangelo Ferrulli	Head of Institutional Relations and Regulatory Affairs	Altamura (BA), March 4, 1976
Chiara Ganz	Head of External Relations and Sustainability	Valdobbiadene (TV), April 3, 1972
Raffaella Marcuccio	Head of Procurement and Material Management	Galatone (LE), December 21, 1971
Bruno Burigana	Chief Executive Officer of Toscana Energia	Caneva (PN), September 19, 1963
Pietro Durante	Chief People, Innovation and Transformation	Gioia del Colle (BA), January 1, 1973
Lorenzo Romeo	Head of Corporate Strategy	Lucca, July 29, 1987
Alessandro Menna	Chief Security Officer	Rome, April 12, 1980
Marco Barra Caracciolo di Basciano	Chairman and Chief Executive Officer of Bludigit	Milan, May 3, 1967
Germana Mentil	General Counsel	Imperia, December 6, 1969

Gianfranco Maria Amoroso

Gianfranco Maria Amoroso is the Chief Financial Officer of Italgas.

Mr. Amoroso graduated in 1992 from Bocconi University, is a Chartered Accountant (Register of Milan) and Auditor. He started working at Mediobanca S.p.A. in 1994 and held various roles, up to taking on the position of Managing Director, with responsibility for the Energy and Utilities sector, maintaining the supervision and responsibility of the execution of the main merger and acquisition operations in the Energy sector in Italy. In July 2013, he began his professional career at Snam S.p.A. and held the position of Finance Director with full responsibility covering areas of finance banks, debt capital market, group treasury, M&A and Insurance. He supported the Group's international strategy with the start-up of the M&A Finance unit, with direct responsibility for the acquisition of the stake in TAG sold by CDP, and with a direct involvement in all the group's major M&A projects (most recently the acquisition of the stake in Austria's GAS CONNECT GmbH). From November 2016, he joined Italgas after following the latter's split from Snam and the simultaneous listing on the Stock Exchange and from May 2018 he took over the position of Head of Finance, Planning and Control and M&A, following the execution of the refinancing on the debt capital market of the entire debt to the former parent company Snam, as well as taking care of more than 10 M&A operations carried out during the first 24 months. From March 2018 to May 2021, he was Chairman and CEO of Seaside srl, now Geoside S.p.A. a company whose acquisition he personally supervised. In June 2021, he was appointed CFO of Italgas. He followed all the phases of the privatization of the Greek operator DEPA Infrastructure S.A., up to the completion of the acquisition in September 2022. He is also CEO of Italgas Newco S.p.A. and Chairman of Medea S.p.A. He is Chairman of the Board of Directors of Energie Rete Gas Srl and Director of Toscana Energia S.p.A. and 2i Rete Gas S.p.A.

Pier Lorenzo Dell'Orco

Pier Lorenzo Dell'Orco is the Chief Executive Officer of Italgas Reti.

In 1994, he earned a Master's Degree in Mechanical Engineering and, in 2024, an Executive Certificate in Management & Leadership from the MIT Sloan School of Management as well as a Professional Certificate in Capital Markets from the New York Institute of Finance. Mr. Dell'Orco has been working in the energy sector for 30 years, gaining an extensive technical and commercial experience by taking various C-level roles in major listed and private Italian companies. In 2020 he was appointed Chief Executive Officer of Italgas Reti, the largest subsidiary of Italgas, where he is leading the company transformation within the wider context of the digital and technological innovation program undertaken by the Italgas Group. Previously, he worked from 1995 to 2004 as Project Manager at Edison S.p.A., subsequently, until 2007 as Head of the Engineering Department at Edipower S.p.A. In 2008, he joined Sorgenia S.p.A. as Business Development Manager, later as Director of Customer Management, and finally as Director of Sales & Marketing. He joined Italgas in late 2016 as Head of Business Development, contributing to build a pipeline of corporate acquisitions in the gas distribution sector and to promote the development of new businesses. From 2018 to 2020 he was a member of the Board of Directors of various Italgas subsidiaries, such as Geoside and Medea, and sole director of Gaxa. In 2022 he was appointed as Chairman of Italgas Newco, the bidco holding the stakes of Enaon in Greece, and in 2025 as the Chairman of 2i Rete Gas, in conjunction with the acquisition of the company by Italgas Group. In 2023 he was appointed as Vice President of Proxigas, Associazione Italiana Industriali Gas, and in 2024 as a member of the governing board of Eurogas, the trade association of European gas industry. He currently is the Chairman of the board of directors of 2i Rete Gas S.p.A.

Nunziangelo Ferrulli

Nunziangelo Ferrulli is the Head of Institutional Relations and Regulatory Affairs of Italgas.

Mr. Ferrulli has been covering the role of Chief Institutional Relations and Regulatory Affairs of Italgas S.p.a. Group since November 2016. Today, he is Chairman of the board of Directors of Italgas Reti S.p.A. and Enaon Sustainable Networks Single Member S.A. He is also member of the board of Directors of 2i Rete Gas, Cilento Reti Gas S.p.A., Toscana Energia S.p.A., Umbria Distribuzione Gas S.p.A., Nepta S.p.A., Acqua Campania S.p.A. and Siciliacque S.p.A. Graduated from the Faculty of Law of "La Sapienza" University in Rome, he hold a Master in Management at the London School of Economics. He is also a member of the Faculty of the LUISS Business School where he teaches in the Executive Course "Public Affairs and Institutional Relations." He started his professional career at Edison S.p.A. in the Institutional and Regulatory Affairs Department and then he worked at Acea S.p.A. covering the role of Head of International Regulation and Executive Assistant of the CEO. Back in 2014, he served as Corporate Affairs Manager at Philip Morris Italia, dealing with regulatory and institutional aspects in the tobacco sector. Subsequently, in Grandi Stazioni S.p.A., (Ferrovie dello Stato Group) he held the position of Head of Institutional Relations and Regulatory Affairs, managing relations with national institutions and the Transport Regulatory Authority and supporting shareholders in the privatization process of the Company.

Chiara Ganz

Chiara Ganz is Head of External Relations and Sustainability of Italgas.

Chiara Ganz gained her Economics degree from the University of Bologna. She began her career at the communication and consulting firm Sircana&Partners. In 2001, she joined the Global Relationship Banking Department of Banca IntesaBCI, where she collaborated to support the development and advisory team of large projects funded in the finance project. She continued her experience at Poste Italiane, working in the Enterprises and Bodies Division – Sales and Marketing Network. In 2003, she joined the External Relations and Communication Department of Finmeccanica – today Leonardo – where she handled External Communication and Image and particularly followed the project to design the new Finmeccanica trademark and restyle the group's architecture brand and, in coordination with the different company functions, that of listing Ansaldo STS. In 2009, she was named manager of External Relations and Communication of Thales Alenia Space Italia, a Thales/Leonardo-Finmeccanica joint venture. She was Communication Manager of Telespazio – a Leonardo Finmeccanica/Thales joint venture – from 2013 until 2016, and here she consolidated her experience by supervising all Communication areas and coordinating the activities of the Italian and international group subsidiaries. Currently, she is Director of Toscana Energia S.p.A., Gesam Reti and Enaon EDA.

Raffaella Marcuccio

Raffaella Marcuccio is Procurement and Material Management Executive Vice President of Italgas.

She took her degree in Material Engineering from the University of Lecce in 1997 after writing an experimental thesis on applications of thermography and ultrasound at the University of Nottingham. Following a brief experience at CNR (Italian National Research Council), she started her career in the Fiat group in 1998 as a young engineer in an inter-functional path that led her to hold several roles from Production in the Assembly Line to Services, at the Fiat Auto Contact Centre, arriving at purchasing with the role of Program Manager on a localization project in Nanjing, China. This was where she began her professional growth in the Fiat Group Purchasing function, and where she grew as Commodity Manager in the Auto and Powertrain area, afterwards Manager of Purchasing Product Development on Segment B (following the development of the Grande Punto and the Alfa Mito), up to taking over the role of Commodity & Logistic Director at the Fiat Global Purchasing Office of Shanghai for five years starting in 2007, seizing purchasing opportunities from Best Cost Countries for the entire Fiat group. In 2012, she moved to Indesit, a leading Italian company in the household appliance sector, again in the Procurement area as Raw Material and Plastic & Metals Components Director. Following Indesit's acquisition in January 2015 by the U.S. company Whirlpool, she was assigned the role of Global Steel and Resins Directors, with the responsibility of purchasing steel and plastic raw materials on a global scale. She has been Procurement and Material Management Executive Vice President of Italgas since March 2017. Currently, she is, among others, Director of Toscana Energia S.p.A., Nepta S.p.A., Geoside S.p.A. and Italgas NewCo S.p.A.

Bruno Burigana

Bruno Burigana is the Chief Executive Officer of Toscana Energia.

After receiving his degree in Economics and Business from Università Cattolica del Sacro Cuore in Milan, he started his professional career as a managerial and professional training expert at IRI and then, starting from 1992, at ENI. Over the following years, he held positions of increasing responsibility in the human resources department in the group's chemical sector until taking over personnel Management and Development responsibility at Syndial, where he handled problems such as closing plants, mobility and sale of business units. He also held the position of manager during this period. Personnel, Organisation, Environment Company Quality Systems. At Snam since 2007 in the position of Resources Planning, Managerial Development and Compensation Manager, in 2009 he also oversaw the corporate reorganisation resulting from the integration of Italgas and Stogit. In 2010, he took over the role of Personnel Manager of the Snam group. He was appointed Head of Human Resources & Security of the Snam group in February 2012 where, among other things, he managed the group's reorganisation after leaving ENI. In July 2015, he joined Italgas as Head of Business Services and he held the position of Head of Human Resources & Organization starting from the demerger from Snam until July 2020. He is currently CEO of Toscana Energia and Chairman of the Board of Directors of Umbria Distribuzione Gas.

Pietro Durante

Pietro Durante is Chief People, Innovation and Transformation of Italgas.

Pietro Durante graduated in Law at the University of Bari. He gained professional experience in major companies of various business sectors, taking on roles of increasing responsibility in Human Resources Management, including internationally. He joined the Rinascente department store in 1997, becoming its Director of Human Resources for the Group, as well as Director of the Department Store Division, in 2003. In the period from 2000-2002, he worked at Pirelli Cavi e Sistemi as HR Corporate Manager, helping to reorganize the HQ in Milan and the associated companies in Germany, the UK and Spain. He was HR Manager of the sales force and of the Spare Parts and Services sector at Fiat Auto in 2005. Then, from 2006 to 2011, at Pirelli Tyre, he was HR Manager of the Operations and R&D departments and HR Manager of the Car and Motorsport BU. He worked at Prysmian Group from 2011 to 2019: as VP Organizational Development, he completed the integration with the Dutch competitor Draka. He worked in the U.S.A. for around three years as SVP HR Prysmian North America, before working in Berlin as SVP HR Prysmian Group in Central Eastern Europe. In the 2017-2018 two-year period, he also supervised the acquisition and merger of General Cable for Prysmian in the United States. He became CHRO of the Atlantia Group in 2019. He has been Chief Human Resources Officer at Italgas since September 2020. Currently, he is Director of Italgas Reti S.p.A, Geoside S.p.A., Italgas NewCo S.p.A. and 2i Rete Gas S.p.A.

Lorenzo Romeo

Lorenzo Romeo is the Head of Corporate Strategy of Italgas.

Lorenzo Romeo graduated in Physics from Scuola Normale in Pisa, in 2011. At the National Enterprise for nanoScience and nanoTechnology (NEST) Lab of Scuola Normale, he obtained a doctorate in Condensed Matter Physics, with a research activity about nanotechnological applications for optoelectronics, collaborating with the University of Montpellier. In 2015, he began his professional career in McKinsey & Company, leading management consulting firm, where he focused on strategy and large company transformations in multiple sectors (Banking, Transport, Advanced Industries, Infrastructure, Energy). Since 2018, he was Manager, then Associate Partner, in the McKinsey "Global Energy & Materials" Practice. He has been Chief Corporate Strategy Officer at Italgas since April 2021. Currently, he is Director of Nepta S.p.A, Acqua Campania S.p.A. and Bludigit S.p.A.

Alessandro Menna

Alessandro Menna is Chief Security Officer of Italgas.

Alessandro Menna graduated cum Laude in Electronic Engineering in 2004, after finalising his studies in the United Kingdom. In 2004, his professional career began in Finmeccanica, now Leonardo, leader in the Aerospace, Defence and Security sector, as an analyst with the Central Business Development Department. He then moved on to hold roles with growing responsibility in the Corporate Strategies Department. From 2012 to 2013, he was head of Product Management and alliances for Cybersecurity in Selex Elsag, a Finmeccanica subsidiary. From 2013 to 2015, he led the engineering and presale unit of Cybersecurity and Information Assurance to then become Vice President for Cybersecurity and ICT of the Leonardo Division resulting from the Group companies' integration process. In 2019, he was in Capgemini as VP for Cybersecurity with the sales and operational responsibility for the multinational's Italian practice. He was then called to take on the position of Managing Director of the Global Business Line Cloud Infrastructure Services, with responsibilities for the business related to Cybersecurity, ICT infrastructure management and cloud migration programs. He has been Chief Security Officer at Italgas since September 2020. Currently, he is the Chairman of ENAON EDA. Since 2023, he has been appointed as a Member of the Board at the European Cybersecurity Organization. He currently serves as an advisor to the Executive Director of ENISA, the European Cybersecurity Agency.

Marco Barra Caracciolo di Basciano

Marco Barra Caracciolo di Basciano is Chairman and Chief Executive Officer of Bludigit.

Marco Barra Caracciolo di Basciano graduated in Electronic Engineering from the University of Salerno. After graduating, he joined the Enel group, at Enel Distribuzione. In 1999, he was appointed Head of the e-Business Unit, the CEO's front line with responsibility for the development of e-business initiatives.Still in the same group, in 2004, he became Head of the Procurement Processes, Systems & Marketing function on the staff of the Purchasing and Services Director, with tasks of optimisation of purchasing processes, development and dissemination of e-procurement tools, qualification and evaluation of supplier performance for Italy and abroad. In 2008, he was a member of the Board of Directors of the Enel Factor Company of the Enel group. In 2009, he became Head of Procurement Services, Market and Communication until 2012, when he assumed the position of IT Manager for the Enel Energia company. In 2014, on an interim basis, he also assumed responsibility for the new Digital Business Directorate, strongly desired by the CEO, to manage the Group's digital transformation and to facilitate the entry into new businesses of the Global Units and the different Countries.He continues his experience in the Enel group and in 2018 he is appointed CIO Country Italy with responsibility for the definition and execution of the digital transformation of the Country, coordinating internal team of 350 resources is an annual budget of over €200 million. He joined Italgas in October 2019 in the role of Chief Information Officer, assuming responsibility for the definition and implementation of the Italgas Group IT strategy and the digital transformation programme developed through the Digital Factory structure and the application of the Design Thinking and Agile methodology. Since June 2021, he is Chairman of the Board of Directors and CEO of Bludigit; from September 2022 to September 2023, he also was a member of the board of directors of EDA Thess. He currently is sole director of 2i Rete Dati S.r.l.

Germana Mentil

Germana Mentil is General Counsel of Italgas.

Germana Mentil holds a degree in Law from the Università Cattolica del Sacro Cuore in Milan. In 1998, she registered with the Bar Association and began working with primary international law firms (Gianni Origoni and Allen&Overy) in the M&A, litigation and contract law departments. In 2002, after specializing in Business Administration at the University of California, Berkeley, she began working as a visiting lawyer with a boutique law firm in San Francisco, supporting international clients in the commercial area and the protection of intellectual property. In 2004, she joined the legal Department of Piaggio S.p.A., with responsibility for the listing process and the department of corporate affairs and corporate governance. She took part in Group acquisition projects, in Italy and abroad, handled the main compliance issues for H&S, Privacy and 231/01 regulations and was appointed legal representative of the Piaggio Foundation. In 2009, she moved to the Maire Tecnimont Group, as Head of Corporate Affairs and Representative of the Renewable Energies and Infrastructures Business Units, handling all the projects from the legal, administrative, corporate and compliance points of view. In that period, she was also board member for some operating companies of the Infrastructures Business Unit. In July 2011, she was called to work at Salvatore Ferragamo, at that time in the process of being listed. She held the position of Corporate Affairs Director with the mandate to supervise the legal and corporate coordination of all the Group's companies in over 30 countries. Over the years her responsibility increased to cover the Intellectual Property department too, in-sourcing all activities and starting an important fight against forgeries. In 2016, she was appointed Group General Counsel, leading a team of 12 lawyers in Italy and abroad, and joined the boards of directors of several of the Group's Italian and foreign subsidiaries. In 2018, she also became a member of the Ethics Committee. She has been General Counsel at Italgas since September 2022 and she currently is a member of the board of directors of Geoside S.p.A., Enaon Sustainable Networks Single Member S.A., Acqua Campania S.p.A. and Gaxa S.p.A.

None of the Key Managers has a family relationship with any other Key Manager, with any member of the Board of Directors or with any of member of the Board of Statutory Auditors.

To the Company's knowledge, none of the Key Managers of Italgas, in the five-year period prior to the date of this Offering Circular, has been convicted of fraud or bankruptcy; been involved in a company subject, during the performance of his professional duties, to any bankruptcy proceeding, temporary receivership or compulsory winding-up; or been subject to criminal charges and/or sanctions by public authorities or regulators (including appointed industry associations) or to injunction by any court affecting his ability to hold any position as a member of Italgas's corporate, management or supervisory bodies or to perform any of Italgas's corporate or management activities.

The following table lists the corporations and partnerships, other than entities forming part of the Group, in which the Key Managers of the Company (i) currently serve or have previously served as a member of either an administrative, management or Board of Statutory Auditors; and/or (ii) are or have been a shareholder within the last five years, including their position as of the date of this Offering Circular, excluding any non-significant shareholdings of less than 3% of the share capital of companies listed on regulated markets.

Name	**Company**	**Office / Equity Investment**	**Status**
Gianfranco Maria Amoroso	Energie Rete Gas S.r.l.	Chaiperson of the board of directors	In office
Marco Barra Caracciolo di Basciano	Lmm04 S.r.l.	Shareholder	Current
Bruno Burigana	Umbria Distribuzione Gas S.p.A.	Chairperson of the board of directors	In office
	Umbria Distribuzione Gas S.p.A.	Chief Executive Officer	Terminated
Nunziangelo Ferrulli	Kstreet S.r.l.	Shareholder	Current
	Siciliacque S.p.A.	Director	In office
	Umbria Distribuzione Gas S.p.A.	Director	In office
Chiara Ganz	Gesam Reti S.p.A.	Director	In office
Raffaella Marcuccio	Reti Distribuzione S.r.l.	Director	In office
Pietro Durante	Poli.Mi. School Of Management	Director	In office

Lorenzo Romeo	Enerpaper S.r.l.	Director	In office
Germana Mentil	Gaxa S.p.A.	Director	In office

Conflicts of Interest

To the best of our knowledge, and except as indicated below, as of the date of this Offering Circular, we are not aware of any conflicts among the members of the Board of Directors, of the Board of Statutory Auditors or the Key Managers between their obligations to the Issuer and their private interests or their obligations to third parties; of any agreements or understandings with major shareholders, customers, suppliers or others, as a result of which the members of the administrative, management or control bodies of the Company or the Key Managers have been chosen; or of any agreements that restrict the members of the Board of Directors, the Board of Statutory Auditors and the Key Managers with regard to the sale, within a specified period of time, of the Company's Shares.

(i). The following Directors and Key Managers hold certain equity interests in the Company, as noted in the following table.

Name	**Ordinary Shares Held**	**% of Issuer's total share capital**
Paolo Gallo	655,787	~0.080%
Gianmarco Montanari	200	~0.000025%
Gianfranco Maria Amoroso	70,530	~0.0087%
Chiara Ganz	31,209	~0.0038%
Raffaela Marcuccio	49,213	~0.0059%
Pietro Durante	8,000	~0.0009%
Lorenzo Romeo	10,108	~0.0012%

(ii). The Company's incentive plans provide for restrictions on the sale of the Issuer's Shares granted under such plans.

PRINCIPAL SHAREHOLDERS

As of the date of this Offering Circular, the shareholders owning 3% or more of the outstanding Ordinary Shares of Italgas, according to the register of shareholders and other information available to Italgas are set forth in the table below. The percentages below are based on 811,753,913 Ordinary Shares outstanding as of the date of this Offering Circular.

Shareholder	% share capital
CDP Reti S.p.A. (*)(**)	25.961%
Snam S.p.A.(*)(**)	13.456%
Lazard Asset Management LLC(***)	5.022%

(*) Snam and CDP Reti are parties to a shareholders' agreement, dated as of October 20, 2016 (as amended, the "2016 Shareholders' Agreement"). Additional information on the 2016 Shareholders' Agreement is set forth in this section "*Principal Shareholders*."

(**) The percentage of share capital held by such shareholder is calculated as the ratio between the number of Ordinary Shares held by such shareholder in accordance with the communication made by Cassa Depositi e Prestiti S.p.A. ("**CDP**") in compliance with art. 120 of the Consolidated Financial Act, as controlling shareholder of CDP Reti and Snam, and the aggregate number of Ordinary Shares outstanding at the date of this Offering Circular.

(***) The percentage of share capital held by such shareholder is calculated as the ratio between the number of Ordinary Shares held by such shareholder in accordance with the communication made by Lazard Asset Management LLC in compliance with art. 120 of the Consolidated Financial Act and the aggregate number of Ordinary Shares outstanding at the date of this Offering Circular.

As of the date of this Offering Circular, Cassa Depositi e Prestiti S.p.A., due to its indirect shareholding in Italgas, through CDP Reti S.p.A. and Snam S.p.A., and also in light of the provisions of the 2016 Shareholders' Agreement, exercises *de facto* control on Italgas pursuant to art. 2359, paragraph 1, no. 2 of the Italian Civil Code and art. 93 of the Consolidated Financial Act.

Shareholders' Agreements

As of the date of this Offering Circular, the Issuer is not aware, to the best of its knowledge, of any agreements that could result in a change in the control of the Issuer, including the shareholders' agreement dated October 20, 2016, by and between CDP Reti, CDP Gas S.r.l. and Snam, as subsequently amended, last on April 14, 2025 (the "**2016 Shareholders' Agreement**") and the shareholders' agreement dated November 27, 2014, by and between CDP, State Grid Europe Limited ("**SGEL**") and State Grid International Development Limited ("**SGID,**" and such agreement, the "**2014 Shareholders' Agreement**").

Excerpts of the 2016 Shareholders' Agreement and of the 2014 Shareholders' Agreement are availble on Italgas's website (www.italgas.it), in accordance with applicable Italian law.

The 2016 Shareholders' Agreement

The 2016 Shareholders' Agreement provides, among other things, for coordination by the parties on certain corporate governance matters, including, among other things, (i) the exercise of voting rights attached to the shares subject to the agreement (the "**Syndicated Shares**"); (ii) the creation of a consultation committee; (iii) the obligations and arrangements for submitting a joint slate for the appointment of the members of the Board of Directors; and (iv) certain restrictions on transfers of the Ordinary Shares.

Transfer restrictions under the 2016 Shareholders' Agreement include that Snam may only transfer (i) its Ordinary Shares to third parties, if, as a result of such sale, Snam's equity interests in the Issuer's share capital (the "**Snam Shareholding**") does not fall below 6.75% of the entire share capital of Italgas (the "**Permitted Transfers**") and (ii) its Rights, before April 10, 2026, if, as a result of such sale, the Snam Shareholding does not fall below 10% of the entire share capital of Italgas (the "**Permitted Rights Transfers**"). The transfers under (i) and (ii) are conditioned to the fact that the Snam Shareholding will not, as a result of the Permitted Transfers and the Permitted Rights Transfers collectively, fall below 6.75% of the entire share capital of Italgas. On May 29, 2025, Snam announced the completion of an accelerated bookbuilding process with the placement to institutional investors of certain of its Rights and the intention to use the proceeds of such placement to finance Snam's exercise of its remaining Rights in the Offering.

In addition, the agreement provides that the consultation committee, comprised of five members – four appointed by CDP Reti and one appointed by Snam, shall meet prior to each Italgas shareholders' meeting, in time to resolve on how the voting rights attached to the Syndicated Shares are exercised in the relevant shareholders' meeting. While resolutions of the committee are approved with the favorable vote of a majority of its members, the participation of the Snam-appointed member is required for resolution on certain reserved matters, which include, by way of example, the dissolution or liquidation of the Company as well as capital increases, subject to certain exceptions. If a meeting to resolve on a reserved matter cannot be validly held due to the absence of the Snam-appointed member, the meeting is reconvened to resolved on the same agenda and, at such second convocation, may resolve on the reserved matter even if the Snam-appointed member was to be absent.

The 2014 Shareholders' Agreement

CDP, SGEL and SGID entered into the 2014 Shareholders' Agreement in the context of the sale and purchase agreement entered into between the same parties on July 31, 2014, pursuant to which on November 27, 2014 SGEL acquired from CDP a 35% equity interest in the share capital of CDP Reti. Concurrently with the partial demerger of Snam into Italgas and the simultaneous listing of Ordinary Shares, on November 7, 2016, SGEL, SGID and CDP amended and supplemented the 2014 Shareholders' Agreement, effective as of the same date, extending its application to the equity interest held by CDP Reti in Italgas.

Convertible Snam Bonds

On September 29, 2023, Snam issued senior *unsecured EU taxonomy-aligned transition bonds* for a total nominal amount of €500 million (the "**Snam Bonds**"), traded on the Vienna MTF Market, with maturity date in 2028 and convertible into existing ordinary shares of Italgas. Subject to, among things, adjustments as provided for in the terms and conditions of the Snam Bonds, the converted shares will initially consist of approximately 83.3 million ordinary shares of Italgas, which constitute approximately 10.3% of the Company's share capital (76.3% of the Company's share capital held by Snam at the placement of the Snam Bonds and at the date of this Offering Circular).

CDP Reti Subscription Commitment

On May 22, 2025, CDP Reti irrevocably undertook, subject to the fulfillment of certain conditions precedent and the non-occurrence of a condition subsequent, to subscribe at the Subscription Price New Shares for a maximum aggregate amount of approximately €265 million, corresponding to its share of the Capital Increase. The CDP Reti Subscription Commitment is subject to, among other conditions, the following conditions precedent (unless waived by CDP Reti), all of which, as of the date of this Offering Circular, have been satisfied:

(i) the Underwriters and the Issuers having entered into the Undewriting Agreement by the beginning of the Subscription Period;

(ii) delivery to CDP Reti, one day before the beginning of the Subscription Period, of a certificate by the Issuer stating that there is no circumstance which might reasonably cause the Underwriting Agreement not to be fully valid, binding and effective on the parties thereto so as to successfully complete the Rights Offering; and

(iii) filing of the subscription option rights notice pursuant to art. 2441, paragraph 2 of the Italian Civil Code before the competent register of enterprises and publication of the same on the Issuer's website by the beginning of the Subscription Period.

Upon fulfillment (or waiver by CDP Reti) of the conditions precedent, the CDP Reti Subscription Commitment shall be subject to the non-occurrence before completion of the Rights Offering of the following condition subsequent (the "**Condition Subsequent**"):

(i) the Underwriting Agreement being terminated or ceasing to be fully valid, binding, effective and/or in force for any reason.

Without prejudice to any other obligation of Italgas under applicable laws and regulations, Italgas undertakes to promptly notify to CDP Reti any event or circumstance that (i) may allow the Underwriters to terminate the Underwriting Agreement for any reason, or (ii) triggers the Condition Subsequent.

The fulfilment of CDP Reti Subscription Commitment is not backed by any guarantee.

RELATED-PARTY TRANSACTIONS

Italgas Group's Related Party Transactions

*The following is a description of transactions to which Italgas and/or Italgas Group's subsidiaries, on one hand, and certain related parties, on the other, have been a party, collectively referred to as "**Related Party Transactions**," and of transactions between Italgas and its subsidiaries, collectively referred to as "**Intercompany Transactions**," in line with IAS 24 – Related Party Disclosures. The Issuer believes that all such transactions have been effected at arm's length and upon market terms and rates, i.e., in line with conditions that would have applied between non-related parties.*

This section should be read in conjunction with the attached Consolidated Financial Statements, including the related notes appearing elsewhere in this Offering Circular for a discussion of certain intra-group transactions and the information contained in "*Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

Overview

The transactions engaged in by the Company and companies in the Italgas Group with related parties (hereinafter, "**Related Party Transactions**"), identified on the basis of the criteria set forth in IAS 24 – Related Party Disclosures, for the three-month periods ended March 31, 2025 and 2024 and for the years ended December 31, 2024, 2023 and 2022, are primarily of a commercial nature and are at arm's-length terms.

In December 2016, the Board of Directors, adopted the Procedure for Related Party Transactions (the "**RPT Procedure**"), subject to the favorable opinion of the Control and Risk and Related Parties Committee.

This procedure has been adopted in accordance with Article 2391-*bis* Italian Civil Code and the Regulation on Related Parties Transactions adopted by Consob through resolution no. 17221/2010, as subsequently amended and supplemented (the "**Consob RPT Regulation**"). On June 14, 2021, the Board of Directors, approved an updated version of the RPT Procedure, with the favorable opinion of the Control and Risk and Related Parties Committee, to reflect the amendments made by Consob with resolution no. 21624 of 10 December 2020 to the Consob RPT Regulation.

The RPT Procedure aims to ensure the transparency and substantive and procedural fairness of transactions with related parties or "persons of interest," carried out by the Company itself or by its subsidiaries, including by aiming at avoiding the risk of depletion of the corporate assets. The RPT Procedure considers the specific nature of Italgas Group's activities and the peculiarities of the regulatory context in which the Italgas Group operates, including the Company and its subsidiaries being subject to the supervision of the ARERA.

The RPT Procedure is available on the Company's website at www.italgas.it, in the "Compliance Procedures" section.

Italgas Group's Related Parties Transactions

After March 31, 2025 and up to the date of this Offering Circular, the Company and the Group have not entered into any Related Party Transaction which is unusual in character or significant in size other than in the ordinary course of business or as described in this Offering Circular.

Transactions with Related Parties concern the exchange of goods and the provision of regulated services in the gas sector. Transactions carried out with the Italgas Group's Related Parties refer to ordinary management and are regulated under market conditions, and in any case similarly to those usually practiced with unrelated parties for transactions of a corresponding nature, size and risk, and in compliance with the provisions of the law in force.

Based on the current ownership structure, and in accordance with IAS 24, Related Parties of Italgas include: (i) subsidiaries, associates and entities jointly controlled by Italgas, (ii) the controlling shareholder CDP S.p.A. and entities controlled, associated, and jointly controlled by CDP S.p.A. (iii) entities controlled, associated, and jointly controlled by the Ministry of Economy and Finance (MEF), (iv) the members of the Board of Directors, the Statutory Auditors, and executives with strategic responsibilities of Italgas and of the entities which, severally or jointly, control the Company, as well as their close relatives and the entities, severally or jointly, controlled by them.

Transactions with Related Parties, including intra-group transactions, are not considered atypical or unusual, but instead are part of the normal activities of the companies of the Italgas Group.

The balances of commercial and other transactions, as well as financial transactions, carried out with the related parties defined above are highlighted below as of and for the three-month periods ended March 31, 2025 and 2024 and as of and for the years ended December 31, 2024, 2023 and 2022. The nature of the most significant transactions is also indicated.

The information provided below is expressed in € thousands, unless otherwise indicated.

Commercial and other transactions with Related parties as of and for the three-month period ended March 31, 2025

	As of and for the three-month period ended March 31, 2025						
			Costs [(a)]			Revenues [(b)]	
	Receivables	Payables	Assets	Services	Other	Services	Other
			(in € thousands)				
Parent company							
- CDP Group	-	120	-	24	4	-	-
Total Parent company	**-**	**120**	**-**	**24**	**4**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	3,154	(42)	-	(1)	-	158	20
- Metano Sant'Angelo Lodigiano	454	2	-	(2)	-	82	9
- Gesam Reti	102	-	-	-	-	20	26
- Enerpaper	45	(1)	-	(13)	-	-	-
- Energie Rete Gas	2,150	11,743	48	2,120	452	403	49
Total Companies under joint control and associates	**5,905**	**11,702**	**48**	**2,104**	**452**	**663**	**104**
Companies owned or controlled by the Italian State							
- Eni Group	177,406	46,974	2,887	334	1,456	220,691	826
- Snam Group	326	275	-	46	-	60	(12)
- Enel Group	50,407	12,022	-	-	530	64,410	607
- Anas Group	479	1,125	-	2	247	-	-
- Ferrovie dello Stato Group	569	116	4	-	106	71	-
- GSE Gestore Servizi Group	3,095	(369)	-	11	9,984	668	(36)
- Poste italiane Group	5	84	-	76	-	-	-
- Leonardo Group	33	108	-	22	-	-	-
- Saipem Group	3	22	-	-	-	-	-
Total Companies owned or controlled by the State	**232,323**	**60,357**	**2,891**	**491**	**12,323**	**285,900**	**1,385**
Other related parties							
- Eur Group	-	4	-	-	-	-	-
- Valvitalia Group	-	266	66	-	-	-	-
- CESI - Giacinto Motta	-	22	-	-	-	-	-
- Trevi	-	90	-	(1)	-	-	-
Total Other related parties	**-**	**382**	**66**	**(1)**	**-**	**-**	**-**
Total	**238,228**	**72,561**	**3,005**	**2,618**	**12,779**	**286,563**	**1,489**

(a) Include costs for goods and services for investment.
(b) Gross of the regulation components having contra entry in costs.

Financial transactions with Related parties as of and for the three-month period ended March 31, 2025

	As of and for the three-month period ended March 31, 2025			
	Receivables	Payables	Income	Expenses
		(in € thousands)		
Parent Company				
- CDP Group	1,595	144,613	-	-
Total Parent Company	**1,595**	**144,613**	**-**	**-**
Companies under joint control and associates				
- Energie Rete Gas	2,125	-	-	-
- Umbria Distribuzione Gas	-	-	-	-
Total Companies under joint control and associates.	**2,125**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-

	As of and for the three-month period ended March 31, 2025			
	Receivables	Payables	Income	Expenses
Total State-owned or controlled enterprises	**-**	**2,202**	**-**	**-**
Total	**3,720**	**146,815**	**-**	**-**

Commercial and other transactions with Related parties as of December 31, 2024 and for the three-month period ended March 31, 2024

	For the year ended December 31, 2024		As of March 31, 2024				
			Costs [(a)]			Revenues [(b)]	
	Receivables	Payables	Assets	Services	Other	Services	Other
			(in € thousands)				
Parent company							
- CDP Group	-	95	-	23	198	-	-
Total Parent company	**-**	**95**	**-**	**23**	**198**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	2,972	30	-	(2)	-	159	13
- Metano Sant'Angelo Lodigiano	474	2	-	(2)	-	88	1
- Gesam Reti	81	-	-	-	-	20	2
- Enerpaper	45	290	-	186	-	-	-
- Energie Rete Gas	2,007	10,835	-	1.915	462	287	28
Total Companies under joint control and associates	**5,579**	**11,157**	**-**	**2,097**	**462**	**554**	**44**
Companies owned or controlled by the Italian State							
- Eni Group	177,500	40,716	2,701	290	1,090	200,483	826
- Snam Group	413	376	-	37	-	60	11
- Enel Group	49,177	11,625	-	20	78	55,967	769
- Anas Group	353	1,248	-	1	209	-	-
- Ferrovie dello Stato Group	696	56	-	5	133	66	-
- GSE Gestore Servizi Group	1,073	(678)	-	2	14,005	709	-
- Poste italiane Group	5	150	-	37	-	-	-
- Leonardo Group	33	115	-	-	-	-	-
- Saipem Group	3	27	-	-	-	-	-
Total Companies owned or controlled by the State	**229,253**	**53,635**	**2,701**	**392**	**15,515**	**257,285**	**1,606**
Other related parties							
- Zecca dello Stato	-	12	-	-	-	-	-
- Eur Group	-	4	-	-	2	-	-
- Valvitalia Group	-	488	501	(18)	-	-	-
- CESI - Giacinto Motta	-	22	-	5	-	-	-
- Trevi	-	90	-	-	-	-	-
Total Other related parties	**-**	**616**	**501**	**(13)**	**2**	**-**	**-**
Total	**234,832**	**65,503**	**3,202**	**2,499**	**16,177**	**257.839**	**1,650**

(a) Include costs for goods and services for investment.
(b) Gross of the regulation components having contra entry in costs.

Financial transactions with Related parties as of December 31, 2024 and for the three-month period ended March 31, 2024

	For the year ended December 31, 2024		As of March 31, 2024	
	Receivables	Payables	Income	Expenses
		(in € thousands)		
Parent Company				
- CDP Group	1,570	143,944	-	-
Total Parent Company	**1,570**	**143,944**	**-**	**-**
Companies under joint control and associates				
- Energie Rete Gas	2,125	-	-	-
Total Companies under joint control and associates	**2,125**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-
Total State-owned or controlled enterprises	**-**	**2,202**	**-**	**-**
Total	**3,695**	**146,146**	**-**	**-**

Commercial and other transactions with Related parties as of and for the year ended December 31, 2024

	Receivables	Payables	Costs (a) Assets	Costs (a) Services	Costs (a) Other	Revenues (b) Services	Revenues (b) Other
				(in € thousands)			
Parent company							
- CDP Group	-	95	1	100	195	-	-
Total Parent company	**-**	**95**	**1**	**100**	**195**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	2,972	30	-	(31)		839	86
- Metano Sant'Angelo Lodigiano	474	2	-	(8)	-	340	106
- Gesam Reti	81	-	-	-	-	78	6
- Enerpaper	45	290	-	403	-	-	-
- Energie Rete Gas	2,007	10,835	92	7,876	1,579	1,322	367
Total Companies under joint control and associates	**5,579**	**11,157**	**92**	**8,240**	**1,579**	**2,579**	**565**
Companies owned or controlled by the Italian State							
- Eni Group	177,500	40,716	4,468	704	2,402	570,429	3,723
- Snam Group	413	376	-	156	167	240	111
- Enel Group	49,177	11,625	(3)	150	1,342	167,987	2,928
- Anas Group	353	1,248	12	7	525	-	699
- Ferrovie dello Stato Group	696	56	-	33	710	245	176
- GSE Gestore Servizi Group	1,073	(678)	-	60	80,466	2,823	(1,372)
- Poste italiane Group	5	150	-	277	-	-	-
- Leonardo Group	33	115	-	186	-	1	5
- Rai Group	-	-	-	-	1	-	-
- Saipem Group	3	27	-	-	-	-	-
Total Companies owned or controlled by the State	**229,253**	**53,635**	**4,477**	**1,573**	**85,613**	**741,725**	**6,270**
Other related parties							
- Zecca dello Stato	-	12	12	-	-	-	-
- Eur Group	-	4	-	-	2	-	-
- Valvitalia Group	-	488	2,040	(3)	-	-	-
- CESI - Giacinto Motta	-	22	-	11	-	-	-
- Trevi	-	90	-	277	-	-	-
Total Other related parties	**-**	**616**	**2,052**	**285**	**2**	**-**	**-**
Total	**234,832**	**65,503**	**6,622**	**10,198**	**87,389**	**744,304**	**6,835**

(a) Include costs for goods and services for investment.
(b) Gross of the regulation components having contra entry in costs.

Financial transactions with Related parties as of and for the year ended December 31, 2024

	Receivables	Payables	Income	Expenses
		(in € thousands)		
Parent Company				
- CDP Group	1,570	143,944	-	1,171
Total Parent Company	**1,570**	**143,944**	**-**	**1,171**
Companies under joint control and associates				
- Energie Rete Gas	2,125	-	-	-
- Umbria Distribuzione Gas	-	-	253	-
Total Companies under joint control and associates	**2,125**	**-**	**253**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-
Total State-owned or controlled enterprises	**-**	**2,202**	**-**	**-**
Total	**3,695**	**146,146**	**253**	**1,171**

Commercial and other transactions with Related parties as of and for the year ended December 31, 2023

	Receivables	Payables	Costs (a) Assets	Costs (a) Services	Costs (a) Other	Revenues (b) Services	Revenues (b) Other
				(in € thousands)			
Parent company							
- CDP Group	-	209	-	94	21	-	-

	Receivables	Payables	Costs (a) Assets	Services	Other	Revenues (b) Services	Other
				(in € thousands)			
Total Parent Company	**-**	**209**	**-**	**94**	**21**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	4,552	21	-	(32)	-	2,749	236
- Metano Sant'Angelo Lodigiano	732	(2)	-	(7)	-	426	92
- Gesam Reti	61	-	-	-	-	58	6
- Enerpaper	329	2,879	-	6,548	-	-	-
- Energie Rete Gas	1,541	5,863	-	4,160	1,755	1,352	38
Total Companies under joint control and associates	**7,215**	**8,761**	**-**	**10,669**	**1,755**	**4,585**	**372**
Companies owned or controlled by the State							
- Eni Group	130,542	41,681	6,845	727	2,024	64,497	4,522
- Snam Group	410	477	-	161	1	240	(96)
- Enel Group	42,291	9,384	(6)	327	611	(28,124)	(3,196)
- Anas Group	839	1,201	-	9	410	-	1,063
- Ferrovie dello Stato Group	904	38	-	4	700	65	772
- GSE Gestore Servizi Group	956	1,043	-	45	68,433	4,601	20
- Poste italiane Group	2	171	-	224	-	-	-
- Leonardo Group	28	157	-	129	-	-	105
- Saipem Group	3	27	-	-	-	-	3
Total Companies owned or controlled by the State	**175,975**	**54,179**	**6,839**	**1,626**	**72,179**	**41,279**	**3,193**
Other related parties							
- Zecca dello Stato	-	-	-	-	-	1	-
- Acqua Campania	-	1,378	2,689	-	-	-	-
- Eur Group	-	4	-	-	2	-	-
- Valvitalia Group	-	1,112	4,637	37	-	-	-
- Gruppo Smat	-	-	-	-	-	-	2
- Autovie Venete	-	-	-	-	6	-	-
- Oper Fiber	-	-	-	-	-	-	6
- Dispositivi protezione individuale	1	11	1	14	14	-	-
- Monte Titoli	-	11	-	17	-	-	-
- Borsa Italiana	-	-	-	193	-	-	-
- Zurig Investment Life	-	1	-	1	-	-	-
- Ferrovienord	-	-	-	-	6	-	-
- Petrolig	15	-	-	-	-	-	-
- LT S.r.l.	306	1	-	380	-	-	-
- CESI - Giacinto Motta	-	21	-	19	-	-	-
- Assicurazioni Generali	891	-	-	-	-	-	(444)
- Valdarno	-	22	-	-	-	-	-
- Trevi	-	287	-	250	-	-	-
Total Other related parties	**1,213**	**2,848**	**7,327**	**911**	**28**	**1**	**(436)**
Total	**184,403**	**65,997**	**14,166**	**13,300**	**73,983**	**45,865**	**3,129**

(a) Include costs for goods and services for investment.
(b) Gross of the regulation components having contra entry in costs.

Financial transactions with Related parties as of and for the year ended December 31, 2023

	Receivables	Payables	Income	Expenses
		(in € thousands)		
Parent company				
- CDP Group	1,075	-	1	-
Total Parent Company	**1,075**	**-**	**1**	**-**
Companies under joint control and associates				
- Energie Rete gas	2,126	-	-	-
Total Companies under joint control and associates	**2,126**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-
Total State-owned or controlled enterprises	**-**	**2,202**	**-**	**-**
Other related parties				
- Acqua Campania	2,581	-	-	-
Total Other related parties	**2,581**	**-**	**-**	**-**
Total	**5,782**	**2,202**	**1**	**-**

Commercial and other transactions with Related parties as of and for the year ended December 31, 2022

	Receivables	Payables	Costs (a) Assets(a)	Costs (a) Services	Costs (a) Other	Revenues (b) Services	Revenues (b) Other
				(in € thousands)			
Parent company							
- CDP Group	-	184	-	90	9	-	-
Total Parent company	**-**	**184**	**-**	**90**	**9**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	2,649	21	-	(14)	-	1,456	318
- Metano Sant'Angelo Lodigiano	489	(2)	-	(2)	-	759	146
- Gesam Reti	61	-	-	-	-	58	6
- Enerpaper	329	1,613	-	4,704	-	-	-
- Energie Rete Gas	2,156	-	-	-	-	-	5,090
Total Companies under joint control and associates	**5,684**	**1,632**	**-**	**4,688**	**-**	**2,273**	**5,560**
Companies owned or controlled by the State							
- Eni Group	13,638	326,492	5,005	762	1,168	(148,369)	4,068
- Snam Group	308	359	-	218	7	241	49
- Enel Group	5,532	112,783	-	74	213	(87,468)	6,817
- Anas Group	20	1,061	-	9	482	-	-
- Ferrovie dello Stato Group	265	33	-	7	534	1	-
- GSE Gestore Servizi Group	2,033	(8)	-	41	153,728	3,866	34
- Poste italiane Group	4	242	-	64	-	-	-
- Leonardo Group	-	265	-	298	-	-	-
- Saipem Group	-	54	-	-	-	-	-
Total Companies owned or controlled by the State	**21,800**	**441,281**	**5,005**	**1,473**	**156,132**	**(231,729)**	**10,968**
Other related parties							
- Eur Group	-	4	-	-	2	-	-
- Valvitalia Group	-	832	4,318	-	-	-	-
- Oper Fiber	1	-	-	-	-	-	-
- UniCredit Previdenza	-	134	-	-	-	-	-
- Dispositivi protezione individuale	1	7	2	12	-	-	-
- E-Distribuzione	1	-	-	61	1	-	-
- Ferrovienord	-	-	-	-	6	-	-
- Assicurazioni Generali	1,335	-	-	-	-	-	1,335
- Valdarno	-	81	-	463	2	-	-
- Trevi	-	66	-	66	-	-	-
- CESI – Giacinto Motta	-	13	-	-	-	-	-
Total Other related parties	**1,338**	**1,137**	**4,320**	**602**	**11**	**-**	**1,335**
Total	**28,822**	**444,234**	**9,325**	**6,853**	**156,152**	**(229,456)**	**17,863**

(a) Include costs for goods and services for investment.
(b) Gross of the regulation components having contra entry in costs.

Financial transactions with Related parties as of and for the year ended December 31, 2022

	Consolidated Statement of Financial Position Receivables	Consolidated Statement of Financial Position Payables	Consolidated Income Statement Incomes	Consolidated Income Statement Expenses
		(in € thousands)		
Parent company				
- CDP Group	612	(50)	1	-
Total Parent company	**612**	**(50)**	**1**	**-**
Companies under joint control and associates				
- Energie Rete Gas	2,126	-	-	-
Total Companies under joint control and associates	**2,126**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	(124)	-	-
- Anas Group	-	(162)	-	-
- Eni Group	-	-	-	-
- Snam Group	-	(1,581)	-	-
Total State-owned or controlled enterprises	**-**	**(1,867)**	**-**	**-**
Other related parties				
- Sace	-	-	-	-
- Acqua Campania	120	-	-	-
- Dispositivi protezione individuale	-	(13)	-	-
Total Other related parties	**120**	**(13)**	**-**	**-**
Total	**2,858**	**(1,930)**	**1**	**-**

Description of the Group's related parties

The financial relationships between the Group and its related parties for the three-month periods ended March 31, 2025 and 2024 and for the years ended December 31, 2024, 2023 and 2022 were as follows.

Description of related parties transactions as of and for the three-month periods ended March 31, 2025 and 2024

Transactions with parent company Cassa Depositi e Prestiti S.p.A (or CDP S.p.A.)

Commercial transactions with CDP (and CDP, together with its subsidiaries, the "**CDP Group**") specifically refer to fees due to directors.

Financial transactions conducted with the CDP Group concern portions of notes issued by the Issuer as part of the EMTN Program and portions of a mutual investment fund subscribed by the Issuer.

Transactions with companies under joint control and associates

Trade receivables from Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. mainly refer to IT services and staff services.

Trade payables to Enerpaper S.r.l. refer to commercial transactions for activities related to Superbonus.

Trade receivables from Energie Rete Gas S.r.l. are related to technical services on the gas network and the sale of cryogenic LNG tanks, whereas trade payables refer to services associated with the transport of natural gas by road.

Financial transactions with Energie Rete Gas S.r.l. mainly relate to a shareholder loan agreement.

Financial transactions conducted with Umbria Distribuzione Gas S.p.A. mainly relate to the chargeback of interest in arrears due to non-payment.

Transactions with companies owned or controlled by the Italian State

Trade receivables mainly refer to:

- the distribution of natural gas to Eni S.p.A. and its subsidiaries (Eni S.p.A., together with its subsidiaries, the "**Eni Group**") and to Enel S.p.A. and its subsidiaries (Enel S.p.A., together with its subsidiaries, the "**Enel Group**");
- IT services and chargebacks of gas supply truck costs related to Snam S.p.A. and its subsidiaries (Snam S.p.A., together with its subsidiaries, the "**Snam Group**");
- energy efficiency certificates and net metering/dedicated collection of energy efficiency produced by photovoltaic plants in relation to Gestore Servizi Group GSE S.p.A. and its subsidiaries (Gestore Servizi Group GSE S.p.A., together with its subsidiaries, the "**GSE Gestori Servizi Group**");
- services associated with natural gas distribution in relation to Ferrovie dello Stato S.p.A. andits subsidiaries (Ferrovie dello Stato S.p.A., together with its subsidiaries, the "**Ferrovie dello Stato Group**") and to Anas S.p.A. and its subsidiaries (Anas S.p.A., together with its subsidiaries, the "**Anas Group**").

Trade payables mainly refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group;
- rental expenses and additional charges to lease contracts with the Snam Group;
- acquisition of energy efficiency certificates in relation to the GSE Gestore Servizi Group.

Financial transactions conducted with the Ferrovie dello Stato Group, the Anas Group, Eni Group and the Snam Group relate to IFRS16 debt for real estate operating leases.

Transactions with Directors, Statutory Auditors and Key Managers

Transactions with Directors, Statutory Auditors and Key Managers mainly relate to their remuneration.

Description of related parties transactions as of and for the year ended December 31, 2024

Transactions with parent company CDP

Commercial transactions with CDP S.p.A. specifically refer to fees due to directors.

Financial transactions conducted with the CDP Group concern portions of notes issued by the Issuer as part of the EMTN Program and portions of a mutual investment fund subscribed by the Issuer.

Transactions with companies under joint control and associates

Trade receivables from Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. mainly refer to IT services and staff services.

Trade payables to Enerpaper S.r.l. refer to commercial transactions for activities related to Superbonus.

Trade receivables from Energie Rete Gas S.r.l. are related to technical services on the gas network and the sale of cryogenic LNG tanks, whereas trade payables refer to services associated with the transport of natural gas by road.

Financial transactions with Energie Rete Gas S.r.l. mainly relate to a shareholder loan agreement.

Financial transactions conducted with Umbria Distribuzione Gas S.p.A mainly relate to the chargeback of interest in arrears due to non-payment.

Transactions with companies owned or controlled by the Italian State

Trade receivables mainly refer to:

- the distribution of natural gas to Eni Group and to Enel Group;
- IT services and chargebacks of gas supply truck costs related to Snam Group;
- energy efficiency certificates and net metering/dedicated collection of energy efficiency produced by photovoltaic plants in relation to GSE Gestori Servizi Group;
- services associated with natural Gas distribution in relation to Ferrovie dello Stato Group and Anas Group.
- Trade payables mainly refer to:
- the supply of electricity and methane gas for internal consumption by the Eni Group;
- rental expenses and additional charges to lease contracts with the Snam Group;
- acquisition of energy efficiency certificates in relation to the GSE Gestore Servizi Group.

Financial transactions conducted with the Ferrovie dello Stato Group, the Anas Group, Eni Group and the Snam Group relate to IFRS16 debt for real estate operating leases.

Transactions with Directors, Statutory Auditors and Key Managers

Transactions with Directors, Statutory Auditors and Key Managers mainly relate to their remuneration.

Description of related parties transactions as of and for the year ended December 31, 2023

Transactions with parent company CDP

Financial transactions with CDP specifically concern commissions on subscribed loans.

Transactions with companies under joint control and associates

Trade receivables from Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. mainly refer to IT services and staff services.

Financial transactions with Energie Rete Gas S.r.l. refer to a shareholder loan agreement.

Transactions with companies owned or controlled by the Italian State

Trade receivables mainly refer to the distribution of natural gas to the Eni Group and to Enel Group.

Trade payables mainly refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group and Enel Group;
- the acquisition of energy efficiency certificates construction sites from GSE Gestore Servizi Group.

Transactions with Directors, Statutory Auditors and Key Managers

Transactions with Directors, Statutory Auditors and Key Managers mainly relate to their remuneration.

Description of related parties transactions as of and for the year ended December 31, 2022

Transactions with parent company CDP

Financial transactions with CDP specifically concern commissions on subscribed loans.

Transactions with companies under joint control and associates

Trade receivables from Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. mainly refer to IT services and staff services.

Trade payables to Enerpaper S.r.l. refer to commercial transactions for projects related to Superbonus.

Trade payables to Energie Rete Gas are related to activities concerning gas transportation.

Financial transactions with Energie Rete Gas S.r.l. refer to a shareholder loan agreement.

Transactions with companies owned or controlled by the Italian State

Trade receivables mainly refer to the distribution of natural gas to the Eni Group and to the Enel Group.

Trade payables refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group and Enel Group;
- the acquisition of Energy efficiency Certificates construction sites from GSE Gestore Servizi Group.

Transactions with Directors, Statutory Auditors and Key Managers

Transactions with Directors, Statutory Auditors and Key Managers mainly relate to their remuneration.

2i Rete Gas Group's Related Parties Transactions

*The following is a description of transactions to which 2i Rete Gas and/or the 2i Rete Gas Group, on one hand, and certain related parties (collectively, the "**2i RG Related Parties**"), on the other, have been a party, collectively referred to as "**2i RG Related Party Transactions**," identified on the basis of the criteria set forth in IAS 24 – Related Party Disclosures. 2i Rete Gas believes that all such transactions have been effected at arm's length and upon market terms and rates, i.e., in line with conditions that would have applied between non-related parties.*

Overview

The transactions undertaken by the 2i Rete Gas and the 2i Rete Gas Group with the 2i RG Related Parties, identified on the basis of the criteria set forth in IAS 24 – Related Party Disclosures for the years ended December 31, 2024, 2023 and 2022 are primarily of a commercial nature and are at arm's-length terms. For the purposes hereof, the definition of 2i RG Related Parties encompasses executives holding strategic responsibilities within the parent company, inclusive of their immediate family members, as well as entities directly and/or indirectly controlled by the parent company, those subject to joint control therewith, and those over which the parent company exerts significant influence. Executives holding strategic responsibilities are defined as individuals possessing the authority and accountability, whether direct or indirect, for the planning, directing, and controlling of the company's activities, and shall include the relevant directors and statutory auditors. As of the date of this Offering Circular, 2i Rete Gas has entered into, and in the ordinary course of its business may, in the ordinary course of business, enter into, commercial and financial transactions with 2i RG Related Parties as hereinbefore stated. In the judgment of 2i Rete Gas, such transactions are conducted within the ambit of ordinary management activities and, considering the nature of the goods and services provided, are concluded under prevailing market conditions, unless explicitly stated otherwise. Notwithstanding the foregoing, no assurance is provided that, were the same transactions to be concluded between or with unaffiliated third parties, such third parties would have negotiated and executed the pertinent agreements, or undertaken the transactions themselves, under the same terms and conditions and in the same manner.

After December 31, 2024 and up to the date of this Offering Circular, the 2i Rete Gas and the 2i Rete Gas Group have not entered into any 2i RG Related Party Transactions which is unusual in character or significant in size other than in the ordinary course of business or as described in this Offering Circular. As a result of the consummation of the Acquisition, as of April 1, 2025, the Related Parties of the 2i Rete Gas Group include the Related Parties of the Italgas Group.

Transactions carried out with the 2i Rete Gas Group's related parties refer to ordinary management and are regulated under market conditions, or similar to those usually practiced with unrelated parties for transactions of a corresponding nature, size and risk, and in compliance with applicable law.

The balances of commercial and other transactions, as well as financial transactions, carried out with the related parties defined above are highlighted below as of and for the years ended December 31, 2024, 2023 and 2022. The nature of the most significant transactions is also indicated.

The information provided below is expressed in €thousands, unless otherwise indicated.

Commercial and other transactions with 2i RG Related Parties as of and for the year ended December 31, 2024, 2023 and 2022.

	As of December 31, 2024		For the year ended December 31, 2024	
	(in € thousands)			
2i RG Related Parties	**Receivables**	**Payables**	**Expenses**	**Income**
F2i SGR S.p.A.	-	59	59	-
Mea S.p.A.	-	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti S.p.A.	-	3,074	2,889	12
2i Servizi Energetici S.r.l.	25	50	94	64
Executives holding strategic responsibilities including the 2i Rete Gas board of directors and statutory auditors	-	3,345	4,826	-
Total	**25**	**6,548**	**7,888**	**85**

	As of December 31, 2023		For the year ended December	

2i RG Related Parties			31, 2023	
		(in € thousands)		
	Receivables	Payables	Expenses	Income
F2i SGR S.p.A.	-	60	60	-
Mea S.p.A.	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti S.p.A.	5	7,085	3,625	5
2i Servizi Energetici S.r.l.	28	194	66	62
Executives holding strategic responsibilities including the 2i Rete Gas board of directors and statutory auditors	-	70	3,058	-
Total	**42**	**7,428**	**6,829**	**76**

2i RG Related Parties	As of December 31, 2022		For the year ended December 31, 2022	
		(in € thousands)		
	Receivables	Payables	Expenses	Income
F2i SGR S.p.A.	-	60	60	-
Mea S.p.A.	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti S.p.A.	28	6,656	5,824	28
2i Servizi Energetici S.r.l.	35	71	149	62
Executives holding strategic responsibilities including the 2i Rete Gas board of directors and statutory auditors	-	53	2.564	0
Total	**72**	**6,860**	**8,616**	**99**

Transactions with Bonatti S.p.A.

Bonatti S.p.A. (which owns a 40% equity interest in Cilento Reti Gas S.r.l.) and Cilento Reti Gas S.r.l., a company controlled by 2i Rete Gas, entered into a corporate and commercial agreement pursuant to which Bonatti S.p.A. acts as construction partner for Cilento Reti Gas S.r.l. in the operation of its natural gas distribution infrastructure in various municipalities in the Cilento area.

The two companies also entered into separate, related agreements governing, among other things, the operational methods and execution procedures of works under the responsibility of the construction partner as well as the billing and payment methods for the fees due from Cilento Reti Gas S.r.l. to Bonatti S.p.A. Such payments take the form of monthly progress payments, net of the portion covered by any public contributions, the settlement of which occurs only after the actual collection by Cilento Reti Gas S.r.l.

Transactions with 2i Servizi Energetici S.r.l.

2i Rete Gas and 2i Servizi Energetici S.r.l. entertain a commercial relationship formalized through specific contractual agreements, including an engineering, procurement, and construction agreement entered into in 2020 to govern the provision of energy services related to the Perugia office of 2i Rete Gas. Pursuant to the terms of the agreement, 2i Servizi Energetici S.r.l. designs and implements interventions aimed at improving the energy efficiency of the aforementioned office, as well as offering management and maintenance services for such facilities.

Financial transactions with 2i RG Related Parties as of and for the year ended December 31, 2024, 2023 and 2022.

2i RG Related Parties	As of December 31, 2024		For the year ended December 31, 2024		
			(in € thousands)		
	Receivables	Payables	Expenses	Income	Dividends paid
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)	-	-	-	-	79,887
Finavias S.à r.l.	-	-	-	-	45,058
Mea S.p.A.	-	-	-	5	-
2i Servizi Energetici S.r.l.	1.370	-	49	84	-
Total	**1.370**	**-**	**49**	**89**	**124,945**

	As of December 31, 2023	For the year ended December 31, 2023

2i RG Related Parties	Receivables	Payables	Expenses	Income	Dividends paid
	(in € thousands)				
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)	-	-	-	-	70,936
Finavias S. à r.l.	-	-	-	-	40,009
Mea S.p.A.	-	-	-	32	-
2i Servizi Energetici S.r.l.	1.370	-	145	39	-
Total	**1.370**	**-**	**145**	**71**	**110,945**

	As of December 31, 2022		For the year ended December 31, 2022		
	(in € thousands)				
2i RG Related Parties	**Receivables**	**Payables**	**Expenses**	**Income**	**Dividends paid**
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)	-	-	-	-	67,100
Finavias S. à r.l.	-	-	-	-	37,845
Mea S.p.A.	-	-	-	238	-
2i Servizi Energetici S.r.l.	966	-	200	29	-
Total	**966**	**-**	**200**	**267**	**104,945**

Transactions with F2i SGR S.p.A. and Finavias S.à.r.l.

The balances indicated for F2i SGR S.p.A. and Fianvias S.à.r.l. refer to the dividends paid to the shareholders during the periods presented.

Transactions with 2i Servizi Energetici S.r.l.

On June 30, 2020, 2i Rete Gas, as lender, and 2i Servizi Energetici S.r.l. as borrower, entered into a shareholder loan agreement (as subsequently amended on March 23, 2022 and on October 27, 2023) for an initial amount of €1,200,000, increased to €1,800,000 in 2023, with an accruing interest of three-month EURIBOR plus 2.50% margin per annum. After expiration of the initial term on June 30, 2021, the agreement has been automatically renewing for consecutive one-year periods. Each party may terminate the agreement upon a 10-day notice.

Transactions with Bonatti S.p.A.

On January 17, 2024, 2i Rete Gas and Bonatti S.p.A., as lenders, and Cilento Reti Gas S.r.l., a company controlled by 2i Rete Gas, as borrower, entered into a shareholder loan agreement for an initial amount of €1,070,000, with an accruing interest of three-month EURIBOR plus 2.30% margin per annum. Pursuant to the agreement, the borrower will repay 2i Rete Gas and Bonatti S.p.A. proportionally based on their respective shareholdings in Cilento Reti Gas S.r.l.. As of the date of this Offering Circular, no amounts were drawn-down during the duration of the agreement, which will expire on December 31, 2025.

DESCRIPTION OF SHARE CAPITAL

The following is a summary of certain information concerning the Ordinary Shares and certain provisions of Italgas's articles of association, bylaws and of Italian law applicable to listed companies, as they are in effect as of the date of this Offering Circular. This summary does not purport to be complete and is qualified in its entirety by reference to Italgas's articles of association, bylaws or Italian law and regulations, as the case may be.

Share Capital

Before the Rights Offering, the Company's authorized, subscribed and fully paid-up share capital at the time of this Offering Circular is equal to €1,004,478,347.72, divided into 811,753,913 Ordinary Shares.

Form and Transfer of Shares

Pursuant to article 83-*bis* of the Consolidated Financial Act, shareholders are unable to receive physical delivery of share certificates for Italian listed companies. The transfer and exchange of ordinary shares takes place exclusively through an electronic book-entry system managed by the centralized securities settlement and custody system, namely, Euronext. Accordingly, their owners must deposit all shares with an authorized financial intermediary entitled to hold accounts on behalf of customers with such centralized securities settlement and custody system. Pursuant to Article 32 of the Regulation of the Bank of Italy and CONSOB of August 13, 2018, those that meet the requirements for participation in the securities settlement system established by the central depository in accordance with Article 33 of Regulation (EU) n. 909/2014 may hold securities accounts at a central depository.

The transfer of financial instruments may only take place through intermediaries. Where the intermediary is entrusted with the performance of the service, the intermediary shall record the transfers ordered by the account holder or charged to him/her, in separate accounts both among themselves and with respect to any accounts pertaining to the intermediary. In any other case, the intermediary shall provide notification of the transaction to the intermediary with whom the holder has opened the account, for subsequent fulfillment. The registration of the transfers is made by the intermediaries at the outcome of the settlement of the relevant transactions.

Each intermediary maintains a custody account for each of its clients. This account sets out the financial instruments of each client and the records of all transfers, dividend payments, exercise of rights attributable to the financial instruments, charges or other encumbrances on such instruments. Without prejudice to the second and third paragraphs of Article 83-*novies*, paragraph 1, of the Consolidated Financial Act, for the purposes of issuing the certifications and sending the communications provided for in article 83-*quinquies*, paragraph 3 (with reference to the full and exclusive entitlement to exercise the rights relating to the financial instruments registered in the account, in accordance with the specific rules applicable to each of them and the rules set out in Title II-bis of the Consolidated Financial Act) and article 83-*sexies*, paragraph 1 (with reference to the entitlement to attend the shareholders' meeting and exercise voting rights) of the Consolidated Financial Act, the account holder or any other eligible party may submit a request to the intermediary. Communications and certifications shall contain at least the following information: (a) the applicant's identification data; (b) the identification data of the holder of the financial instruments if different from the applicant; (c) the date of the request; (d) the date of the application; (e) the quantity and description of the financial instruments in respect of which the application is made; (f) the number and description of the financial instruments in respect of which the application is made; (g) an indication of the right to be exercised; (h) in the case of the right to participate in the meeting, the date and type of meeting; (i) the period of validity of the communication or certification, or the 'until revoked' clause. The exercise of certain rights at the shareholders' meeting (provided for in Articles 2437 and 2422 of the Italian Civil Code and 83-*duodecies*, paragraph 3, 126-*bis*, 127-*ter*, 147-*ter* and 148 of the Consolidated Financial Act as well as by Article 48 of the CONSOB's Post Trading Regulation) is attested by a communication to the issuer. In this case, a notice issued by the intermediary to the relevant company replaces the above-mentioned certification. The entitlement to exercise rights other than those mentioned above is certified by a certificate issued by the intermediary in accordance with its own accounting records. The certification shall be issued to the authorized person by the second business day following the date of receipt of the request by the intermediary. Once a certified statement of account is issued, the intermediary may not transfer the corresponding shares until the statement is no longer valid or returned.

All of our Ordinary Shares have been deposited with Euronext. Accordingly, it will not be possible for a Shareholder to obtain physical delivery of share certificates representing Ordinary Shares. Instead, transfers of Ordinary Shares will be possible using the procedures described above.

Italian law does not require joint stock companies to set forth the par value of their shares in the articles of association nor does it require specification of the par value on the stock certificate itself. Shares with no par value may allow greater flexibility in structuring a company's share capital and in setting the purchase price for the issuance of new shares of stock. Pursuant to Article 2346, paragraph 3, of the Italian Civil Code, the nominal value of no par value shares is calculated by dividing the aggregate Euro amount of the issued share capital by the number of shares at the time outstanding. The Ordinary Shares have no stated nominal value.

Shareholders' Meetings

Pursuant to Article 83-*sexies*, paragraph 2, of the Consolidated Financial Act, all persons for which we have received a notice from an intermediary, on the basis of the intermediary's records at closing of business on the seventh trading day prior to the date of the meeting on a first or single call (the "**record date**"), shall be entitled to attend shareholders' meetings.

Such persons may attend the meeting and vote including if they transfer their shares after the record date. Conversely, the purchaser of the shares after the record date will not be entitled to vote in the meeting. The purchaser is, however, entitled to challenge the shareholders' meetings resolutions or to exercise withdrawal rights, if applicable. The meetings are valid if held using remote communications systems, if this is contemplated in the notice calling the meeting, on condition that the identity of the persons entitled to attend is confirmed and that all participants are able to intervene in real time in discussions about the matters on the agenda, as well as to vote on the resolutions.

Shareholders must attend shareholders' meetings in person or, subject to the rules set forth in the Consolidated Financial Act, by proxy. A proxy may be given in writing or electronically to any person or entity subject to Articles 135-*novies* and 135-*undecies* of the Consolidated Financial Act.

Pursuant to the Consolidated Financial Act and the Articles of Association, the Company may appoint one representative for each meeting (*rappresentante designato dalla società*) to whom shareholders may grant a proxy no later than the end of the second trading day prior to the date of the meeting, including in the case of a call subsequent to the first call. The proxy shall contain voting instructions on all or a number of items on the agenda and shall be granted though a proxy form whose content is provided by a CONSOB regulation. The proxy shall be valid only for proposals on which voting instructions are provided. Certain disclosure rules apply to conflicts of interest of the representative appointed by the Company. Law No. 21 of March 5, 2024, entered into force on March 27, 2024 ("**Italian Capital Markets Competitiveness Law**"), has recently introduced a new article 135-*undecies*.1 into the Consolidated Financial Act, which allows, where provided for in the articles of association, the shareholders' meetings of companies listed on regulated markets to be conducted exclusively through a representative appointed by the company (*rappresentante designato dalla società*) (so called "closed-door meetings"). As of the date of this Offering Circular, the Articles of Association do not allow for closed-door meetings.

Pursuant to Article 138 of the Consolidated Financial Act, one or more promoters may conduct a proxy solicitation, provided that a prospectus and a proxy form are published. Rules on proxy solicitation do not apply to solicitations addressed to 200 shareholders or less, provided that no indications are given that may influence the voting process. General rules on proxy solicitation, including the obligation to publish a prospectus, shall not apply to the solicitation carried out by shareholders' associations meeting the requirements set forth in Article 141 of the Consolidated Financial Act.

Under Italian law and the Articles of Association, shareholders' meetings, which may be either ordinary or extraordinary, are held on a single call, unless the Board of Directors elects to hold these meetings on more than one call. Meetings are called by the Board of Directors when required or deemed appropriate. The Company's shareholders' meetings must be called: (i) by the Board of Directors at least once a year, no later than 180 days after the end of the financial year, to approve the Company's financial statements; (ii) by the Board of Statutory Auditors, or by at least two of its members, in the circumstances contemplated by applicable law; (iii) by the Board of Directors, without delay, following a request by holders of at least 5% of the Company's share capital; (iv) by the Board of Statutory Auditors, or by a court having jurisdiction, if the Board of Directors or the Board of Statutory Auditors, respectively, have breached their fiduciary duties to our shareholders or have not called the meeting in accordance with the provisions of Italian Law; or (v) by the Board of Statutory Auditors in the event of an unjustified delay or failure by the Board of Directors to call a meeting; (vi) by the Board of Statutory Auditors in the event of revocation, resignation, disqualification or death of all the members of the Board of Directors. Following an appeal by the shareholders who have requested such meeting and upon consultation with the Board of Directors and the Board of Statutory Auditors, a court may order by decree that such meeting be convened and shall appoint the person who will act as the chairperson of the meeting.

Shareholders are informed of all shareholders' meetings to be held by publication of a notice on our website and in accordance with CONSOB's requirements at least 30 days before the date of the meeting. The required notice period is reduced to 21 days for meetings relating to the reduction of the share capital due to losses or below the statutory minimum requirement as well as for meetings relating to the resolution envisaged in Article 2447 of the Italian Civil Code.

The notice period is increased to 40 days for meetings called for the election of the Board of Directors or the Board of Statutory Auditors. The notice may specify a date for a second meeting or third meeting in the event that a quorum is not met at the first or second meeting. Such meeting dates are generally referred to as "calls."

If discussion of the agenda is not completed in one session, the chairman of the shareholders' meeting may adjourn the meeting for not more than eight days by making a declaration to those present, without any need for further notice to be given.

In the second session, the meeting is quorate and adopts resolutions with the same majorities that were applied to establish the quorum and the validity of the resolutions for the meeting that is being continued. The second or third call shall take place not later than 30 days after the previous call if the date for the second or third call is not set forth in the notice and, in any case, not on the same date of the previous call. Notice of any meeting on a second or third call must be published at least 21 days prior to the date of the meeting if the items on the agenda remain the same.

Moreover, pursuant to Article 2366, paragraph 4, of the Italian Civil Code, even in the absence of notice, a meeting will be deemed duly held if 100% of the share capital is represented and the majority of directors and statutory auditors are present at the meeting. Persons attending may object to discussion of matters of which they have not been adequately informed.

With respect to the quorum required to validly hold a general meeting, current regulations apply. A report on the proposals relating to the matters on the agenda is made available before the meeting to the public, at our registered office, on our website and in accordance with CONSOB's requirements. Shareholders are entitled to ask questions regarding the items on the agenda before the date of the meeting to which we are required to respond at the latest during the meeting. No response shall be required if the information requested is already available by way of a Q&A posted on our website.

Pursuant to Article 126-*bis*, paragraph 1, of the Consolidated Financial Act, shareholders who, individually or jointly, represent at least 2.5% of the share capital may request, within 10 days of the publication of the notice convening the meeting (such term is reduced to five days in relation to certain specific meetings), additions to the list of items on the agenda, specifying in the request the additional items they propose, or propose different resolutions in relation to items that are already included on the agenda.

Such additions to the agenda may not be made for matters on which the shareholders' meeting is required by law to resolve on proposals put forward by the directors or on the basis of a plan or report they have prepared different from those provided by Article 125-*ter* of the Consolidated Financial Act. The requesting shareholders must prepare a report on the items they have proposed to include on the agenda or the different resolution they have proposed to adopt.

Resolutions adopted at a shareholders' meeting are binding on all shareholders, including dissenting or absent shareholders.

However, pursuant to Article 2377, paragraph 3 of the Italian Civil Code, absent, abstaining or dissenting shareholders, who hold, individually or jointly, shares with voting rights in relation to the resolution adopted, which represent one thousandth of our share capital, have the right to ask the court where we maintain our registered office to void the resolutions taken in violation of applicable laws or of the Articles of Association.

All directors and statutory auditors are also entitled to challenge resolutions on the same grounds. Such challenges must be made within 90 days from the date of the resolution or, if the resolution is subject to required registration in the register of enterprises, within 90 days of registration or, if the resolution has only been filed with the register of enterprises, within 90 days from such date.

In addition, if shareholders' resolutions are passed without any call for a meeting, without minutes of the same or in respect of any matter which is illegal or with respect to which no resolution may be passed, such resolutions may be challenged by any relevant party within three years from the date of the registration or filing of the resolution in the register of enterprises or, if the resolution is not subject to such registration or filing with the register of enterprises, within three years from the registration of the minutes in the relevant corporate book. In addition, shareholders' resolutions which modify the corporate purpose to include impossible or illegal activities may be challenged without any time limit.

Furthermore, in a limited number of circumstances (including a shareholders' resolution which approves the delisting of the Ordinary Shares, the prorogation of the Company's term or the introduction, amendment or removal of limits to the transfer of the Ordinary Shares), applicable laws grant dissenting, absent and abstaining shareholders the right to withdraw from the Company. Such a withdrawal could require us to redeem the Ordinary Shares of the withholding shareholder at the average of the closing market price of the Ordinary Shares over the previous six-month period.

Redemption may be effected by utilizing our available reserves or alternatively by a reduction our share capital.

There are no restrictions arising under Italian law or the Articles of Association on the rights of non-resident or foreign persons to hold or vote the Ordinary Shares other than those limitations that apply generally to all shareholders. Shareholders are entitled to attend and vote at ordinary and extraordinary shareholders' meetings. Each holder will be entitled to cast one vote for each ordinary share held. Votes may be cast personally or by proxy (as described above).

However, the voting rights of Ordinary Shares held in breach of applicable law may in some cases not be exercised (as described above).

Ordinary Shareholders' Meetings

Ordinary shareholders' meetings must be convened at least once a year within 120 days of the financial year end in order to resolve on the matters submitted to the vote of the shareholders under applicable law and the Articles of Association. According to the Articles of Association, the ordinary shareholders' meeting for the approval of the financial statements must be convened, provided that the conditions set forth under Article 2364, paragraph 1, of the Italian Civil Code are met, within 180 days from the end of the financial year, subject to the provisions of Article 154-*ter* of the Consolidated Financial Act.

At ordinary shareholders' meetings, shareholders may (i) approve the financial statements; (ii) approve the distribution of dividends, if any; (iii) appoint directors, statutory auditors and independent auditors and decide their remuneration; (iv) approve the remuneration policies for directors and employees and the incentive plans based on the financial instruments; (v) vote on directors' and statutory auditors' liability; (vi) approve the regulations governing general meetings; and (vii) decide on any other business matter submitted to the vote of the shareholders in accordance with applicable law and the Articles of Association. Pursuant to Article 10 of the Articles of Association shareholders' meetings are held in a single call, provided that, however, the Board of Directors can establish that the shareholders' meetings be held in more than one call. There is no quorum requirement for a valid shareholders' decision at an ordinary meeting on a single call and resolutions are taken with the affirmative vote of the majority of the shares represented at the meeting (except particular cases in which qualified majority is required).

Extraordinary Shareholders' Meetings

Extraordinary shareholders' meetings may be called in order to pass upon, among other things, proposed amendments to the Articles of Association; share capital increases; and on any other subject attributed to the meetings' competence by law.

Pursuant to Italian law, an extraordinary shareholders' meeting is validly held on a single call if more than one fifth of the voting share capital is represented (in person or by proxy). Pursuant to Article 10 of the Articles of Association shareholders' meetings are held in a single call, provided that, however, the Board of Directors can establish that the shareholders' meetings be held in more than one call. Resolutions at the extraordinary meeting on single call are taken with the affirmative vote of holders of at least two thirds of the shares represented at such meeting.

Pre-emptive Rights

Under Italian law, issues of new ordinary shares or other classes of shares may be authorized by a shareholders' resolution passed at an extraordinary shareholders' meeting. The extraordinary shareholders' meeting may also authorize the Board of Directors to increase the share capital within a five-year period, pursuant to Article 2443 of the Italian Civil Code. Pursuant to Italian law, shareholders (and holders of convertible bonds) are entitled to subscribe for new issues of: (i) ordinary shares; (ii) debt instruments convertible into ordinary shares; and (iii) any other instruments such as warrants, rights or options entitling the holder to acquire ordinary shares, in each case on a *pro rata* basis to their respective shareholdings or bondholdings, as the case may be. Pursuant to applicable law, the foregoing shareholders (and holders of convertible bonds) who exercise the option right have the right to elect to purchase the shares and bonds convertible into shares underlying the pre-emptive rights which have not been exercised by the other shareholders (and holders of convertible bonds). If the shares are listed on regulated markets or on multilateral trading facilities, Italian companies may provide that pre-emptive rights relating to any unexercised option rights must be exercised at the same time of the exercise of the option right, specifying the maximum number of subscribed shares.

Subject to certain conditions and special voting majorities principally designed to prevent dilution of the rights of shareholders, these pre-emptive rights may be waived or limited in whole or in part for all shareholders of a particular issue of securities, but only by way of a resolution adopted at an extraordinary meeting and provided that the increase in share capital is to be paid by way of a contribution in kind or that the company's interest so requires. For ordinary shares of Italian companies listed in Italy, the articles of association may exclude the right of pre-emption for up to 10% of the share capital, or, if the shares have no par value, for up to 10% of the number of pre-existing shares, provided that the issue price of the ordinary shares issued without pre-emptive rights is equal to the market value of the ordinary shares and that such value is confirmed by a report of the independent auditors. The reasons for the exclusion or for the limitation must be set out in an ad hoc report by the directors, which must be filed at the registered office of the company and published on the company's website within the day by which the meeting must be called, except as provided for by special laws.

By a resolution adopted in a meeting by the majority required for special meeting, the pre-emptive rights can also be limited when newly issued ordinary shares are offered for subscription to our employees or employees of our subsidiaries.

The Board of Directors and the Board of Statutory Auditors

Our corporate governance and control system is the traditional model provided for by Articles 2380-*bis* et seq. of the Italian Civil Code, composed of a board of directors and a board of statutory auditors.

Election of Board of Directors

Pursuant to Article 13 of the Articles of Association, the Board of Directors is composed of nine directors. The Board of Directors is appointed by a shareholders' meeting for a maximum period of three fiscal years. Members of the Board of Directors are elected through a cumulative voting system based on lists in which the candidates must be listed using progressive numbers. Each list must introduce a number of candidates belonging to the least represented gender so as to ensure compliance with gender balance requirements set forth in applicable law.

Lists for the election of members of the Board of Directors must be filed at our registered office or our head office no later than the 25th day prior to the date of the shareholders' meeting and be made available to the public at our registered office, on our website and through other channels provided for under applicable laws at least 21 days prior to the date of the shareholders' meeting.

Pursuant to Article 13.3 of the Articles of Association, only Shareholders who, alone or together with other Shareholders, represent at least 2% of the share capital or such different percentage as provided in CONSOB's regulations may submit lists. The ownership of the minimum number of shares required for submitting lists is calculated with regard to the shares held of record by each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to us.

Ownership of the number of shares necessary for filing lists must be proven pursuant to applicable laws; such proof may be submitted to us during or after the time when the lists are filed, provided that this occurs prior to the deadline for when we must make the lists public.

Article 12 of the Italian Capital Markets Competitiveness Law has recently introduced a new article 147-*ter*.1 into the Consolidated Financial Act, which allows, where provided for in the articles of association, the outgoing board of directors to submit a list of candidates for the election of the members of the board of directors, with specific rules for minority lists and the formation of internal committees ("**Board List Regulation**"). As of the date of this Offering Circular, the Articles of Association do not allow the outgoing Board of Directors to submit its own list.

In addition to the professional and ethical requirements set forth by applicable laws and regulations, the Articles of Association provide that each list must include at least three candidates satisfying certain independence requirements established by law for directors of listed companies ("**Independence Requirements**"). In particular, a director may not be considered independent in the following circumstances:

(i) if he/she controls, directly or indirectly, the issuer, including through subsidiaries, trustees or third parties, or is able to exercise a dominant influence over the issuer, or is party to a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer;

(ii) if he/she is, or has been in the preceding three fiscal years, a significant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;

(iii) if he/she has, or had in the preceding three fiscal years, directly or indirectly (e.g., through subsidiaries or companies of which he/she is a significant representative, or in the capacity of partner of a professional firm or of a consulting company), a significant commercial, financial or professional relationship:

   (a) with the issuer, one of its subsidiaries, or any of its significant representatives;

   (b) with a subject who, also jointly with others through a shareholders' agreement, controls the issuer, or – in the case of a company or an entity – with the relevant significant representatives; or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;

(iv) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Corporate Governance Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;

(v) if he/she was a director of the issuer for more than nine years in the last 12 fiscal years;

(vi) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;

(vii) if he/she is shareholder or quota holder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;

(viii) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

According to the Articles of Association, the election of the members of the Board of Directors shall proceed as follows:

(i) seven directors shall be elected in the progressive order used in the list that has obtained the majority of the shareholders' votes;

(ii) the remaining two directors will be taken from the other lists, without prejudice to the applicable law on minority shareholders who are not in any way linked, even indirectly, with the shareholders who submitted or voted for the most voted list. For this purpose, the votes obtained by said lists will subsequently be divided by one and two. The ratios thus obtained shall progressively be attributed to the candidates of each list, according to their order. The resulting ratios attributed to the candidates of the various lists shall be arranged in descending order. Those who shall have obtained the highest ratios will be elected. If more candidates obtain the same ratio, the candidate of the list with no candidates elected or that with the lowest number of candidates elected shall be appointed as director. If none of such lists has yet elected a director or if all have elected the same number of directors, the candidate from the list with more votes will be elected. If candidates receive the same number of votes and are attributed the same ratio, the shareholders' meeting shall cast a new vote among the candidates with the same ratio from lists who elected the same number of directors (or none) and that obtained the same number of votes. The candidate who obtains the highest number of votes in this new vote shall be elected;

(iii) if the list that has obtained the majority of the shareholders' votes ("**Majority List**") does not present a sufficient number of candidates to ensure the election of the required number of directors pursuant to letter i) above, all the candidates listed in such list shall be elected, following the order in which they are listed. After appointing the other two directors from the other lists ("**Minority Lists**"), in accordance with letter ii) above, the remaining directors for the positions not covered by the Majority List shall be drawn from the Minority List that obtained the highest number of votes among the Minority Lists (the "**First Minority List**"), based on the availability of candidates in that list. If the First Minority List does not have a sufficient number of candidates, the remaining directors shall be drawn, following the same procedure, from the next Minority List or, if necessary, from subsequent lists, based on the number of votes received and the availability of candidates in each list. Finally, if the total number of candidates presented in both the Majority List and the Minority Lists is lower than the number of directors to be elected, the remaining directors shall be appointed by the shareholders' meeting through a resolution adopted pursuant to letter vi) below;

(iv) if, following the procedure described above, the minimum number of independent directors required by law has not been appointed yet, the number of votes to be allocated to each candidate of the various slates shall be calculated by dividing the number of votes obtained by each slate by the ranking number of each candidate, in order to create a single decreasing ranking list; the candidates who do not meet the independence requirements and with the lowest ratios among the candidates from all the slates shall be replaced, starting from the last one and up to the minimum number of independent directors under applicable law, by the independent candidates (if any) from the same slate as the replaced candidate (in the order in which they are indicated), or by individuals meeting the independence requirements and elected through the procedure set forth by letter vi) below. In the event two or more candidates from different slates obtained the same ratio, the candidate to be replaced shall be: (a) a candidate from the slate that elected the highest number of directors, or (b) if more than one slates fall under (a) above, the candidate belonging to the slate with fewer votes, or (c) in the event of a tie, the candidate who obtains fewer votes in a dedicated shareholders' vote;

(v) when the procedures under letter (i), (ii) and (iii) do not ensure compliance with the applicable laws on balance between genders, the ratio of votes to be allocated to each candidate from the slates will be calculated by dividing the number of votes obtained by each slate by the ranking number of each candidate, in order to create a single decreasing ranking list; the candidates of the most represented gender with the lowest ratios from the above slates are therefore replaced, up to the number of independent directors sufficient to comply with the laws on balance between genders and without prejudice to the minimum number of independent directors, by the candidate of the less represented gender, if any, ranked immediately lower from the same slate as that of the replaced candidate, and otherwise by the candidate elected through the procedure set forth by letter vi) below. In the event two or more candidates of different slates obtained the same ratio, the candidate to be replaced shall be: (a) the candidate from the slate that elected the highest number of directors, or (b) if more than one slates fall under (a) above, the candidate belonging to the slate with fewer votes, or (c) in the event of a tie, the candidate who obtains fewer votes in a dedicated shareholders' vote;

(vi) directors for any reason not appointed pursuant to the aforementioned procedures will be appointed by the shareholders' meeting, with the majorities prescribed by the law, so as to ensure that the composition of the Board of Directors complies with applicable laws and regulations, the Articles of Association, and applicable rules on balance between genders.

Election of Board of Statutory Auditors

Pursuant to the Articles of Association, in compliance with applicable laws and regulations, our Board of Statutory Auditors shall consist of three standing auditors including the chairperson (the "**Statutory Auditors**") and two alternate auditors (the "**Alternate Auditors**"). The composition of the Board of Statutory Auditors must ensure the balance between genders. The members of the Board of Statutory Auditors must meet the requirements of honorableness, professionalism, independence and the limit of accumulation of offices provided for by the law and regulations in force at the time. The Board of Statutory Auditors is elected at a shareholders' meeting for three fiscal years. Members of the Board of Statutory Auditors are elected through a cumulative voting system on the basis of lists on which the candidates are listed using progressive numbers. The lists are split into two sections, one for the candidates for the position of Statutory Auditor and one for the candidates for the position of Alternate Auditor, and must include a number of candidates not exceeding the number of Statutory Auditors to be elected. In each section, the candidates are listed with a progressive number.

At least the first candidate for the position of Statutory Auditor and at least the first candidate for the position of Alternate Auditor contained in the respective sections of the list have to be enrolled in the register of auditors and have practiced the profession of auditing for not less than three years.

Lists that, considering both sections, include at least three candidates and compete for the appointment of the majority of the members of the Board of Statutory Auditors must include, in the section for Statutory Auditors, candidates of different genders, as specified in the notice of the shareholders' meeting, in compliance with the applicable regulations on gender balance. If the section for Alternate Auditors in such lists includes two candidates, they must belong to different genders.

The lists, bearing the names of the candidates, who are to be listed with a progressive number, must be submitted to the registered office or our head office no later than on the 25th day prior to the date of the shareholders' meeting, and be made available to the public at our registered office, on our web site and through other channels provided for under applicable laws, at least 21 days prior to the date of the shareholders' meeting, by shareholders who, at the time of submitting the list, hold, individually or collectively, a number of shares at least equal to the proportion determined by CONSOB pursuant to applicable laws and regulations (see articles 144-*sexies,* 144-*septies* and 144-*octies* of the Issuers' Regulation and articles 147-*ter* and 148 of the Consolidated Financial Act).

The ownership of the minimum number of shares required for filing lists is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to us.

Ownership of the number of shares necessary for filing lists must be proven in accordance with applicable laws; such proof may be submitted to us during or after the time when the lists are filed provided that this occurs prior to the deadline for when we must make the lists public.

According to the Articles of Association, the election of the members of the Board of Statutory Auditors shall proceed as follows:

(i) two Statutory Auditors and one Alternate Auditor are taken from the list that obtained the highest number of votes, in the order that they are listed in each section;

(ii) the third Statutory Auditor and the second Alternate Auditor are elected as per applicable regulations and pursuant to article 13.5 of the Articles of Association on election of directors from minority slates, which will apply to both sections of the other slates;

(iii) when the procedures under letter (i) and (ii) do not ensure compliance with the applicable laws on balance between genders (with respect to Statutory Auditors), the ratio of votes to be allocated to each candidate drawn from the sections of Statutory Auditors in the various slates will be calculated by dividing the number of votes obtained by each slate by the ranking number of each candidate. The candidates of the most represented gender with the lowest ratios and from the above slates are therefore replaced by the candidate of the less represented gender, if any, ranked immediately lower from the same section of Statutory Auditors of the slate of the replaced candidate. If this is not possible, the replacement is made with a candidate from the Alternate Auditors' section of the same list of the replaced candidate. If neither option ensures compliance with gender balance regulations, the replacement is made by a person appointed by the shareholders' meeting with the statutory majorities, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and the bylaws. In the event that candidates from different lists have obtained the same ratio, the candidate from the list that has produced the highest number of auditors will be replaced. If this does not resolve the tie, the candidate from the list that received fewer votes will be replaced. If the votes are still tied, the candidate who receives fewer votes from the shareholders' meeting in a dedicated vote will be replaced;

(iv) auditors for any reason not appointed pursuant to the aforementioned procedures will be appointed by the shareholders' meeting, with the majorities prescribed by the law, so as to ensure that the composition of the Board of Statutory Auditors complies with applicable laws and regulations, the bylaws, and applicable rules on balance between genders.

External Auditors

Companies whose shares are listed on regulated markets of EU member states must appoint a firm as external auditor to verify that (i) during the fiscal year, the company's accounting records are correctly kept and accurately reflect the company's activities, and (ii) the financial statements correspond to the accounting records and the verifications conducted by the independent auditors and comply with applicable rules. The external auditors express their opinion on the financial statements in a report that may be consulted by the shareholders prior to the annual shareholders' meeting.

External auditors are appointed by a resolution taken at the annual shareholders' meeting pursuant to a justified proposal submitted by the Board of Statutory Auditors. The appointment must be made for a nine-year term.

At the shareholders' meeting held on May 12, 2020, our Shareholders appointed Deloitte & Touche S.p.A. as our independent auditors for the nine-year period 2020-2028.

Dividend Rights

The payment by us of any annual dividend is proposed by the Board of Directors and is subject to shareholder approval at the annual shareholders' meeting. Pursuant to Italian law, before paying dividends, 5% of the net profit (on an unconsolidated basis) for each year must be set aside in a statutory reserve fund ("*riserva legale*"). This requirement ceases if this reserve fund, including amounts set aside during prior years, reaches, or is maintained at, 20% of the aggregate par value of a company's share capital. The shareholders may also decide to allocate earnings to reserve funds (distributable earnings). The distributable reserves may be distributed as long as the legal reserve does not fall below the legal minimum as a result of such distribution. Furthermore, Italian law and Article 21.2 of the Articles of Associations provide that, within the limits set forth in Article 2433-*bis* of the Italian Civil Code, the Board of Directors may approve the declaration and payment of interim dividends during the course of the fiscal year, while only Shareholders may approve the declaration and payment of dividends at the end of the fiscal year. Furthermore, Shareholders who received interim dividends in good faith are not obliged to repay such dividends to the Company in the event that, at the end of the fiscal year, the financial accounts of the Company did not warrant the payment of such interim dividends. Dividends are payable on the date specified every financial year by Borsa Italiana. Uncollected dividends within five years from the date upon which they become payable will be forfeited to the Company.

Liquidation Rights

In all cases of winding up of the Company, the shareholders' meeting appoints the liquidators, establishes their powers, determines how the liquidation will be performed, and the allocation of the surplus reported in the final liquidation balance sheet. The available amounts are allocated to the shareholders in proportion to their respective equity interests.

Repurchase of Ordinary Shares

We may purchase our own Ordinary Shares, subject to certain conditions and limitations imposed by Italian law and provided that the Ordinary Shares are fully paid up. These purchases must be authorized by our

Shareholders at any ordinary meeting and only paid out of distributable profits or distributable reserves resulting from the last approved unconsolidated financial statements. The nominal value of Ordinary Shares to be repurchased, together with any Ordinary Shares previously owned by us or any of our subsidiaries, may not (except in limited circumstances set forth under applicable law) exceed in aggregate 20% of our share capital then issued and outstanding. The aggregate amount includes the Ordinary Shares purchased by our subsidiaries. Repurchased Ordinary Shares in excess of such 20% limit must be resold within one year of the date of purchase or must otherwise be cancelled, and the share capital reduced accordingly. Similar requirements and limitations apply with respect to purchases of our Ordinary Shares by our subsidiaries.

In addition, if we purchase our own Ordinary Shares, we have to comply with the provisions of Regulation (EU) 596/2014 (the market abuse regulation) and Delegated Regulation 1052/2016 related to announcements and reporting, price limits and volume limits.

If we purchase our own Ordinary Shares, we must create a corresponding reserve in its statement of financial position equal to the purchase price of the Ordinary Shares. This reserve will not be available for distribution, unless the Ordinary Shares are resold or transferred to third parties or cancelled. Ordinary Shares purchased and held by us may only be resold pursuant to a shareholders' resolution.

We are not entitled to vote or to receive dividends on the Ordinary Shares we own. Neither we nor any of our subsidiaries (except in limited circumstances) can subscribe for new Ordinary Shares in the case of capital increases. Ordinary Shares owned by us and our subsidiaries count at shareholders' meetings for quorum purposes.

The Consolidated Financial Act provides that the purchase by a company listed in Italy of its own ordinary shares must take place in a way that ensures equal treatment of its shareholders. Subject to certain limitations, the foregoing does not apply to Ordinary Shares purchased by us from our employees or employees of our subsidiaries. As of the date of the Offering Circular, we do not own any of our Ordinary Shares.

Notification of Acquisition of Ordinary Shares

Pursuant to Article 120 of the Consolidated Financial Act and the Issuers' Regulation, any person whose aggregate shareholding in a listed company rises above or falls below 3% (or 5% if the relevant company is a small or medium-sized enterprise, as defined under CONSOB regulations, or a "SME"), or reaches, rises above or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50%, 66.6% and 90% of the voting share capital of a company listed in Italy, is obliged to notify CONSOB and the listed company within four business days of the transaction. As of the date of this Offering Circular, we do not qualify as a SME.

In addition, any shareholder holding an interest equal to or higher than 10%, 20% and 25% of the voting share capital of a company listed in Italy is subject to additional disclosure requirements. Any such shareholder, in particular, shall disclose: (i) the way the acquisition was financed; (ii) whether such shareholder is acting in concert with other shareholders; (iii) whether such shareholder intends to acquire additional shares, gain control of the issuer or exert an influence over our management, and the strategy and transactions expected to be implemented to these effects; (iv) the shareholder's intentions as regards any arrangements or agreements with other shareholders to which it is a party; and (v) if such shareholder intends to change the composition of the management or supervisory bodies of the issuer.

The Consolidated Financial Act provides that CONSOB is allowed to establish, by means of a provision designed to protect investors and make the market for corporate control and the capital markets more efficient and transparent, for a restricted period of time, thresholds lower than 3% (5% in case the listed company is a SME) for companies that have a current high market value and a broad base of shareholders.

Notification requirements also arise if the foregoing thresholds are met because of a reduction of, or increase in, the company's share capital. For the purpose of calculating the ownership thresholds, ordinary shares owned by any person – irrespective of whether the voting rights are suspended, or exercisable by that person or by a third party – are taken into consideration. Ordinary shares that the relevant person is entitled to exercise voting rights in respect of are also included.

Except in certain circumstances, ordinary shares held through, or ordinary shares for which voting rights are exercisable by, subsidiaries, fiduciaries or intermediaries are included.

Shareholders failing to give notice of the acquisition cannot exercise the voting rights attributable to the shares. Any shareholders' resolution approved in violation of the foregoing may be annulled if it would not have been adopted in the absence of such votes (or based on an action brought by CONSOB).

The Issuers' Regulation also provides that any person holding less than 3% of the voting share capital of a listed company is subject to a notification obligation when such person is party to a shareholders' agreement and, taking into account the holdings of the other parties to the agreement, reaches, exceeds or falls below the 5%, 10%, 15%, 20%, 25%, 30%, 50% and 66.6% thresholds. Such person must disclose to CONSOB and to the listed company in question: (i) the overall number of shares subject to the agreement; (ii) the number of shares directly or indirectly held that are subject to the agreement; and (iii) the number of shares directly or indirectly held that are not subject to the agreement. However, no notice is required if this information has already been given in compliance with other provisions of the Consolidated Financial Act or of the Issuers' Regulation.

Notification obligations are also triggered with respect to the holding of voting shares underlying derivative financial instruments or any other financial instrument or contract that, pursuant to a binding agreement, attributes the right to acquire, at the holder's initiative, ordinary shares of a listed company (the "**Potential Interests**"). In particular, any person directly or indirectly holding Potential Interests must disclose such Potential Interest to the company and CONSOB when the shareholding that may be potentially acquired reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50% and 66.6%.

Disclosure obligations arise also if a person holds (i) shares of a listed company, (ii) Potential Interests and (iii) other long positions (i.e. shares underlying financial instruments or contracts different from the Potential Interests, which, pursuant to a binding agreement, confer the right to acquire economic interests positively correlated to the fluctuations of such underlying shares, including a counterparty's short position; thereby meaning the holding of financial positions negatively correlated to the fluctuations of the underlying shares, "**Short Positions**"), where (i), (ii) and (iii), in the aggregate, exceed or fall below 5%, 10%, 15%, 20%, 25%, 30%, 50% and 66.6% of the voting share capital of the listed company (such position, the "**Aggregated Long Position**"). Shares that may be purchased by exercising warrants or other conversion rights are taken into account for determining Aggregated Long Positions only if the purchase can take place within 60 days.

Notification requirements also arise if the foregoing thresholds are met because of a reduction of, or increase in, the company's share capital.

For the purpose of calculating Potential Interests and the Aggregated Long Positions, no netting is permitted with any Short Positions concerning the same shares as the underlying.

Furthermore, disclosure obligations in relation to the Aggregated Long Positions do not apply should the exceeding or falling below the relevant threshold be subject to disclosure obligations in relation to effective interest and Potential Interests and the person does not hold other long positions.

When a notification obligation concerning the same material holding applies to both a controlling company and its subsidiary, the latter is exempted from the obligation. Nonetheless, the disclosure obligation can be satisfied by the subsidiary if it provides complete information on the chain of control, including with reference to other shareholdings directly or indirectly held by the controlling entity.

Notification obligations are not triggered when:

(i) shares are purchased exclusively for clearing and settlement purposes, within a settlement cycle;

(ii) shares are held by depositaries, if voting rights can be exercised only on the basis of written or electronic instructions;

(iii) financial instruments, below the 10% threshold, are purchased or sold by a market maker and certain further conditions are met;

(iv) shares are purchased below the threshold of 5% by qualified investors who are in charge of the purchase to firm commitment or stand-by underwriting, under certain conditions;

(v) the voting rights are referred to the shares purchased for stabilization purposes pursuant to Article 5 of the Regulation (EU) 596/2014, provided that the relevant voting rights are not exercised or otherwise used to influence the management of the listed company;

(vi) voting rights are referred to shares held by credit institutions and investment companies in their trading portfolio, as long as: (i) such voting rights do not exceed 5%; and (ii) the credit institution or the investment company ensures that voting rights are not exercised or otherwise used to influence the management of the listed company;

(vii) shares are purchased or sold by the ECB or national by central banks of EU member states, when exercising their monetary authority functions and on a short-term basis, provided that the relevant voting rights are not exercised; and

(viii) under certain circumstances, holdings greater than 3% but less than 5% are acquired by Italian and EU management companies (*società di gestione*) and qualified entities (*soggetti abilitati*) in the context of the management activities referred to in Article 116-terdecies, paragraph 1, letters (e) and (f), of the Italian Consolidated Financial Act, as managed shareholdings.

Specific rules apply to the notification of holdings of management companies and financial intermediaries authorized for asset management. In particular, an entity controlling a management company is not required to cumulate its direct or indirect holdings – effective, potential or Aggregated Long Positions – to the holdings of the management company, provided that the management company votes the shares held in its portfolio independently from the controlling entity and other controlled entities. The same rules apply to any entity controlling one or more financial intermediaries authorized for asset management, with regard to the holdings of the financial intermediary, if the latter votes the shares independently and based on clients' written or electronic instructions.

Cross-ownership Restrictions

Cross-ownership restrictions limit the ownership by two companies of each other's ordinary shares. Cross-ownership between companies listed in Italy must not exceed 3% (or 5% if the relevant company is a SME) of their respective voting ordinary shares, and cross-ownership between a listed company and an unlisted company must not exceed 3% of the voting ordinary shares of the listed company and 10% of the voting ordinary shares of the unlisted company. If the relevant threshold is exceeded, the second company to exceed the threshold must not exercise the voting rights attributable to the ordinary shares in excess of the threshold, and it must sell the excess ordinary shares within 12 months. In the event of failure to make the disposal within such time limit, it will not be permitted to exercise voting rights in respect of its entire shareholding. If it is not possible to ascertain which company exceeded the threshold last, the suspension on voting rights and the share disposal shall apply to both companies, unless otherwise agreed by both companies. The 3% limit (or 5% if the relevant company is a SME) for cross-ownership may be increased to 5% (or 10% if the relevant company is a SME) on the condition that such limit is only exceeded by the companies following an agreement authorized in advance by the shareholders' meeting of both companies. Furthermore, if a party holds an interest in excess of the above-mentioned threshold of a listed company's share capital, such listed company, or the party that controls the listed company, must not purchase an interest above the above-mentioned threshold in a listed company controlled by such party. In the event of non-compliance with any of the above, voting rights attributable to the ordinary shares held in excess of applicable limit cannot be exercised. If it is not possible to ascertain which company exceeded the threshold last, the suspension on voting rights shall apply to both companies, unless otherwise agreed by both companies. Any shareholders' resolution approved in violation of the limitation on voting rights may be annulled on the basis of an action brought by CONSOB or by the relevant court if the resolution would not have been adopted in the absence of such votes. The restrictions on cross-ownership are not applicable where the thresholds are exceeded following a takeover bid or exchange tender offer to acquire at least 60% of a company's ordinary shares (see Article 121 of the Consolidated Financial Act).

Shareholders' Agreements

In accordance with Italian law (see Article 122 of the Consolidated Financial Act), an agreement among shareholders of a company listed in Italy or its parent company must be notified to CONSOB within five days of the date of execution of the agreement, published in summary form in the press, filed with the register of enterprises of the place where the company has its registered office, and notified in summary form to the relevant listed company.

Failure to comply with the above rules will render the agreements null and void and the voting rights of the relevant ordinary shares will not be exercisable. Any shareholders' resolution adopted in violation of this limitation on voting rights may be annulled by the relevant court, or on the basis of an action brought by CONSOB, if the resolution would not have been adopted in the absence of such votes.

These rules apply to any and all agreements that:

(i) govern the exercise of the voting rights in listed companies or their controlling entities;

(ii) require prior consultation for the exercise of voting rights in a listed company or its controlling companies;

(iii) contain limitations on the transfer of ordinary shares or securities which grant the right to purchase or subscribe for ordinary shares;

(iv) provide for the purchase of ordinary shares or securities which grant the right to purchase or subscribe for ordinary shares;

(v) are aimed at favoring or frustrating a takeover bid or exchange tender offer; or

(vi) have as their object or effect the exercise, including joint exercise, of a dominant influence over the company.

Moreover, Article 123 of the Consolidated Financial Act provides that the maximum duration of any such shareholders' agreement is three years (but the agreement can be renewed upon termination) or, if no duration is specified in the agreement, that any party may terminate the agreement subject to six-months' notice. In the case of a public tender offer, any party to the shareholders' agreement that intends to tender into the offer may withdraw from the agreement without notice, but the withdrawal notice is ineffective if that shareholder's interest is not subsequently transferred.

Reports to Shareholders

We are required to publish, in the Italian language, our audited annual unconsolidated financial statements and audited annual consolidated financial statements, all prepared in accordance with IFRS, as integrated with International Accounting Standards and in line with the other provisions of the Consolidated Financial Act, and accompanied by a directors' report on operations.

We are also required to produce unaudited consolidated half-year financial reports (subject to our auditors' limited review), which contain a directors' report on operations.

Pursuant to Article 154-*bis* of the Consolidated Financial Act, both the annual financial statements (on a consolidated and stand-alone basis) and the half-yearly financial statements shall be accompanied by a declaration of the Chief Executive Officer and of the officer responsible for the preparation of the Company's financial reporting regarding, among other things, the suitability of the documents to truthfully and correctly represent our financial condition and the group of companies included in the scope of consolidation.

Different Classes of Shares

In accordance with Italian law, we are permitted to issue different classes of shares and define, within the limits of applicable laws, the rights to which such shares will be entitled. We may issue shares having the right to vote in any shareholders' meeting or only in certain shareholders' meetings or regarding certain matters or under certain conditions, to be defined in the Articles of Association. We may issue shares having preferential rights with respect to the payment of dividends and the Articles of Association to the repayment of capital in the event of liquidation. As of the date of this Offering Circular, we have issued no classes of shares other than the Ordinary Shares.

Minority Shareholders' Rights

Any Shareholder may challenge any resolution of the Board of Directors within 90 days of such resolution being passed, if the resolution is prejudicial to the Shareholder's rights.

Shareholders who hold, individually or jointly, one thousandth of the voting share capital may challenge any shareholders' meeting resolution that contravenes provisions of the Articles of Association or applicable law within 90 days from the date of the resolution or, if the resolution is subject to required registration in the register of enterprises, within 90 days of registration, if (i) the resolution was adopted at a shareholders' meeting not attended by such shareholder, (ii) the Shareholder dissented, (iii) the Shareholder abstained from voting or (iv) the Shareholder purchased the shares between the record date and the beginning of the meeting.

Members of the Board of Directors and members of the Board of Statutory Auditors may also challenge shareholders' resolutions on the basis of their violation of the Articles of Association or applicable law.

Pursuant to Italian law, in case of resolutions approving the delisting of a company's shares (as well as in certain cases set out in the Italian Civil Code), absent, abstaining or dissenting shareholders are given a withdrawal right enabling them to require us to redeem their shares at the average closing market price of the shares over the previous six months.

Each of our Shareholders may bring to the attention of the Board of Statutory Auditors facts or acts that are deemed wrongful, and the Board of Statutory Auditors shall take into account the complaint in its report to the general meeting. If Shareholders representing at least 2% of our share capital bring a matter to the attention of the Board of Statutory Auditors, such board must investigate without delay and report its findings and recommendations at a shareholders' meeting, to be immediately convened if the complaint appears material and urgent action needs to be taken.

If there is a basis for suspicion of serious irregularities in the discharge of directors' duties which may damage us or any of our subsidiaries, Shareholders representing at least 5% of our share capital have the right to report such major irregularities to the relevant court, which may investigate such irregularities and initiate administrative proceedings, which in turn may lead to the removal of the relevant directors or statutory auditors.

In addition, minority Shareholders may, pursuant to the cumulative voting system introduced in the Articles of Association in accordance with the provisions of the Consolidated Financial Act, appoint at least one Statutory Auditor and one Alternate Auditor and members of the Board of Directors. Moreover, the chairperson of the Board of Statutory Auditors shall be appointed from among the auditors appointed by the minority Shareholders.

Withdrawal Rights

Under Italian law, Shareholders have the right to withdraw from the Company, redeeming all or part of their shares, if resolutions in favor of the following are passed by the Shareholders and they have not voted in favor of them:

(i) any amendment to the corporate object clause of the Articles of Association, when it allows a material change in our business;

(ii) any transformation of the Company;

(iii) any transfer of our registered office abroad;

(iv) any cancellation of a state of liquidation;

(v) the deletion of one or more withdrawal rights from the Articles of Association;

(vi) any amendment to the by laws relating to voting or participation rights or relating to the introduction or removal of any limitation on the transfer of the shares; or

(vii) any amendment to the criteria to determine the value of the shares in case of withdrawal by a shareholder.

Moreover, in case of a resolution causing the delisting of a listed company, absent, abstaining or dissenting Shareholders are given the right to withdraw and have the shares of the dissenting, absent or abstaining shareholders repurchased at the average market price of the shares over the previous six-month period.

Any agreement aimed at excluding or making it difficult for a Shareholder to exercise withdrawal rights is void.

Italian Tender Offer Rules

Under Article 106 of the Consolidated Financial Act, a public tender offer must be made by any person who, by reason of purchases of shares, directly or indirectly or acting in concert with other persons, holds more than 30% of the voting share capital and/or derivative instruments as provided for under Article 44-ter of the Issuers' Regulation (hereinafter referred to as "**securities**") of a company listed on an Italian regulated market. For the purposes of calculating the threshold, derivatives which grant a long position shall not be included where: (i) these instruments are traded on a regulated market; (ii) the securities underlying such derivatives have not been issued yet; (iii) such derivatives are included in a shareholders' agreement (typically as call or put options) for the purpose of either resolving decision-making problems or remedying a breach of the agreement; or (iv) the derivatives are held by an authorized intermediary for the purpose of hedging a customer's position.

In companies other than SMEs, any person who, by way of share acquisition, holds more than 25% of the voting share capital if no other shareholder holds a greater interest in the company, must also make a public tender offer.

The tender offer must cover all remaining outstanding shares of the company. A mandatory tender offer must also be launched by any person who owns more than 30% of the voting share capital (or more than 25% of the voting share capital if no other shareholder holds a greater interest in the company or exceeds the thresholds provided in relation to SMEs) (to be calculated (i) excluding any treasury shares held, directly or indirectly, by the company with certain exceptions and (ii) including certain derivative instruments, as provided by the Issuers' Regulation) without at the same time exercising majority voting rights at an ordinary shareholders' meeting and purchases or acquires, directly or indirectly, by way of acquisition or exercise of subscription or conversion rights during a twelve-month period more than 5% of the share capital of such company. The organizational documents of a SME may provide for a different threshold that, in any event, cannot be lower than 25% or higher than 40%.

The tender offer must be launched within 20 days of the date on which the 30% threshold was exceeded, at a price not lower than the highest price paid by the offeror for any purchase of the company's securities of the same class during the previous 12 months. If during the same period no purchase of securities takes place, the offer must be launched at a price not less than the weighted average market price of the company's securities of the same class in the previous 12 months or, if the company's securities have been trading for less than 12 months, the weighted average market price of such shorter period of time. However, pursuant to the Consolidated Financial Act, CONSOB may authorize the launch of a mandatory tender offer at a different price in certain circumstances.

Under certain circumstances, notwithstanding the purchase of a company's securities in excess of the threshold amount, the Consolidated Financial Act and the Issuers' Regulation, as amended, establish various exemptions from the duty to launch a tender offer, when, among others:

(i) another shareholder, or other shareholders jointly, exercises the majority of the voting rights in ordinary meetings;

(ii) the purchase is made:

  (a) in the context of the recapitalization of a listed company or another measure having the purpose of increasing the company's assets and the company is in a certified situation of financial crisis;

  (b) without other purchases having been carried out or agreed upon during the previous 12 months, exclusively through the subscription of an increase of the share capital of the listed company, with the exclusion of pre-emption rights made in the context of a recovery plan which (a) was previously communicated to the market, (b) certifies the said situation of crisis and (c) whose reasonableness was certified according to the provisions of the Italian Bankruptcy Law; or

  (c) in the presence of a situation of crisis which differs from the cases under (a) and (b) above, subject to certain conditions;

(iii) the shareholding is acquired following the transfer between companies in which the same subjects have, also jointly and/or indirectly through controlled company pursuant to Article 2359, paragraph 1, of the Italian Civil Code, the majority of the voting rights in ordinary meetings or is acquired following the transfer between such companies and the above subjects;

(iv) the threshold is exceeded following the exercise of pre-emption, subscription, or conversion rights already attributed;

(v) in case of issuance of loyalty shares or multiple voting shares, the threshold is exceeded as a consequence of the reduction of the aggregate amounts votes in the ordinary meetings;

(vi) the thresholds under Article 106, paragraphs 1, 1-bis, 1-ter and 3, letter b) of the Consolidated Financial Act are exceeded and the purchaser undertakes to sell to non-related parties such excessive shareholding within 12 months without exercising the relevant voting rights;

(vii) the thresholds under Article 106, paragraphs 1, 1-bis, 1-ter and 3, letter b) of the Consolidated Financial Act are exceeded as a result of the purchase of derivative financial instruments and the purchaser undertakes to sell to non-related parties such excessive shareholding within six months and not to exercise in the same period the voting rights associated with the participation exceeding the thresholds;

(viii) the threshold is exceeded as a result of mergers and demerger transactions approved by the shareholders of the target company and, without prejudice to Articles 2368, 2369 and 2373 of the Italian Civil Code, the majority of shareholders present in the meeting does not express a negative vote (without taking into account the shareholder who purchases the shareholding exceeding the relevant thresholds and the shareholder or the shareholders who own, also in concert, the majority (also relative) of at least 10% of the share capital). For such purpose, the bylaws of listed companies may provide for a qualified majority of the shareholders expressing a negative vote, in any case not exceeding 7.5% of the share capital; or

(ix) the purchase follows inheritance or transactions inter vivos for no consideration;

(x) the thresholds are exceeded as a result of voting rights that increase following a merger, cross-border conversion or proportional spin-off carried out in accordance with Legislative Decree No. 19 of March 2, 2023, where in each of the aforementioned cases there is no change in the direct or indirect control on the company resulting from such transactions.

Italian law further provides that the acquisition of an interest in excess of 30% of the share capital of a company does not trigger the obligation to launch a 100% tender offer, if the person concerned has exceeded the threshold as a result of either:

(i) a public tender offer launched for 100% of the voting securities of the company; or

(ii) a public tender offer launched for at least 60% of the voting securities the company, if:

(a). the tender offer has been approved by shareholders of the company holding a majority of the voting securities (excluding (x) the offeror, (y) the current majority shareholder (if its participation is higher than 10%) and (z) persons who act in concert with the offeror);

(b). the offeror (its subsidiaries, controlling persons, related companies and other persons connected to it by virtue, among others, of shareholders' agreements) has not acquired more than 1% of the ordinary shares of the company in the 12 months before notifying CONSOB or during the offer; and

(c). CONSOB, after having received satisfactory evidence that the terms under (a) and (b) above have been complied with, has ruled that a mandatory bid does not need to be made.

After such offer has been completed, the offeror nevertheless becomes obliged to launch an offer for 100% of the share capital if, during the subsequent 12 months, either:

(i) the same offeror (or its affiliates, subsidiaries, directors, officers or any of the shareholders with which it has entered into a shareholders' agreement) purchases more than 1% of the share capital of the company; or

(ii) the shareholders of the company approve a merger or demerger.

Moreover, Article 108 of the Consolidated Financial Act provides that (i) anyone holding more than 90% of a class of voting securities of an Italian listed company must purchase all the remaining securities of such class upon the holder's request, unless it restores an adequate free float within 90 days so as to ensure proper trading and (ii) any person holding at least 95% of a class of voting securities of an Italian listed company as a result of a tender offer over 100% of the voting securities must purchase all of the remaining securities of that class upon the holders' request.

In the case of (ii) above – and also in the case of (i) above where the interest is purchased exclusively through a tender offer relating to 100% of the voting securities – the purchase price shall be the same as in the prior offer provided in each case that, in a voluntary offer, at least 90% of the voting securities targeted have been tendered in the offer. Otherwise, the price is determined by CONSOB, taking into account the price offered in a prior tender offer, if any, or the market price of the shares during the previous six months.

Any shareholder holding more than 95% of the ordinary share capital of a listed company pursuant to a tender offer involving all the voting securities issued by the company has the right to obtain title to the remaining voting shares within three months after the end of the tender offer, if it has stated its intention to make such an acquisition in the offer document, at a price determined as indicated in the above paragraph.

The voting rights relating to all the shares held by a person who has not complied with these rules, cannot be exercised, and the number of shares exceeding the relevant threshold must be sold within 12 months. In the event of non-compliance with such provisions, a shareholders' resolution passed with the votes relating to such shares may be challenged by the shareholders or CONSOB if it would not have been passed without such votes.

Where, in the period between the date of the notice referred to in Article 102, paragraph 1, of the Consolidated Financial Act, and the date of the payment of the consideration, the offerors, and those acting in concert with them, acquire, directly or indirectly or through nominees, the financial instruments that are the subjects of the offer or hold long positions which relate to such financial instruments for a consideration higher than the offer price, the offer price will align to the price paid for the above acquisitions.

The said provisions apply to the purchasers, on an amount exceeding 0.1% of the same class of financial instruments subject to the offer, by the offerors and the persons acting in concert with them, which are made in the six months following the last payment date.

Liability for Mismanagement of Subsidiaries

Under Article 2497 of the Italian Civil Code, companies and other entities that, acting in their own interest or the interest of third parties, mismanage a company subject to their direction and coordination powers are liable to such company's shareholders and creditors for ensuing damages. Their liability is excluded if: (i) the ensuing damage is fully eliminated, including through subsequent transactions; or (ii) the damage is effectively offset by the global benefits to the company from the continuing exercise of their direction and coordination powers. Direction and coordination powers are presumed to exist, among other things, with respect to consolidated subsidiaries.

SECURITIES TRADING IN ITALY

The Italian Securities Market

Equity securities and convertible bonds are listed on Euronext, the Italian automated screen-based trading market, are traded in Euro.

Euronext is organized and administered by Borsa Italiana and is subject to the supervision and control of CONSOB, which is responsible, among other things, for regulating investment companies, securities markets and public offerings of securities in Italy to ensure the transparency and regularity of dealings and to protect investors.

Borsa Italiana is a joint stock corporation that is responsible for the organization and management of the Italian-regulated financial markets (including Euronext). Borsa Italiana is responsible for, among other things:

- defining and organizing the functioning of the markets it operates;
- defining the rules and procedures for admission and listing on the market for issuing companies; and
- managing and overseeing the markets.

Borsa Italiana is currently controlled by the Euronext Group.

The Consolidated Financial Act provides (with minor exceptions) that only registered securities dealers and banks may trade equity securities, as well as engage in any other investment services with the public. Banks and investment services firms incorporated in an EU member state are permitted to operate in Italy, provided that the intent of the bank or investment services firm to operate in Italy is communicated to CONSOB and the Bank of Italy, respectively, by the competent authority of the member state in which they are established. Non-EU banks and non-EU investment services firms may operate in Italy after receiving the approval of CONSOB and the Bank of Italy, respectively. However, the provision of investment services by non-EU financial institutions on a cross-border basis is allowed only towards clients qualifying as eligible counterparties or professional clients by law.

The legal framework of securities trading in Italy has been reformed by Legislative Decree No. 129 of August 3, 2017 (the "**MiFID II Decree**"), which implemented the MiFID II. This major reform of Italian securities trading especially focused on the pre-trade and post-trade transparency requirements, which now apply both to trading on the mainstream regulated exchanges, but also to trading in alternative venues or through other systems that are functionally similar to exchanges. Furthermore, according to the new rules, organized trading in equity securities will take place only on regulated markets, multilateral trading facilities or systematic internalizers (and third-country trading venues assessed as equivalent).

Clearance and settlement in Italy

The settlement of stock exchange transactions is facilitated by Monte Titoli, a centralized securities depository operated within Euronext. Almost all Italian banks and certain Italian securities dealers have securities accounts with Monte Titoli and act as depositaries for investors. Beneficial owners of shares may hold their interests through deposit accounts with any depositary having an account with Monte Titoli.

Under Italian law, shareholders are unable to obtain physical delivery of share certificates representing their shares in Italian listed companies. However, the beneficial owners of shares held by Monte Titoli may transfer their shares, collect dividends, create liens and exercise other rights with respect to those shares through these accounts.

Market Regulation

The Italian financial markets are primarily regulated by the Consolidated Financial Act that implements EU Directives relating to financial markets and investment business, namely MiFID II Directive and EU Regulation No. 600/2014 (together the "**MiFID II Package"**), and Directive 2013/63/EU and EU Regulation 2013/575/EU (together, the "**CRD IV Package**").

A two-day rolling cash settlement period applies to all trades of equity securities in Italy. Any person, through an authorized intermediary, may purchase or sell listed securities following (i) in the case of sales, deposit of the securities; and (ii) in the case of purchases, the deposit of 100% of their value in cash or deposit of listed securities. No “closing price” is reported for the electronic trading system, but (i) an “official price” is calculated for each security as a weighted average of all trades effected during the trading day and (ii) a “reference price” is also calculated for each security equal to the closing auction price.

If the opening price of a security (established each trading day prior to the commencement of trading based on bids received) differs by more than a certain amount established by Borsa Italiana from the previous day’s reference price, trading in that security will be suspended by Borsa Italiana. If in the course of a trading day the price of a security fluctuates by more than a certain amount established by Borsa Italiana from the last reported price or from the previous day’s reference price, an automatic suspension is declared. In the event of such a suspension, orders already placed may not be modified or canceled, and new orders may not be processed. Borsa Italiana has the authority to suspend trading of any security in response to extreme price fluctuations or for other reasons.

The Consolidated Financial Act provides that CONSOB may prohibit the implementation of admission and exclusion decisions or order the revocation of a decision to suspend financial instruments or intermediaries from trading if, on the basis of the information in its possession, it considers the decision to be contrary to the transparency of the market, the orderly conduct of trading and the protection of investors. CONSOB may request Borsa Italiana to: (i) provide it all the information it considers necessary for such purposes and (ii) exclude or suspend financial instruments or intermediaries from trading.

FOREIGN INVESTMENT AND EXCHANGE CONTROL REGULATIONS IN ITALY

The following is a summary of relevant Italian laws in force as of the date of this Offering Circular. This summary does not purport to be a comprehensive description of all foreign investment and exchange control considerations that may be relevant to a prospective investor's decision to subscribe for or purchase the New Shares.

There are currently no exchange controls in Italy restricting rights deriving from the ownership of shares. Residents and non-residents of Italy may hold foreign currency and foreign securities of any kind, within and outside Italy. Non-residents may invest in Italian securities without restriction subject to applicable procedural requirements. Non-residents may transfer to and from Italy cash, instruments of credit and securities (in both foreign currencies and Euros) representing interest, dividends, other asset distributions and the proceeds of any dispositions. Certain procedural requirements are imposed by law, however, with respect to transfers of cash and securities to and from Italy.

Reporting, disclosure and record-keeping requirements are contained in Italian legislation implementing Directive 1988/361/EC on the free movement of capital, Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing and EU Regulation 2018/1672 on controls on cash entering or leaving the European Union. Such legislation requires, among other things, that any person entering or leaving Italy and carrying cash or negotiable instruments in bearer form (or any other form that enables their transfer by way of delivery) in an amount equal to or in excess of €10,000 make a declaration to this effect to the Italian customs authorities ("Agenzia delle Dogane"). Similar provisions apply in connection with transfers of cash or negotiable bearer instruments made via mail or courier.

Moreover, pursuant to Law Decree 1990/167 as converted with amendments into Law No. 227/1990, concerning reporting requirements for tax purposes of cross border transfers of means of payment, credit institutions and other financial intermediaries in Italy intervening in transfers to or from foreign countries of means of payment provided for by Article 1(2)(s) of Legislative Decree 231/2007 (including cash, bank and postal checks, banker's drafts and the like, postal money orders, credit transfers and payment orders, credit cards and other payment cards, transferable insurance policies, pawn tickets and every other instrument available making it possible to transfer, move or acquire, including by electronic means, funds, valuables or financial balances), in an amount equal to or higher than €15,000 on behalf of or in favor of individuals, non-commercial entities, società semplici and similar partnerships (in particular *società semplice* or similar partnerships in accordance with Article 5 of Presidential Decree 917 of December 22, 1986) are required to provide information on such transfers to the Italian Revenue Agency.

Individuals, non-commercial entities, società semplici and similar partnerships resident in Italy for tax purposes are required to report in their yearly income tax return, for tax monitoring purposes, any financial assets held abroad during a tax year (including shares), from which income taxable in Italy may be derived. In relation to the New Shares or the ordinary shares of the Company, such reporting obligation shall not apply if such shares are not held abroad and, in any case, if such shares are deposited with an Italian intermediary that intervenes in the collection of the relevant income and the intermediary applied withholding or substitute tax on income derived from such shares.

Certain procedural requirements are imposed by Italian law, however, including the requirements that transfers into or out of Italy of cash or securities in excess of Euro 5,000 be effected by residents or non-residents via credit institutions and other authorized intermediaries. Suspicious transactions must be reported in writing to the Financial Intelligence Unit of the Bank of Italy by the credit institutions and other authorized intermediaries (classified as obliged entities or "soggetti obbligati" pursuant to Legislative Decree 231/2007, article 3) that are requested to effect such transactions in Italy. In addition, credit institutions and other intermediaries effecting such transactions in Italy on behalf of residents of Italy or non-residents are required to maintain records of such transactions for ten years, which may be inspected at any time by Italian tax and judicial authorities. Non-compliance with these reporting and record-keeping requirements may result in administrative fines or, in certain cases of false reporting, acquisition and retention of false data, and incomplete reporting, criminal penalties. Upon the verification of certain conditions, the Financial Intelligence Unit of the Bank of Italy may make use of the data received and transfer the data to other government offices, the police's money laundering department or tax evasion department ("*nuclei operativi della Guardia di Finanza*").

Furthermore, pursuant to Decree-Law no. 21 of March 15, 2012, as converted into law and subsequently amended, the Italian Presidency of the Council of Ministries (*Presidenza del Consiglio dei Ministri*) may exercise its special powers (as described below) with reference to, among others, the investments made by foreign and

Italian entities or resolutions, acts or transactions of the Company relating to assets qualifying as strategic pursuant to the aforementioned regulation (as implemented, among others, by D.P.C.M. 179 of December 18, 2020 and the D.P.C.M. 180 of December 23, 2020 for the identification, in detail, of strategic assets and activities) in order to safeguard essential public interests in strategic sectors (so-called “golden power regulation”).

In particular, the “golden power regulation” requires that a filing is submitted by the entities involved in connection with a relevant transaction or resolution, so as to allow the Italian government the possibility to screen such transaction or resolution and, if threats of prejudice to the national interests protected by the “golden power regulation” are detected, to exercise its power to: (a) veto or impose undertakings or conditions on the adoption of specific corporate resolutions or deeds resulting in a change of ownership, control, availability or intended use of strategic assets (identified, among others, by D.P.C.M. 179 and 180 of 2020), and (b) veto or impose undertakings or conditions on the implementation of acquisitions of a relevant stake in a company holding strategic assets or carrying out strategic activities (in particular, but not limited to, transactions involving the direct or indirect transfer of control of assets). The golden power regulation applies both to non-EU investors and, under certain conditions, to EU (and even Italian) parties.

We cannot assure you that the present regulatory environment within or outside Italy will endure or that certain policies presently in effect will be maintained. However, Italy is required to maintain certain regulations and policies by virtue of its membership in the EU and other international organizations, as well as by its adherence to various bilateral and multilateral agreements.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any resale, pledge or transfer of Rights or New Shares.

The Rights and the New Shares are offered to the public in Italy pursuant to the Italian Prospectus approved by CONSOB on May 28, 2025.

Any offer or sale of the Rights or the New Shares or any distribution of any offering material or any rendering of advice in respect of an investment in the Rights or the New Shares within Italy and in connection with the Rights Offering, when permitted, must be conducted by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Consolidated Financial Act) or financial companies enrolled in the special register provided for by Article 106 of the Consolidated Banking Act, to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in Italy in accordance with the relevant provisions of the Consolidated Financial Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended, the Italian Banking Act.

This Offering Circular has not been submitted to CONSOB for clearance and will not be subject to formal review or clearance by CONSOB. The New Shares or the Rights may not be offered, sold or delivered, directly or indirectly in Italy or to a resident of Italy, unless such offer, sale or delivery of the New Shares or of the Rights or distribution of copies of the Offering Circular or of any other offering material relating to the Rights Offering in Italy is: (i) made only to "qualified investors" (*investitori qualificati*), as defined pursuant to Article 34-ter, first paragraph, letter b), of Issuers' Regulation but excluding (i) natural persons which are professional clients upon request pursuant to Annex 3(II) of the CONSOB Regulation No. 16190 of October 29, 2007, as amended, (ii) management companies and financial intermediaries authorized to manage individual portfolios on behalf of third parties and (iii) fiduciary companies managing portfolio investments, including by means of fiduciary endorsements, pursuant to Article 60, paragraph 4 of Legislative Decree No. 415 of July 23, 1996, or (ii) in other circumstances which are exempt from the rules on public offers pursuant to Article 100 of the Consolidated Financial Act and its implementing CONSOB regulations, including the Issuers' Regulation and, in any event, in each case, in compliance with applicable Italian laws and regulations and with any requirements or limitations which may be imposed by the CONSOB, the Bank of Italy or any other relevant authority.

According and subject to the foregoing, each Underwriter has further agreed that any such offer of New Shares or any distribution of this Offering Circular within Italy in connection with the Rights Offering must be (i) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Consolidated Financial Act), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in Italy in accordance with the relevant provisions of the Consolidated Financial Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended, the Italian Banking Act and any other applicable laws and regulations; and (ii) in compliance with any other applicable Italian securities, tax and exchange control laws and regulations and other applicable requirement or limitation which may be imposed by CONSOB or the Bank of Italy or any other Italian regulatory authority from time to time.

Neither the Rights nor the New Shares have been, or will be, registered under the Securities Act or the securities laws of any state in the United States and such securities may only be offered or sold as part of the Offering (i) outside the United States to certain institutional investors in offshore transactions in reliance on Regulation S, or (ii) within the United States to QIBs in reliance on Section 4(a)(2) under the Securities Act or, only with respect to resales of the New Shares, under Rule 144A or another exemption from the registration requirements of the Securities Act. Accordingly, the Company is not extending the Rights Offering into the United States unless an exemption from registration is available.

The Rights may only be transferred outside the United States in compliance with Rule 903 or Rule 904 under Regulation S and in compliance with applicable securities laws and regulations of all relevant jurisdictions.

Any Rights or New Shares offered and sold to investors located in the United States will be "restricted securities" (as defined in Rule 144 under the Securities Act) and such Rights and New Shares may not be reoffered, resold, pledged or otherwise transferred, except: (i) outside the United States in accordance with Rule 903 or Rule 904 under Regulation S; (ii) in the case of the New Shares, (a) to a QIB in a transaction not involving a public offering that is exempt from registration under the Securities Act and that meets the requirements of Rule 144A; (b) pursuant to an effective registration statement under the Securities Act; or (c) in accordance with Rule 144 under the Securities Act; and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Each person who is located in the United States who wishes to exercise any Rights or subscribe for New Shares in the Rights Offering will be required, as a condition of such exercise and subscription, to complete and return to the Company, and to the financial intermediary through which its Rights are held, a representation letter in the form set out in Annex B to this Offering Circular. Each other person who exercises any Rights and subscribes for New Shares will be deemed to represent and warrant to the Company and the Underwriters that it can lawfully acquire the New Shares and, in particular, that it and the person, if any, for whose account or benefit it is acquiring such New Shares (i) is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from the registration requirements of the Securities Act and (ii) is aware that the New Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S and in the United States only to QIBs in transactions that are exempt from registration under the Securities Act. Further, each investor that exercises Rights and subscribes for New Shares shall be deemed to acknowledge and agree that the Company, the Underwriters, their respective affiliates and others may rely upon the truth and accuracy of the foregoing representation and warranty.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

Italgas and many of its subsidiaries are joint stock companies (*società per azioni* or S.p.A.) incorporated under the laws of Italy. All or a majority of the directors, officers and other executives of Italgas are residents or citizens of Italy and are not residents or citizens of the United States. Furthermore, most of the assets of the group are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Italgas or the persons mentioned above or to enforce judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws against them. It may be possible for investors to effect service of process within Italy upon those persons or Italgas or its subsidiaries provided that the requirements of the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 are complied with.

In general, final, enforceable and conclusive judgments rendered by U.S. courts, including default judgments, shall not require retrial for their recognition but they will be automatically recognised in Italy, p*rovided that* pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema Italiano di diritto internazionale privato*) the following conditions are met: (i) the U.S. court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction; (ii) the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law, and during the proceedings before the U.S. court the essential due process rights were not violated; (iii) the parties to the proceedings appeared before the court in accordance with U.S. law or, in the event of default, the U.S. court declared such default in accordance with U.S. law; (iv) the judgment is final and not subject to any further appeal in accordance with U.S. law; (v) there is no conflicting final judgment previously rendered by an Italian court; (vi) there is no action pending in Italy among the same parties and arising from the same facts and circumstances which commenced prior to the action in the United States; and (vii) the provisions of such judgment do not violate Italian public policy.

In addition, according to Article 67 of Italian Law No. 218 of May 31, 1995, if a judgment rendered by a U.S. court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court in the Republic of Italy to that end. The competent Court does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including requiring that the judgment rendered by the U.S. courts is not contrary to public policy in Italy).

Finally, Italgas has been advised by its Italian counsel that if an original action is brought before an Italian court, the latter might (i) refuse to apply U.S. law provisions or to grant some of the remedies sought (for example punitive damages) if their application violates Italian public policy and mandatory provisions of Italian law and (ii) apply certain domestic provisions of substantive Italian law that are regarded as mandatory provisions in an international context.

TAXATION

ITALIAN TAX CONSIDERATIONS

The following is a summary of certain Italian tax considerations generally applicable to the purchase, ownership and disposition of the New Shares pursuant to the Italian tax laws currently in force and in relation to specific classes of investors.

This summary is for general information only and is not tax advice. All prospective purchasers should consult their tax advisers as to the particular tax consequences to them of the purchase, ownership and disposition of the New Shares, including the applicability and effect of state, local and non-Italian tax laws, treaties, and possible changes in tax law.

The following is not intended to be an exhaustive analysis of all the Italian tax consequences of the purchase, ownership and disposition of the New Shares to all possible categories of investors.The tax regime applicable to the purchase, ownership and disposition of the New Shares, as described below, is based on the applicable Italian laws currently in force, as well as on practices existing as of the Record Date, which are subject to change, possibly on a retroactive basis. Neither the Company nor any other Group entity will update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded.

Prospective investors should consult with their own tax advisors regarding the Italian tax consequences to them of the purchase, ownership and disposition of the New Shares and should verify the nature and origin of the amounts received as distributions in connection with the New Shares (dividends or reserves).

Tax Regime for Dividends

Dividends allocated to the New Shares will be subject to the tax treatment ordinarily applicable to dividends paid by joint-stock companies resident in Italy for tax purposes.

The following different methods of taxation are provided for the different classes of recipients.

(i) Italian resident individuals non engaged in a business activity

Dividends received by individual shareholders who are resident in Italy for income tax purposes in connection with New Shares held other than in connection with a business activity, are subject to a final substitute tax at a rate of 26% pursuant to Article 27-*ter*, Presidential Decree No. 600 of September 29, 1973 ("*Decree 600/1973*") and do not have to be reported in the shareholders' annual income tax return.

The 26% substitute tax may be withheld by any authorized resident or non-resident depository of the New Shares that is a member of the centralized deposit system managed by Monte Titoli S.p.A., as well as by any member of foreign centralized deposit systems that participate in the Monte Titoli system (a "*Qualified Share Depository*").

Dividends paid to such individual shareholders, who have entrusted the management of their financial assets, including the New Shares, to an authorized intermediary and have expressly elected for the discretionary investment portfolio regime (the "**Discretionary Investment Portfolio Regime**") provided by Article 7 of Legislative Decree No. 461 of November 21, 1997 (the "*Decree 461/1997*") are not subject to the tax regime described in the preceding paragraph, and are included in the computation of the accrued annual increase in value of the managed assets, subject to a 26% substitute tax withheld by the authorized intermediary.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not holding the New Shares in connection with a business activity, may be exempt from any taxation on dividends received on the New Shares if the New Shares are included in a long-term savings account ("*piano di risparmio a lungo termine*") that meets the requirements set forth under Italian tax law.

(ii) Italian Partnerships (Italian "società in nome collettivo," "società in accomandita semplice," "società semplici" and similar Italian partnerships as referred to in Article 5 CITA)

Dividends received by partnerships, such as Italian "*società in nome collettivo*," "*società in accomandita semplice*" and similar entities as referred to in Article 5 of the Consolidated Income Tax Act approved with Presidential Decree No. 917 of December 22, 1986 (the "*CITA*"), are partially included in the partners' overall taxable income and subject to ordinary taxation in the hands of each such partner according to the applicable taxable percentage as determined by law. In particular, such dividends are included in taxable income for (i) 58.14% of their amounts, with respect to dividends paid out of profits realized in the tax years following the one in progress on December 31, 2016, (ii) 49.72% of their amounts, with respect to dividends paid out of profits realized in the tax years from the tax year in progress on December 31, 2007 up to the tax year in progress on December 31, 2016, and (iii) 40% of their amounts, with respect to dividends paid out of profits realized in the tax years up to that in progress on December 31, 2007. For purposes of taxation of the recipient, profits realized in the tax years up to the tax year in progress on December 31, 2007, and then profits realized in the tax years up to the tax year in progress on December 31, 2016 are deemed to be distributed first.

Dividends received by a non-business partnership (e.g., Italian "*società semplice*") are subject to tax under the tax regime applicable to the relevant partner (i.e., as if they were directly paid to each partner), based on the information provided by the non-business partnership pursuant to Article 32-*quater* of Law Decree No. 124 of October 26, 2019, as amended and supplemented.

(iii) Companies and other business entities referred to in Article 73(1)(a)-(b) CITA

Dividends received by companies or entities as referred to in Article 73 (1) (a) -(b) CITA that are subject to the corporate income tax ("IRES"), such as joint stock companies, partnerships limited by shares, limited liability companies, public and private entities (other than companies) and trusts whose sole or principal purpose is to carry on a business activity, which are resident in Italy for income tax purposes, are not subject to any withholding or substitute tax and are included in the recipient's overall taxable income for an amount equal to 5% of the received dividend amount. If the recipient is a company applying the international accounting standards (IAS/IFRS), dividends arising from securities accounted for in the financial statements as held for trading purposes only, would be fully included in the recipient's total taxable income.

For certain kinds of companies (e.g., banks or insurance companies resident of Italy for tax purposes), and under certain conditions related to the classification of the dividends in the balance sheets, the dividends received will also be included at 50% of their amounts in the taxable income subject to the Regional Tax on Business Activities ("IRAP").

(iv) Non-business entities referred to in Article 73 (1)(c) CITA

Dividends received by non-commercial entities which are resident in Italy for income tax purposes, referred to in Article 73 (1)(c) CITA (including Italian resident trusts that do not carry out a business activity), except for Italian collective investment vehicles ("OICR"), are not subject to any withholding or substitute tax and are included in the recipient's overall taxable income for (i) 77.74% of their amount, with respect to dividends paid out of profits realized in the tax years up to the tax year in progress on December 31, 2016 and (ii) 100% of their amount, with respect to dividends paid out of profits realized in the tax years following the tax year in progress on December 31, 2016.

For social security entities, subject to certain conditions (including minimum holding period requirements) and limitations, dividends and other income from the New Shares may be excluded from the taxable base if the social security entity earmarks the New Shares as eligible investments to the extent that the investment in the Shares (including the New Shares) (and other qualifying shares or units in undertakings for collective investment investing mainly in qualifying shares) meets the requirements set forth under Italian tax law.

The 50% of the dividends paid to non-business entities referred to in Article 73 (1) (c) CITA will be excluded from their IRES taxable base provided that they: (i) exclusively or mainly carry out any of the qualifying non-profit activities listed in Article 1 (45) of Financial Act 2021, and (ii) earmark the related tax savings to a non-distributable reserve and use these resources to finance their non-profit activities.

(v) Exempt and "excluded" entities resident in Italy for tax purposes

Dividends received by Italian resident entities exempt from IRES are generally subject to substitute tax at a rate of 26% applied by the Qualified Share Depository. No Italian tax is instead withheld at the source on dividends paid to persons that are outside the scope of IRES ("*esclusi*") under Article 74 (1) CITA.

(vi) Italian pension funds and OICR (other than Real Estate AIF)

Dividends received by Italian pension funds established pursuant to Article 17 of Legislative Decree No. 252 of December 5, 2005 are not subject to any withholding tax or substitute tax and are included in the annual net accrued results of such pension funds, which are subject to a substitute tax of 20% pursuant to Article 1 (621) of Law No. 190 of December 23, 2014. Subject to certain conditions (including minimum holding period requirements) and limitations, dividends and other income from the New Shares may be excluded from the taxable base of the 20% substitute tax if the pension fund earmarks the New Shares as eligible investments under Article 1(89)-(92) of Law No. 232 of December 11, 2016 (as amended) to the extent, however, that investment in the New Shares (and other qualifying shares or units in undertakings for collective investment investing mainly in qualifying shares) represent no more than 10% of the gross asset value of the pension fund of the previous year. Dividends received by Italian undertakings for OICR and Luxembourg-based OICR which have already been authorized for sale in Italy, subject to supervision, other than real estate investment funds and Italian investment companies with variable or fixed capital (SICAV and SICAF), are not subject to any withholding tax or substitute tax. Dividends received by the aforementioned investment funds are not subject to tax at the level of such entities pursuant to Article 73 (5-*quinquies*) of CITA.

(vii) Italian Real Estate AIF

Dividends received by Italian-resident real estate investment funds ("**Italian Real Estate AIF**") established pursuant to Article 37 of Legislative Decree No. 58 of 1998, and Article 14-bis of Law No. 86 of January 25, 1994, and by Italian real estate SICAF are not subject to any withholding or substitute tax pursuant to Law Decree No. 351 of September 25, 2001.

In some circumstances, the income realized by an Italian non-institutional real estate investment funds may be attributed to their non-institutional investors (thus being included in their income taxable in Italy) holding an investment of more than 5% of the fund assets.

(viii) Non-Italian resident shareholders that do not hold the New Shares through a permanent establishment in Italy

Dividends received by shareholders that are not resident in Italy for tax purposes and do not have a permanent establishment in Italy to which the New Shares are effectively connected, are subject to a final substitute tax at a 26% rate to be levied by the Qualified Share Depository with which the securities are deposited.

Subject to a specific application to the Italian tax authorities, non-resident holders are entitled to refund relief of up to 11/26 (eleven twenty-sixths) of the tax levied in Italy, if they can demonstrate that they have paid final tax abroad on the same dividends. In order to receive the tax refund, non-resident holders would be required to file a request with the Italian tax authority. Holders who may be eligible for the relief should consult with their own independent tax advisors to determine whether they are eligible for, and how to obtain, the tax refund.

As an alternative to the relief described above, persons resident in countries that have a double tax treaty in force with Italy may request that the tax withheld at source on dividends be levied at the (reduced) rate provided under the applicable tax treaty, subject to the timely and duly submission of the required treaty documentation to the withholding agent (including tax resident certificates released or stamped by the foreign tax authority).

If the relevant documentation has not been forwarded to the depository of the New Shares in advance of the dividend payment, dividends are subject to the final substitute tax levied at the rate of 26%. In such a case, the beneficiary is entitled to claim a refund of the difference between the applied Italian rate and the applicable conventional tax rate.

The domestic withholding tax rate on dividends is 1.20% if the recipients and beneficial owners of the dividends on New Shares are companies or entities that are (i) resident in an EU Member State, or a State that is part of the European Economic Area ("EEA") and is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities according to the Ministerial Decree of September 4, 1996 (the "White List") and (ii) subject to corporate income tax in their country of residence. The reduced tax rate only applies to dividends paid out of profits realized in the tax periods subsequent to the tax period in progress on December 31, 2007. For these purposes, the relevant depository must timely receive a request for the application of the 1.20% withholding tax, which should include a certificate from the tax authorities of the beneficial owner's country of residence stating that the beneficial owner is (i) a resident of that country for tax purposes and (ii) subject to tax in that country.

The domestic withholding tax rate on dividends is 11% (and not 26%) on dividends paid out to pension funds that are set up in an EU Member State or in an EEA State included in the White List. This substitute tax may be withheld by the Qualified Share Depository. For the purposes of the application of the 11% substitute tax, foreign pension funds will be required to promptly file a specific application to the depositary of the shares due to apply the substitute tax, accompanied by appropriate documentation. These pension funds are not entitled to the relief described above. An exemption from withholding taxation/substitute tax may apply on dividends if the pension fund is set up in an EU Member State or an EEA Member State included in the White List and certain requirements set out in the law are met.

The above-mentioned 26% substitute tax will not be applied to dividends distributed in favor of foreign undertakings for collective investment which comply with European Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009 (UCITS Directive), and to undertakings for collective investment which do not comply with the aforesaid Directive 2009/65/EC, whose manager is subject to regulatory supervision in the foreign country in which it is established in accordance with European Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 (AIFM Directive), established in an EU Member States or an EEA State t included in the White List.

According to Article 27-bis of Decree 600/1973, approved in accordance with EU Council Directive 90/435/EEC of July 23, 1990 (the "Parent-Subsidiary Directive"), as amended by the EU Council Directive 123/EC of December 22, 2003, a company is entitled to a full refund of the tax withheld at the source on the dividends if it (a) takes one of the legal forms listed in the annex to the Parent-Subsidiary Directive, (b) is resident for income tax purposes in a EU Member State without being considered to be resident for tax purposes outside the EU according to a double tax treaty signed with a non-EU country, (c) is subject in the country of residence to one of the taxes listed in the annex to the Parent-Subsidiary Directive, without benefiting from an optional or exemption regimes other than those subject to temporal or territorial limits, and (d) directly holds New Shares that represent an interest in the issued outstanding capital of the Company of no less than 10% for an uninterrupted period of at least one year. For the purposes of the tax refund, the non-Italian resident company should submit (i) a certificate issued by the tax authorities of its country of residence stating that the conditions under letters (a), (b) and (c) above are met, and (ii) a declaration confirming that the condition under letter (d) above has been satisfied. The non-Italian resident company, provided that the one year minimum holding period has expired when the dividend is paid, can directly request the depository of the shares not to apply the 26% substitute tax by submitting, within the payment date of the dividends, the same documents indicated in the preceding sentence. The withholding exemption under Article 27-bis of Decree 600/1973 may be denied by the Italian tax authorities in abusive situations pursuant to the Italian statutory general anti-abuse rule (Article 10-bis of Law No. 212 of July 27, 2000).

Under the agreement between the European Union and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments, the withholding tax refund and exemption regime described above also applies to dividends paid to a company that (a) is resident for tax purposes in Switzerland without being considered to be resident outside Switzerland according to a double tax treaty signed with a non-EU country, (b) is a limited company, (c) is subject to Swiss corporate tax without being exempted or benefiting from preferential tax regimes, and (d) directly owns New Shares that represent an interest in Company's issued and outstanding capital of no less than 25%for an uninterrupted period of at least two years.

Dividends distributed to international entities or bodies that benefit from exemptions from taxation in Italy pursuant to international rules or treaties entered into force in Italy will not be subject to withholding tax.

Distributions of Certain Capital Reserves

Special rules apply to the distribution of certain capital reserves, including reserves or funds created with share offerings' premiums, adjusted interest paid by subscribers of shares, capital contributions, and capital account payments made by shareholders or tax-exempt monetary revaluation funds. Under certain circumstances, such distributions may trigger taxable income in the hands of the recipients depending on the existence of current profits or outstanding profit reserves of the distributing company at the time of the distribution, and on the actual nature of the reserves so distributed. The application of such rules may also have an impact on the tax basis in the shares, the characterization of the taxable income received by the recipients and the tax regime applicable to it. Non-Italian resident shareholders may be subject to tax in Italy as a result of the distribution of such reserves. Prospective investors should consult their advisers in case any distributions of such capital reserves occur.

Tax Regime for Capital Gains Realized Upon Transfer of New Shares

The tax regime summarized in this subsection "Tax Regime for Capital Gains Realized Upon Transfer of New Shares" applies only to classes of holders of New Shares that are described here below.

(i) Italian resident individuals not carrying out business activities

Capital gains realized upon transfer for consideration of the New Shares by an individual resident in Italy for tax purposes, which individual is not in the exercise of a business activity, are subject to substitute tax at a rate of 26% ("CGT"). The taxpayer may opt for one of the following three regimes:

(a) Taxation under tax return regime ("*regime della dichiarazione*"). Under the tax return regime, which is the standard regime for taxation of capital gains realized by Italian resident individuals not carrying out a business activity, CGT will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss of the same nature. CGT must be paid within the deadline for the applicable income tax return. Capital losses in excess of capital gains may be carried forward and offset against capital gains of the same nature realized in the following four years, provided that such capital losses are reported in the tax return of the year when they were realized. The tax return method is that the default regime if the taxpayer does not elect one of the two alternative regimes described in (b) and (c) below.

(b) Non-discretionary investment portfolio regime ("*risparmio amministrato*") (elective). Italian resident individuals holding New Shares other than in connection with business activity may elect to pay CGT separately on capital gains realized on each transfer of the New Shares. Such separate taxation of capital gains is allowed provided (i) the New Shares are deposited with Italian banks, SIMs or certain authorized financial intermediaries; and (ii) an express election by the relevant shareholder for the risparmio amministrato regime is made in writing in due time. Under the risparmio amministrato regime, the financial intermediary is responsible for accounting for and paying (on behalf of the taxpayer) CGT in respect of capital gains realized on each transfer of the New Shares (as well as in respect of capital gains realized at revocation of its mandate), net of any relevant incurred capital losses. The intermediary is required to pay the due amount of tax to the Italian tax authorities on behalf of the taxpayer, by deducting a corresponding amount from proceeds to be credited to the shareholder or using funds provided by the shareholder for this purpose. Under the risparmio amministrato regime, where a transfer of the New Shares results in a capital loss, such loss may be deducted from capital gains of the same nature subsequently realized within the same relationship of deposit (i.e. within the same investment portfolio) in the same tax year or in the following tax years up to the fourth. Under this regime, the shareholder is not required to declare capital gains in its annual tax return.

(c) Discretionary investment portfolio regime ("*risparmio gestito*") (elective). Any capital gains accrued on New Shares held otherwise than in connection with business activity by Italian resident individuals who have entrusted the management of their financial assets, including the New Shares, to an authorized intermediary and have elected for the risparmio gestito regime will be included in the computation of the annual increase in value of the accrued managed assets result (i.e. the entire value of the assets managed by the authorized intermediary), even if not actually received, at year end, which is subject to CGT to be applied on behalf of the taxpayer by the managing authorized intermediary. Under the risparmio gestito regime, any depreciation of the managed assets accrued at year end may be carried forward and offset against increases in the value of the managed assets accrued in any of the four following tax years. Under the *risparmio gestito regime*, the shareholder is not required to report capital gains realized in its annual tax return.

Moreover, subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not holding the New Shares in connection with a business activity, may be exempt from any taxation on capital gains realized on the sale of a Non-Qualified Shareholding if the New Shares are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth under Italian tax law.

(ii) Italian partnerships ("società in nome collettivo," "società in accomandita semplice" and similar Italian partnerships as referred to in Article 5 CITA)

Capital gains realized by Italian business partnerships ("società in nome collettivo," "società in accomandita semplice" and similar Italian partnerships as referred to in Article 5 CITA) upon transfer for consideration of the New Shares must be fully included in the overall business income and reported in the income tax return. Capital losses (or other negative items of income) derived by this class of holders upon transfer for consideration of the New Shares would be fully deductible from the holder's income.

However, if the conditions under (a) and (b) of subparagraph (iii) below are met, only 49.72% of the capital gain should be included in the overall business income. Capital losses realized on New Shares that meet the above-mentioned conditions under (a) and (b) of subparagraph (iii) below are only partially deductible (similar to what is provided for the taxation of capital gains).

(iii) Companies and other business entities referred to in Article 73(1)(a)-(b) CITA

Capital gains realized by companies or entities as referred to in Article 73 (1)(a) - (b) CITA (including partnerships limited by shares and public and private entities whose sole or primary purpose is carrying out business activity) upon transfer for consideration of the New Shares are fully included in their taxable income and are subject to IRES according to the ordinary rules.

If the New Shares were held and accounted for as fixed financial assets in the three-year period preceding the disposal, the shareholder may elect to spread any realized gain on a straight-line basis across a maximum five-year period starting from the fiscal year in which the gain is realized and the following four pursuant to Article 86 (4) CITA. However, pursuant to Article 87 CITA (participation exemption), capital gains arising from the disposal of the New Shares are tax-exempt for 95% of such capital gains, whereas the remaining 5% is included in the shareholders' taxable income and is subject to IRES (the so-called participation exemption regime), if the following conditions are met:

(a) the New Shares are held, without interruption, from the first day of the twelfth month prior to the transfer (the most recently purchased shares being deemed to have been sold first);

(b) the New Shares have been booked as non-current financial assets in the first financial statements closed during the holding period. To parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards, the shares not accounted as "held for trading" are deemed as fixed financial assets;

The Italian law lays down certain additional conditions for the exemption to be available. Assuming – subject to verification at the time the capital gain is realized – that the Company qualifies as a holding company whose assets are predominantly composed, pursuant to Article 87(5) of the CITA, of shareholdings in companies that meet the additional conditions set forth in Article 87 (i.e., the companies are not resident in a State with a preferential tax regime and carry out a business activity), such additional conditions should be considered as met.

The transfer of shares booked as non-current financial assets and shares booked as inventory must be considered separately with reference to each class. If the requirements for the participation exemption are met, any capital loss realized on the New Shares cannot be deducted.

Capital losses and negative differences between revenue and costs relating to shares that do not meet the participation exemption requirements are not relevant (and cannot be deducted) to the extent of the non-taxable amount of dividends, or of accounts thereof, received by the holder in the 36 months prior to their transfer (dividend washing rule). This provision applies with reference to shares acquired during the 36-month period prior to the realization of capital losses or negative differences, provided that requirements under Article 87(1)(c)-(d) CITA (i.e., the company is not resident in a State with a preferential tax system and carries on a business activity) are met; such a provision does not apply to parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002. When the amount of the aforesaid capital losses (and negative differences) deriving from a transaction (or a series of transactions) on shares traded on regulated markets is greater than €50,000, the taxpayer must, under certain circumstances report the data and the information regarding the transaction to the Italian tax authorities in the tax return.

Moreover, the data and the information relating to capital losses in excess of €5,000 thousand, deriving from the transfer (or a series of transfers) of shares accounted for as fixed financial assets, must be included in the recipient's tax return. Such an obligation does not apply to parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards.

The lack of full compliance with such reporting rules is subject to a tax penalty of 10% of the undeclared capital losses (minimum €500—maximum €50,000).

Under certain conditions, capital gains on the New Shares realized by certain companies and commercial entities are also subject to IRAP, at ordinary rates.

(iv) Non-business entities referred to in Article 73(1)(c) CITA and non-business partnerships referred to in Article 5 CITA resident in Italy for tax purposes

Capital gains realized, outside the scope of a business activity, on the sale or disposal of the New Shares by Italian-resident non-business entities referred to in Article 73(1)(c) CITA (other than OICR), trusts and Italian non-business partnerships as referred to in Article 5 CITA are subject to the tax regime described with respect to capital gains realized by Italian resident individuals who do not hold the New Shares in connection with a business activity. For a short description of a favorable regime available to certain social security entities, see subparagraph (iv) of the subsection "*Tax Regime for Dividends*" above.

Italian Pension Funds and OICR (other than Real Estate AIF)

Capital gains realized by Italian Pension Funds are subject to the same tax regime described under the paragraph relating to the taxation regime of dividends received by such funds, above (Tax Regime for Dividends—(vi) Italian pension funds and OICR (other than Real Estate AIF)). Subject to certain limitations and requirements (including a minimum holding period), capital gains realized by certain pension funds may be exempt from any taxation if the shares meet the requirements set forth under Italian tax law.

Capital gains realized by Italian resident OICR that are set up in, and organized under the laws of, Italy and that are subject to regulatory supervision (other than Real Estate AIF) are not subject to tax at the level of the OICR.

Italian Real Estate AIF

Capital gains on New Shares held by Italian Real Estate AIF are not subject to IRES or IRAP at the level of the Real Estate AIF.

Non-resident persons not holding the New Shares through a permanent establishment in Italy

Capital gains from the sale of New Shares realized by non-Italian resident shareholders not holding the New Shares through a permanent establishment in Italy will be subject to the same regime provided for Italian resident individuals not carrying out business activities described above (see "— *(i) Italian resident individuals not carrying out business activities*").

Nevertheless, the sale of New Shares, including rights or securities through which shares may be acquired, which do not represent either (i) more than 2% of the overall voting rights exercisable at ordinary shareholders' meetings or (ii) an interest in the share capital or equity of over 5% are not subject to taxation in Italy. In such case, in order to benefit from this exemption, non-Italian resident holders who hold the New Shares with an Italian authorized financial intermediary and either (i) are subject to the nondiscretionary investment portfolio regime or (ii) have elected for the discretionary investment portfolio regime may be required to timely submit to the Italian authorized financial intermediary an affidavit whereby they state that they are not resident in Italy for tax purposes.

In the case of sale of qualified shareholdings, under certain conditions, under Article 68 (2-bis) CITA, the CGT would be applied only on 5% of the capital gain.

The CGT will not apply to capital gains derived from the disposal of Qualified Shareholdings realized by undertakings for collective investment which comply with European Directive 2009/65/EC of the European Parliament and of the Council of July, 13, 2009 (UCITS Directive), or by undertakings for collective investment, established in an EU Member States or a EEA State included in the White List, which do not comply with the aforesaid Directive 2009/65/EC, whose manager is subject to regulatory supervision in the foreign country in which it is established in accordance with European Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 (AIFM Directive).

The tax regime described above will not prevent the application, if more favorable to the taxpayer, of any different provisions of any applicable convention against double taxation with Italy. Most conventions against double taxation entered into by Italy provide that capital gains realized on the disposal of shares are subject to tax only in the country of residence of the seller. In a such case, the capital gains realized by non-resident shareholders on the disposal of the New Shares will not be subject to tax in Italy.

Transfer Tax

Contracts or other legal instruments regulating to the transfer of securities (including the New Shares) are subject to Italian registration tax as follows: (i) notarial deeds (*atti pubblici*) and private agreements authenticated by a public official (*scritture private autenticate*) executed in Italy must mandatorily be registered with the Italian tax authorities and are subject to €200.00 registration tax; and (ii) private deeds (*scritture private*) are subject to €200.00 registration tax only if they are voluntary filed for registration with the Italian tax authorities or if the so-called "*caso d'uso*" or "*enunciazione*" occurs.

Financial Transaction Tax ("Tobin Tax")

A financial transaction tax (the "Financial Transaction Tax") shall apply, among other things, on the transfer of (i) legal title to shares and participating financial instruments issued pursuant to Article 2346 (6) of the Italian Civil Code by companies having their registered office in Italy, and (ii) securities representing the shares and instruments indicated under (i) above, irrespective of the residence of the Company. The Financial Transaction Tax also applies for the transfer of the bare ownership of the aforementioned assets.

The Financial Transaction Tax applies on the transfer of the above-mentioned shares and financial instruments, irrespective of the residence of the parties involved and/or the place of execution of the relevant transaction, at a rate of 0.20%, reduced to 0.10% for transactions executed on regulated markets and on multilateral trading facilities.

The Financial Transaction Tax is applied on the transaction value, equal to (i) the net balance of transactions regulated on a daily basis, calculated for each liable person with reference to the number of securities traded on the same day and relating to the same financial instrument, or (ii) the transfer price agreed by the parties. The Financial Transaction Tax is due by the transferee of the relevant financial instruments and is generally levied by any financial intermediary intervening in the transaction and has to be paid on or before the 16th day of the month following the one in which the ownership was transferred.

The Financial Transaction Tax does not apply to transfers of ownership of shares executed by way of inheritance or gift, or, among others, to: (i) issuance of new shares; (ii) temporary transfers relating to "securities financing transactions" pursuant to Article 2 (10) of Commission Regulation (EC) No 1287/2006; (iii) transfers executed by statutory social security institutions and Italian Pension Funds; (iv) transfers of shares between controlling/controlled companies or companies under a common control; and (v) transfers of ownership of shares arising from restructuring operations or from mergers and spin-offs of collective investment undertakings. Other exclusions or exemptions from the Financial Transaction Tax may apply under certain conditions set forth under Italian tax law.

The Financial Transaction Tax also does not apply to the transfers of shares listed on regulated markets or in multilateral trading facilities issued by companies with an average market capitalization lower than €500 million, as recorded in November of the year preceding the year in which the shares are transferred. Under Article 17(3), last paragraph, in case of IPO, the issuer is deemed to be a "low cap issuer" for the purpose of the Italian FTT exemption until an average November market cap can be calculated.

The Financial Transaction Tax is not deductible for income tax purposes, including their substitute taxes, nor for IRAP purposes.

Please note that the Financial Transaction Tax also applies to transfer of certain derivative financial instruments, and so-called "high frequency trading" transactions occurred on the Italian financial market.

Stamp Duty

Subject to certain conditions, a stamp duty (imposta di bollo) may be due, at the rate of 0.2% on the market value of the New Shares, in connection with the periodic reporting to their clients (as defined by Circular issued by the Bank of Italy) with respect to any financial instruments (such as the New Shares), if deposited with an Italian resident financial intermediary or with an Italian permanent establishment of a foreign financial intermediary.

The stamp duty cannot exceed €14,000 for taxpayers different from individuals.

Based on the wording of the law and the implementing decree, the 0.20% stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "clients" according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the stamp duty is the market value or - in the lack thereof - the nominal value or the redemption amount of any financial product.

Wealth Tax on Financial Products Held Abroad

Individuals, non-business entities and non-business partnerships (in particular, società semplici or similar partnerships in accordance with Article 5 CITA) resident in Italy for tax purposes holding financial products (including shares) are required to pay a wealth tax at the rate of 0.20%. The wealth tax applies on the market value at the end of the relevant year or, if market value is not available, on the nominal value or the redemption value of such financial products held outside of Italian territory. The wealth tax cannot exceed €14,000 per year for investors other than individuals.

Taxpayers may deduct from the Italian wealth tax a tax credit equal to any wealth tax paid in the country where the financial products are held (up to the amount of the Italian wealth tax due). The foreign wealth tax is creditable only if levied in compliance with the relevant double tax treaty, if any.

Details of the financial products held abroad have to be included in the income tax return to be filed in Italy by the above-mentioned individuals and entities.

Certain Reporting Obligations for Italian Resident Holders

Individuals, non-business entities and non-business partnerships (in particular, società semplici or similar partnerships in accordance with Article 5 CITA) that are resident in Italy for tax purposes are required, in certain circumstances, to disclose in their income tax return (or if the income tax return is not due, in a proper form that must be filed within the same term as prescribed for the annual income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000.00 throughout the year). The requirement applies also if the persons above, not being the direct holder of the financial assets, are the beneficial owners thereof for the purposes of anti-money laundering legislation. No disclosure requirements exist for financial assets (including the New Shares) under management or administration entrusted to Italian resident intermediaries (Italian banks, broker-dealers (SIM), fiduciary companies or other professional intermediaries) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such assets and contracts have been subjected to Italian withholding tax or substitute tax by such intermediaries.

Inheritance and Gift Tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including the New Shares) (i) by reason of death or donations by Italian residents, even if the transferred assets are held outside Italy, and (ii) by reason of death or donations by non-Italian residents, but limited to transferred assets held in Italy (which are presumed by law to include shares of Italian resident companies).

Subject to certain exceptions, transfers of assets and rights (including the New Shares) on death or by gift are generally subject to inheritance and gift tax:

- at a rate of 4% in case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €1.0 million;
- at a rate of 6% in case of transfers made to certain other relatives (in the case of transfers to brothers or sisters, the 6% rate is applicable only on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €100 thousand); and
- at a rate of 8% in any other case.

If the beneficiary of any such transfer is an individual with a severe disability under Law No. 104 of February 5, 1992, inheritance or gift tax is applied only on the value of the asset transferred in excess of €1,500,000 at the rates illustrated above, depending on the relationship existing between the deceased or donor and the beneficiary.

Subject to certain conditions, no inheritance or gift tax applies to certain transfers of the New Shares whereby a controlling shareholding under Article 2359 (1) of the Italian Civil Code is acquired or complemented. Assets and rights (i) segregated in a trust, (ii) allocated to a special fund by entering into a fiduciary contract, or (iii) encumbered by special purpose liens under Article 2645-ter of the Italian Civil Code, in favor of persons with severe disabilities are exempt from the Italian inheritance and gift tax, provided that all the conditions set forth in Article 6 of Law No. 112 of June 22, 2016 are met. The exemption from Italian inheritance and gift tax also applies to the re-transfer of assets and rights if the death of the beneficiary occurs before the death of the settlor.

No inheritance tax applies if the New Shares are included in a long-term savings account (piano di risparmio a lungo termine) that meets all the requirements set forth by Italian tax law.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of material U.S. federal income tax considerations generally applicable to the ownership and disposition of Rights and New Shares by a U.S. Holder (as defined below). This summary is limited to U.S. Holders that acquire Rights or New Shares pursuant to this Offering Circular and that will hold the Rights or New Shares as capital assets (generally, property held for investment).

This summary is based on provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed U.S. Treasury regulations promulgated under the Code, and administrative rulings, and judicial interpretations thereof, as well as the U.S.-Italy Tax Treaty (the "**Treaty**") all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis.

This summary does not purport to address all U.S. tax consequences of the ownership of Rights or New Shares and does not address aspects of U.S. federal income taxation that may be relevant to investors that are subject to special tax rules, including, for example, banks, thrifts, real estate investment trusts, regulated investment companies, grantor trusts, insurance companies, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, expatriates, tax-exempt investors, holders that own (directly, indirectly, or constructively) 10% or more of our stock (by vote or by value), holders whose functional currency is not the U.S. dollar, holders deemed to sell Rights or New Shares under the constructive sale provisions of the Code, holders that acquire or sell Rights or New Shares as part of a wash sale for tax purposes, or holders that hold the Rights or New Shares as a position in a "straddle," as part of a "synthetic security" or "hedge," as part of a "conversion transaction" or other integrated investment, or as other than a capital asset. Moreover, this summary addresses only U.S. federal income taxation and does not discuss all of the tax consequences that may be relevant to a U.S. Holder in light of its individual circumstances, including U.S. federal estate and gift tax, alternative minimum tax or unearned income Medicare contribution tax consequences, or any U.S. state, local or non-U.S. tax consequences of the ownership and disposition of our Rights and New Shares.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Rights or New Shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation or other entity taxable as a corporation that is created or organized in the United States or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and the control of one or more United States persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of Rights or New Shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. A partnership holding Rights or New Shares and the partners in such a partnership should consult their tax advisors regarding the associated tax consequences.

The tax treatment of the Rights and New Shares will depend in part on whether or not we are classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Except as discussed below under "*—Passive Foreign Investment Company Rules*," this discussion assumes that we are not classified as a PFIC for U.S. federal income tax purposes.

U.S. Holders should consult their tax advisors regarding the U.S. federal, state, and local, and non-U.S. tax consequences to them of the ownership and disposition of Rights and New Shares.

Taxation of Rights

Receipt of Rights

The receipt of Rights pursuant to the Rights Offering should be treated as a non-taxable distribution with respect to a U.S. Holder's ordinary shares for U.S. federal income tax purposes.

If the fair market value of the Rights a U.S. Holder receives is less than 15% of the fair market value of its ordinary shares with respect to which it receives the Rights on the date of receipt, the Rights will be allocated a zero basis for U.S. federal income tax purposes, unless such U.S. Holder elects to allocate basis between its ordinary shares and the Rights in proportion to the relative fair market values of the ordinary shares and the Rights determined on the date of receipt. If a U.S. Holder chooses to allocate basis between its ordinary shares and the Rights, it must make this election in its tax return for the taxable year in which it receives the Rights. The election will apply to all Rights the U.S. Holder receives pursuant to this Rights Offering and, once made, will be irrevocable.

If the fair market value of the Rights a U.S. Holder receives is 15% or more of the fair market value of its ordinary shares with respect to which it receives those Rights on the date of receipt, then, except as discussed below in "*—Not Exercising Rights*," the U.S. Holder must allocate its basis in its ordinary shares between the ordinary shares and the Rights it receives in proportion to their fair market values determined on the date it receives the Rights.

Exercise of Rights

A U.S. Holder will not realize gain or loss on the exercise of a Right. A U.S. Holder that receives New Shares by exercising its Rights will have a tax basis in the New Shares so acquired equal to the U.S. dollar value of the aggregate subscription price determined at the spot rate on the date of exercise, plus its basis in the Rights so exercised, if any. A U.S. Holder's holding period in such New Shares generally will begin on and include the date the Rights are exercised.

Sale or Disposition of Rights

A U.S. Holder will recognize capital gain or loss on the sale or other taxable disposition of Rights in an amount equal to the difference between the U.S. Holder's tax basis in the Rights, if any, and the U.S. dollar value of the amount realized from the sale or other disposition. Such gain or loss will be long-term capital gain or loss if the Rights are deemed held for more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential tax rates in respect of long-term capital gain. A U.S. Holder's holding period in the Rights will include the holding period in the ordinary shares with respect to which the Rights were distributed. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations under the Code.

The amount realized on a sale or other disposition of Rights for an amount in a currency other than the U.S. dollar (a "**foreign currency**") will be the U.S. dollar value of the foreign currency amount on the date of sale or disposition, or in the case of Rights traded on an established securities market that are sold by a cash basis U.S. Holder or an accrual basis U.S. Holder that so elects, will be based on the exchange rate in effect on the settlement date for the sale. An accrual basis U.S. Holder that does not make the election described in the prior sentence will recognize ordinary exchange gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date. The U.S. Holder also may have exchange gain or loss as a result of disposing of foreign currency to purchase the Rights or in connection with the sale or exchange of foreign currency received in respect of the Rights. Any exchange gain or loss generally will constitute ordinary income or loss and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes. If an accrual basis U.S. Holder makes the election described above, it must be applied consistently from year to year and cannot be revoked without the consent of the Internal Revenue Service ("**IRS**").

Not Exercising Rights

If a U.S. Holder receives the Rights pursuant to the Rights Offering and such Rights expire, the U.S. Holder will generally not recognize gain or loss. In addition, if the U.S. Holder had previously allocated to the Rights a portion of the basis of the ordinary shares held by the U.S. Holder, that basis will be re-allocated to such ordinary shares.

Taxation of New Shares

Taxation of Dividends

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*," the gross amount of any distributions on our New Shares, other than certain *pro rata* distributions of shares to all shareholders, received by a U.S. Holder, including amounts withheld in respect of any Italian withholding tax thereon, as discussed above under "*—Italian Tax Considerations*," will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of a holder's basis in the shares and thereafter as capital gain. Since we do not maintain calculations of our earnings and profits for U.S. federal income tax purposes, we intend to treat, and a U.S. Holder should expect to generally treat, any distribution on our New Shares as a dividend for U.S. federal income tax purposes. Such dividend income (including withheld taxes) will be includable in gross income as ordinary income on the day actually or constructively received and generally will not be eligible for the dividends-received deduction allowed to corporate U.S. Holders in respect of dividends received from other U.S. corporations.

Distributions treated as dividends that are received by certain non-corporate U.S. Holders (including individuals) from "qualified foreign corporations" generally qualify for preferential rates so long as certain holding period and other requirements are met. A non-U.S. corporation generally will be considered to be a qualified foreign corporation if it (i) is eligible for the benefits of a comprehensive income tax treaty with the United States that the Treasury Secretary has approved for the purposes of this provision and that includes an exchange of information program and (ii) was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC, for U.S. federal income tax purposes. We expect to be considered a qualified foreign corporation for this purpose, provided that, in the year that the dividend is received, we are eligible for the benefits of the Treaty. We believe that we are currently eligible for the benefits of the Treaty and therefore, provided that we are not and do not become a PFIC, dividends paid on our New Shares should qualify for the preferential rate, but there can be no assurance that we will continue to be eligible for the benefits of the Treaty.

The U.S. dollar value of any distribution on our New Shares made in Euros should be calculated by reference to the exchange rate between the U.S. dollar and the Euro in effect on the date of such distribution, regardless of whether the Euro amount so received is in fact converted into U.S. dollars. If the Euro amount so received is converted into U.S. dollars at the spot rate in effect on the date of distribution, such U.S. Holder generally should not recognize foreign currency gain or loss on such conversion. If it is not converted into U.S. dollars at the spot rate in effect on date of distribution, such U.S. Holder will have a basis in such Euros equal to the U.S. dollar value on the date of distribution. Any gain or loss on a subsequent conversion or other disposition of such Euros generally will be treated as ordinary exchange gain or loss to such U.S. Holder and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

Subject to certain conditions and limitations, Italian taxes withheld from dividends on our New Shares at a rate not exceeding the rate provided in the Treaty may be treated as foreign taxes eligible for a credit against the U.S. federal income tax liability of a U.S. Holder. To the extent a reduction or refund of the tax withheld is available to you under Italian tax law, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against your United States federal income tax liability. See "*—Italian Tax Considerations—Tax Regime for Dividends—(i) Non-Italian resident shareholders that do not hold the New Shares through a permanent establishment in Italy*," above, for the procedures for obtaining a tax refund. For purposes of calculating the foreign tax credit, dividends paid on New Shares will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if a U.S. Holder holds its New Shares for less than a specified minimum period, the U.S. Holder will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on its New Shares. The rules governing the foreign tax credit are complex. U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Taxation of Capital Gains

A U.S. Holder will generally recognize capital gain or loss on the sale, exchange, redemption, or other taxable disposition of New Shares in an amount equal to the difference between U.S. dollar value of the amount realized upon the disposition and the holder's adjusted tax basis in such shares. Any such capital gain or loss will be long-term if the U.S. Holder's holding period for New Shares exceeds one year. Long-term capital gain of non-corporate taxpayers is generally subject to tax at a lower rate than the tax rate applicable to ordinary income. Any gain or loss generally will be treated as U.S. source gain or loss. The deductibility of capital losses may be subject to limitations.

The amount realized on a disposition of New Shares in exchange for any foreign currency should equal the U.S. dollar value of such foreign currency translated at the spot exchange rate in effect on the date of disposition or, if such shares are traded on an established securities market, in the case of a cash method or electing accrual method U.S. Holder, the settlement date. An accrual basis U.S. Holder that does not make the election described in the prior sentence will recognize ordinary exchange gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date. A U.S. Holder will have a tax basis in any foreign currency received in respect of the disposition of its New Shares equal to its U.S. dollar value on the settlement date. Any gain or loss realized by a U.S. Holder on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary exchange gain or loss to such U.S. Holder and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

Passive Foreign Investment Company Rules

A non-U.S. corporation will be classified as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes in any taxable year in which, the corporation satisfies either of the following requirements:

- at least 75% of its gross income is "passive income;" or

- at least 50% of the average gross fair market value, determined on the basis of a quarterly average, of its assets is attributable to assets that produce "passive income" or are held for the production of "passive income."

Passive income for this purpose generally includes dividends, interest, gains from the sale or exchange of investment property, rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business), gains from commodities and securities transactions and certain other specified categories of income. In addition, there is a look-through rule for investments in subsidiary corporations. Under this rule, if a non-U.S. corporation owns (directly or indirectly) at least 25% (by value) of the stock of another corporation, the non-U.S. corporation is treated as owning a proportionate share of the assets of the other corporation and earning its proportionate share of the income of the other corporation for purposes of determining if the non-U.S. corporation is a PFIC.

Based upon the composition of its income, its assets and the nature of its business, the Company believes that it did not qualify as a PFIC for the tax year ending December 31, 2024, and believes that it will not be classified as a PFIC for its current taxable year or the foreseeable future. There can be no assurance, however, that the Company will not be considered to be a PFIC for any particular year because PFIC status is factual in nature, depends upon factors not wholly within the Company's control (including the value of the Company's assets, which will be determined in part by reference to its market capitalization, which may fluctuate significantly), generally cannot be determined until the close of the taxable year in question and is determined annually.

If the Company were to be treated as a PFIC, U.S. Holders will generally be subject to special rules with respect to:

- any "excess distributions" we make (generally, any distributions during a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in respect of the New Shares during the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the New Shares); and

- any gain realized on the sale or other disposition of the New Shares.

Under these rules:

- the gain or excess distribution would be allocated ratably over the U.S. Holder's holding period for the New Shares;

- the amount allocated to the taxable year in which the U.S. Holder realized the gain or excess distribution or to prior years before the first year in which we were a PFIC with respect to the U.S. Holder will be taxed as ordinary income;

- the amount allocated to each other prior year will be taxed at the highest tax rate in effect for each such year; and

- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

With certain exceptions, the New Shares would be treated as stock in a PFIC if the Company were a PFIC at any time during the U.S. Holder's holding period in the New Shares.

If the U.S. Holder owns New Shares in a PFIC that are treated as marketable stock, the U.S. Holder may make a mark-to-market election with respect to the New Shares. If the U.S. Holder makes the mark-to-market election with respect to the New Shares for the first taxable year for which the Company is determined to be a PFIC, the U.S. Holder generally will not be subject to the PFIC rules described above. Instead, in general, the U.S. Holder will include as ordinary income each year the excess, if any, of the fair market value of the New Shares at the end of the taxable year over the U.S. Holder's adjusted basis in the New Shares. The U.S. Holder will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of the U.S. Holder's New Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in the New Shares will be adjusted to reflect any such income or loss amounts. Any gain that the U.S. Holder recognizes on the sale or other disposition of the New Shares would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss.

If the Company is classified as a PFIC in any year that a U.S. Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that U.S. Holder in all succeeding years, even if the Company ceases to be a PFIC, unless the U.S. Holder makes a "deemed sale" election.

In addition, notwithstanding any election a U.S. Holder makes with regard to the New Shares, dividends that the holder receives from us will not constitute qualified dividend income to the holder if we are a PFIC (or are treated as a PFIC with respect to the holder) either in the taxable year of the distribution or the preceding taxable year. Dividends that a U.S. Holder receives that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, a U.S. Holder must include the gross amount of any such dividend paid by us out of our accumulated earnings and profits (determined as described above under "*—Taxation of New Shares—Taxation of Dividends*") in the holder's gross income, and it will be subject to tax at rates applicable to ordinary income.

If a U.S. Holder owns New Shares during any year that we are a PFIC with respect to the holder, the holder may be required to file IRS Form 8621.

U.S. Holders should consult their tax advisers regarding the application of the PFIC rules to their investment in the New Shares. The application of the rules above to Rights is unclear and U.S. Holders should also consult their tax advisers regarding the application of the PFIC rules to Rights in the event that the Company were treated as a PFIC with respect to such holders.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividend payments or other taxable distributions in respect of our New Shares and the payment of proceeds from the sale, exchange or redemption of our Rights or our New Shares that are paid within the United States (and in certain cases, outside the United States), unless a U.S. Holder establishes that it is an exempt recipient (such as a corporation). Backup withholding may apply to such payments if a U.S. Holder fails to provide a taxpayer identification number or certification of other exempt status or (in the case of dividends) is notified by the IRS that the holder has failed to report all interest and dividends required to be shown on the holder's federal income tax returns. Any amounts withheld under the backup withholding rules will be allowed as a credit or a refund against the holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed the U.S. Holder's income tax liability by filing a refund claim with the IRS.

Foreign Asset Reporting

Certain U.S. Holders may be required to report to the IRS information with respect to their investment in the Rights or New Shares not held through an account with a U.S. financial institution. U.S. Holders who fail to report required information could become subject to substantial penalties. U.S. Holders are encouraged to consult with their own tax advisors regarding foreign financial asset reporting requirements with respect to their investment in the Rights and New Shares.

PURCHASE OF REMAINING NEW SHARES BY THE UNDERWRITERS

Pursuant to the Underwriting Agreement, the Underwriters have agreed, severally and not jointly or jointly and severally, to underwrite the Remaining Underwritten New Shares at the Subscription Price up to an aggregate maximum amount of approximately €755 million. Subject to the terms and conditions of the Underwriting Agreement, each Underwriter named below has severally and not jointly agreed to underwrite the percentage and maximum number of Remaining Underwritten New Shares set forth opposite its name below.

Underwriters	Number of Shares	Percentage
J.P. Morgan SE	71,711,666	47.727%
BofA Securities Europe SA	17,074,850	11.364%
Citigroup Global Markets Europe AG	17,074,850	11.364%
Morgan Stanley & Co. International plc	17,074,850	11.364%
Société Générale	17,074,850	11.364%
Banca Akros S.p.A	10,242,806	6.817%
Total	**150,253,872**	**100%**

J.P. Morgan SE, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Morgan Stanley & Co. International plc and Société Générale are acting as Joint Global Coordinators and Joint Bookrunners in connection with the Offering. Banca Akros S.p.A. is acting as Co-Global Coordinator and Joint Bookrunner in connection with the Offering.

The Underwriting Agreement sets forth customary representations, warranties and covenants, as well as certain customary conditions precedent and termination events that may limit or qualify an Underwriter's undertaking.

In particular, the Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and grants to the Joint Global Coordinators, subject to the occurrence of certain events or circumstances, the right to terminate the Underwriting Agreement. The Company also provides certain representations and warranties to the Underwriters and has agreed to indemnify the Underwriters against certain liabilities in connection with the Offering.

The Underwriting Agreement provides for the right of the Joint Global Coordinators, at their sole discretion, to terminate and withdraw from the Underwriting Agreement during the period between the signing of the Underwriting Agreement and the closing of the Offering, in the cases indicated below:

(i) any Material Adverse Change (as defined in the Underwriting Agreement), whether or not foreseeable, which, in the good faith opinion of the Joint Global Coordinators, upon consultation with the Company (where practicable in the circumstances), is material in the context of the Offering such as to make it impracticable or inadvisable to proceed with the Offering or prejudice the success of the Offering;

(ii) upon the occurrence of:

(a) any material adverse change in, or development involving a prospective material adverse change in national or international monetary, political, financial or economic conditions, or securities markets;

(b) any material adverse change in currency exchange rates or any foreign exchange controls in Italy, the United Kingdom or the United States;

(c) a suspension or material limitation of trading in securities generally on the NYSE, NASDAQ, the London Stock Exchange, Borsa Italiana or in any other regulated financial market within the EEA;

(d) a suspension or material limitation in trading in the Company's ordinary shares on the Borsa Italiana;

(e) a general moratorium on commercial banking activities in Italy, the United Kingdom, the United States or any other member state of the EEA or a material disruption in commercial banking or securities settlement or clearance services in Italy, the United Kingdom, the United States or any other member state of the EEA; or

(f) an outbreak or escalation of hostilities and/or act of terrorism or any other calamity or crisis,

if the effect of any such events listed in subparagraphs (a) to (f) above, in the good faith opinion of the Joint Global Coordinators, would make it impracticable or inadvisable to proceed with the Offering or prejudice the success of the Rights Issue or the Offering;

(iii) a breach or non-performance of the undertakings assumed by the Company under the Underwriting Agreement or a breach of the representations and warranties given by the Company under the Underwriting Agreement;

(iv) any of the conditions set forth in the Underwriting Agreement are not satisfied when due or become no longer capable of being satisfied;

(v) a downgrade of the "investment-grade" rating granted to the Company;

(vi) the publication of a supplement to the Italian Prospectus, to the extent that, following such publication, the amount of withdrawals made by the subscribers during the Subscription Period or the negative impact on demand in the Rights Auction prior to the settlement date, in the good faith opinion of the Joint Global Coordinators (having consulted with the Company to the extent the Company is promptly available to participate in such consultation), would make it impracticable or inadvisable to proceed with the Offering or materially prejudice the success of the Offering. In this respect, the Company shall promptly inform the Joint Global Coordinators of the withdrawal rights, if any, exercised following the publication of any such supplement. Without prejudice to the foregoing, the right of the Joint Global Coordinators to terminate and withdraw from the Underwriting Agreement shall be unaffected in case the publication of a supplement to the Italian Prospectus due to circumstances that, in their sole discretion, may have adverse reputational impacts on the Company and/or the Joint Global Coordinators or would otherwise result in a Material Adverse Effect (as defined in the Underwriting Agreement), regardless of the number of withdrawals.

In addition to the above withdrawal conditions, the Underwriting Agreement provides that the Underwriters' underwriting commitment is subject, among others, the following conditions the occurrence of which would cause the termination of the Underwriting Agreement (unless it is waived by the Joint Global Coordinators at their sole discretion):

(i) CDP Reti has not subscribed in full its pro rata stake in the context of the Rights Offering according to the CDP Reti Subscription Commitment;

(ii) the resolution relating to the final terms of the Rights Offering is withdrawn, revoked or otherwise made ineffective by any authority or any of the Company's internal bodies;

(iii) the Subscription Period does not commence on or before June 2, 2025; or

(iv) the Underwriters have not received, on the dates set forth in the Underwriting Agreement, the opinions, representations and comfort letters required pursuant to the Underwriting Agreement.

See also "*Risk Factors — Risk Factors Relating to the Rights, the New Shares and the Offering — If the Underwriters, upon the occurrence of any of the events contemplated under the Underwriting Agreement, were to exercise their right to terminate the Underwriting Agreement, or if CDP were to fail to fulfil its obligations under the CDP Reti Subscription Commitment, we may not receive all the proceeds expected from the Offering*."

The Underwriters may discuss a joint approach for the resale of the Remaining Underwritten New Shares, pursuant to Rule 144A or any other available exemptions from registration. As of May 22, 2025, CDP Reti entered into the CDP Reti Subscription Commitment.

Other relationships

The Underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for the Group from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for the Group in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and its affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

In addition, certain of the Underwriters or their affiliates are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the Group's credit facilities and other credit arrangements or its respective affiliates. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company or its respective affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates that have a lending relationship with the Company may routinely hedge their credit exposure to the Company consistent with their customary risk management policies. A typical hedging strategy would include these Underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Ordinary Shares.

As of the date of this Offering Circular, each of the Underwriters and/or the respective parent, subsidiary or commonly controlled entities have an interest in relation to the Offering and carry out and/or could carry out activities in potential conflict of interest with the Issuer and/or the Group as:

(i) they have received and/or will receive commissions and/or fees in relation to their roles as Joint Global Coordinators, Co-Global Coordinator and Joint Bookrunner, as applicable, as well as in respect of the commitments made, as the case may be, under the Pre-Underwriting Agreement and the Underwriting Agreement;

(ii) they have and/or may have engaged in certain activities with the Issuer, CDP Reti and/or their respective shareholders and/or subsidiaries and/or associates, such as, by way of example, by providing investment banking, lending, advisory and/or investment services, and they have received, receive and/or may receive commissions and/or fees for the provision of such services and/or the conclusion of such agreements and transactions; and

(iii) in the ordinary course of their portfolio management, trading, brokerage and financing of assets, they may at any time hold upward or downward positions, financial instruments as a pledge and trade or otherwise carry out, on their own account or on behalf of customers, investments in shares and/or bonds listed on any regulated market and/or unlisted, or grant loans to companies that may be involved in the Offering.

In particular, (i) on October 5, 2024, the Issuer, as borrower, entered into the Bridge Loan Agreement, with J.P. Morgan Chase Bank, N.A. – Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company – Milan Branch, Citibank N.A. – Milan Branch, Morgan Stanley Bank AG and Société Générale – Milan Branch, which the Issuer expects to repay almost in full using the entirety of the proceeds of the Offering; (ii) J.P. Morgan SE and Société Générale acted as arrangers and dealers, Banca Akros S.p.A. – Banco BPM Group, BofA Securities Europe SA, Citigroup Global Markets Europe AG and Morgan Stanley & Co. International plc acted as dealers in the context of the EMTN Program, approved by the Board of Directors on October 24, 2024; and (iii) J.P. Morgan and Bank of America Europe Designated Activity Company – Milan Branch have issued a fairness opinion to the Board of Directors in the context of the Acquisition.

Commissions and Costs with respect to the Offering

In consideration for the Underwriters' commitment to underwrite the Remaining Underwritten New Shares as provided above and in the Underwriting Agreement, the Company has agreed to pay to the Underwriters certain commissions. In the event that all the New Shares are subscribed for pursuant to the exercise of the Rights, the Underwriters will have no obligation to subscribe for any shares under the Underwriting Agreement but will still be entitled to receive their commissions. In addition, the Company has agreed to reimburse the Underwriters for certain of their expenses in connection with the Offering. The Company estimates that the aggregate amount for costs and other expenses relating to the Offering, including the fees payable to the Underwriters, will amount to a maximum of approximately €15 million, corresponding to approximately 1.47% of the estimated proceeds of the Offering, assuming full subscription of the Offering.

Lock-up Agreement

Pursuant to the Underwriting Agreement, the Company undertook that, starting from the date of execution of the Underwriting Agreement and for the 180 days after the closing date of the Offering, neither the Company nor any of its affiliates will, without the prior written consent of the Joint Global Coordinators, (A) issue, offer, pledge, sell, contract to sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any ordinary shares of the Company, or any securities convertible into or exercisable or exchangeable for ordinary shares of the Company, or announce any of the aforementioned transactions; or (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any ordinary shares of the Company or announce any of the aforementioned transactions, whether any such transaction described in (A) or (B) above is to be settled by delivery of ordinary shares, in cash or otherwise, or (C) publicly announce such an intention to effect any such transaction.

The following transactions are excluded from the limitation above: (i) the Offering, (ii) transactions implemented upon the request of an authority or to comply with the applicable requirements under governing law; and (iii) the exercise of any employee stock options or similar incentive instruments.

Selling Restrictions

General

No action has been or will be taken in any country or jurisdiction other than Italy that would permit a public offering of the Rights or New Shares, or possession or distribution of this Offering Circular or any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Accordingly, neither the Rights nor the New Shares may be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Rights or the New Shares may be distributed or published in or from any county or jurisdiction, except under circumstances that would result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Persons who come into possession of this Offering Circular are required to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Rights or New Shares or have in their possession or distribute this Offering Circular and in all cases must comply at their own expense.

European Economic Area

In relation to each Member State of the EEA (each a "**Relevant Member State**"), no New Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that New Shares may be offered to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Underwriters for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of New Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for any New Shares, in line with the definition provided by the Prospectus Regulation, and includes any relevant implementing measure in the Relevant Member State.

Each person in a Relevant Member State, other than in the case of paragraph (i) below, who receives any communication in respect of, or who acquires any New Shares which are the subject of the Offering contemplated by this Offering Circular will be deemed to have represented, warranted and agreed to and with each Underwriter that:

- it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Regulation; and

- in the case of any New Shares acquired by it as a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, (a) the New Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than to "qualified investors" as defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (b) where New Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Shares to it is not treated under the Prospectus Regulation as having been made to such persons.

United Kingdom

No New Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the New Shares that has been approved by the Financial Conduct Authority, except that the New Shares may be offered to the public in the United Kingdom at any time to any legal entity which is a "qualified investor" as defined under Article 2 of the UK Prospectus Regulation, *provided* that no such offer of New Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to any New Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any New Shares.

Each person in the United Kingdom, other than in the case of paragraph (i) below, who receives any communication in respect of, or who acquires any New Shares which are the subject of the Offering contemplated by this Offering Circular will be deemed to have represented, warranted and agreed to and with each Underwriter that:

- it is a qualified investor within the meaning of Article 2(1)(e) of the UK Prospectus Regulation; and

- in the case of any New Shares acquired by it as a financial intermediary, as that term is used in Article 5 of the UK Prospectus Regulation, (a) the New Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the United Kingdom other than to "qualified investors" as defined in the UK Prospectus Regulation, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (b) where New Shares have been acquired by it on behalf of persons in the United Kingdom other than qualified investors, the offer of those New Shares to it is not treated under the UK Prospectus Regulation as having been made to such persons.

The Republic of Italy

An Italian prospectus has been authorized by the *Commissione Nazionale per le Società e la Borsa*, the Italian securities and exchange commission ("**CONSOB**"), and will be used in connection with the Offering in Italy pursuant to applicable Italian law. The Italian prospectus comprises (i) a registration document, which was approved by CONSOB on May 28, 2025 and published on May 28, 2025 ("**Registration Document**"); (ii) an Italian securities note, which was approved by CONSOB on May 28, 2025 and published on May 28, 2025; and (iii) an Italian summary note, which was approved by CONSOB on May 28, 2025 and published on May 28, 2025 (the documents (i), (ii) and (iii) are together herein referred to as the "**Italian Prospectus**").

This Offering Circular has not been submitted to the clearance of CONSOB and will not be subject to formal review or clearance by CONSOB.

The Rights or New Shares may not be offered, sold or delivered, directly or indirectly, in Italy or to a resident of Italy, unless such offer, sale or delivery of the Rights or New Shares or distribution of copies of the Offering Circular or other documents relating to the Offering in Italy is made:

(i) to Italian Qualified Investors (*investitori qualificati*), as defined in Article 2, paragraph (e), of the Prospectus Regulation; or

(ii) in any other circumstances which are expressly exempt from the rules on offers to the public, including, without limitation, as provided under Article 1 of the Prospectus Regulation and applicable Italian laws.

Any such offer, sale or delivery of the Rights or the New Shares or distribution of copies of this Offering Circular or any other documents relating to the Offering in Italy must be in compliance with the selling restrictions under (i) and (ii) above and must be made:

(i) by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter (r), of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Consolidated Financial Act**")), to the extent duly authorized to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act, CONSOB Regulation No. 20307 of February 15, 2018, as amended, Italian Legislative Decree No. 385 of September 1, 1993, as amended (the "**Consolidated Banking Act**") and any other applicable laws and regulations; and

(ii) in compliance with any other applicable Italian securities, tax and exchange control laws and regulations and other applicable requirement or limitation which may be imposed by the CONSOB, the Bank of Italy or any other Italian regulatory authority from time to time.

Any investor purchasing the Rights or the New Shares is solely responsible for ensuring that any offer or resale of the Rights or the New Shares it purchased occurs in compliance with applicable laws and regulations.

In accordance with Article 5 of the Prospectus Regulation and Article 100-bis, paragraph 1, of the Consolidated Financial Act, the subsequent resale on the secondary market in Italy of the Rights or the New Shares (which were part of an offer made pursuant to an exemption from the obligation to publish a prospectus) constitutes a distinct and autonomous offer that must be made in compliance with the public offer and prospectus requirement rules provided under the Prospectus Regulation, the Consolidated Financial Act and the Issuers' Regulation unless an exemption applies. Failure to comply with such rules may result in the subsequent resale of such New Shares being declared null and void and the intermediary transferring the New Shares may be liable for any damage suffered by the investors.

United States

Neither the Rights nor the New Shares have been or will be registered under the Securities Act or the securities laws of any state in the United States. Accordingly, the Rights may not be offered, sold, purchased or exercised in the United States, and the New Shares may not be subscribed for, offered or sold in the United States unless they are registered under the Securities Act or an exemption from such registration requirements is available. The Rights and the New Shares may be offered, sold or exercised (as it relates to the Rights) (a) in the United States, in reliance upon an exemption from, or in transactions not subject to, the registration requirements of the Securities Act, and (b) outside the United States only in "offshore transactions" as defined in, and in accordance with, Regulation S. The Rights may only be transferred outside the United States in compliance with Rule 903 or Rule 904 under Regulation S and in compliance with applicable securities laws and regulations of all relevant jurisdictions. Any person in the United States wishing to exercise the Rights or to subscribe for New Shares must execute and deliver a representation letter in the form set forth in Annex B to this Offering Circular to Italgas and to the financial intermediary through which the Rights are held, to the effect that such person and any account for which it is purchasing New Shares is a QIB and satisfies certain other requirements.

Prospective investors are hereby notified that the Underwriters may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. By exercising the Rights or purchasing New Shares, prospective investors will be deemed to have made the acknowledgments, representations, warranties and agreements set out under "*Transfer Restrictions.*"

Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

Canada

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the distribution of the Rights and the New Shares. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Offering Circular or on the merits of any securities described therein and any representation to the contrary is an offence. This Offering Circular does not constitute an offer of Rights or New Shares to any person in a province or territory of Canada and under no circumstances shall be construed as a public advertisement or public offering in any province or territory of Canada. Any distribution of securities in Canada will be made on a "private placement" basis exempt from the requirement that the Company prepare and file a prospectus with the securities commissions or similar regulatory authorities in Canada. New Shares not taken up in the Rights Offering may be offered and sold by the Underwriters to purchasers in the provinces of British Columbia, Alberta, Ontario and Québec. Each purchaser of New Shares will be deemed to have represented to the Company, the Underwriters and any dealer selling the New Shares that:

- where required by law, it is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which it is resident, for its own account and not as agent for the benefit of another person;

- it is not an individual and it is entitled under applicable Canadian securities laws to purchase the New Shares without the benefit of a prospectus under such securities laws, and without limiting the generality of the foregoing, is an "accredited investor" as defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or Section 73.3(1) of the Securities Act (Ontario), as applicable, and is a "permitted client" as defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31-103**") and is either: (i) purchasing the New Shares from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103, in which case, the purchaser also acknowledges that the purchaser has received the notice required to be provided by such dealer under section 8.18 of NI 31-103; or (ii) purchasing the New Shares from a dealer registered as an "investment dealer" or "exempt market dealer" as defined under applicable securities laws;

- it is not a person created or used solely to purchase or hold the New Shares as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

- it will not resell the New Shares except in compliance with applicable Canadian resale restrictions and acknowledges that Canadian securities laws may require resales to be made in accordance with prospectus requirements or exemptions from the prospectus requirements and that these resale restrictions may in some circumstances apply to resales of the New Shares outside Canada; and

- where required by applicable law, it will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the New Shares by the purchaser as may be required, or assist the Company and the Underwriters, as applicable, in obtaining and filing such reports undertakings and other documents.

Securities legislation in certain Canadian jurisdictions may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation in the purchaser's jurisdiction. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's jurisdiction for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, the Underwriters are not required to comply with the disclosure requirements thereof regarding underwriter conflicts of interest in connection with the distribution of the securities described herein.

Australia

The Offering is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356.

This document is not a prospectus, disclosure document or product disclosure statement for the purposes of the Australian Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include all the information required for a prospectus, disclosure document or product disclosure document under the Australian Corporations Act. This Offering Circular has not been lodged with the Australian Securities & Investments Commission.

This Offering Circular has been prepared for the purposes of compliance with foreign regulatory requirements and has not been prepared specifically for Australian investors. The Company is not subject to the continuous disclosure requirements that apply in Australia. No cooling off period applies in relation to this offer.

The Company is not licensed to provide financial product advice in Australia in relation to the Offering or any other financial product and this Offering Circular contains general information only. You should consider whether an investment in the Company is suitable for you and it is recommended that you seek your own advice from your lawyer, accountant or other professional adviser before deciding whether to participate in the Offering.

Japan

The Rights and the New Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Rights or the New Shares in Switzerland. The Rights and the New Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Rights and the New Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Rights and New Shares constitutes a prospectus pursuant to the FinSA or pursuant to the Swiss Code of Obligations (as in effect immediately prior to the entry into force of the FinSA) or pursuant to the listing rules of SIX Exchange Regulation or any other trading venue in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Rights and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Brazil

The Offering of the Rights and the New Shares to which this Offering Circular relates have not been and will not be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or "**CVM**") and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under CVM Resolution No. 160, dated 13 July 2022, as amended ("**CVM Resolution 160**") or unauthorised distribution under Brazilian laws and regulations. The Rights and the New Shares will be authorised for trading on organised non-Brazilian securities markets and may only be offered to Brazilian Professional Investors (as defined by applicable

CVM regulation), who may only acquire the Rights and New Shares through a non-Brazilian account, with settlement outside Brazil in a non-Brazilian currency. The trading of the Rights and New Shares on regulated securities markets in Brazil is prohibited.

INDEPENDENT AUDITORS

Companies whose shares are listed on regulated markets of EU member states must appoint a firm as independent auditor to verify that (i) during the fiscal year, the company's accounting records are correctly kept and accurately reflect the company's activities, and (ii) the financial statements correspond to the accounting records and the verifications conducted by the independent auditors and comply with applicable rules. The independent auditors express their opinion on the financial statements in a report that may be consulted by the shareholders prior to the annual shareholders' meeting.

Independent auditors are appointed by a resolution taken at the annual shareholders' meeting pursuant to a justified proposal submitted by the Board of Statutory Auditors. The appointment must be made for a nine-year term.

Italgas Group's Independent Auditors

At the Company's shareholders' meeting held on May 12, 2020, the shareholders appointed the Independent Auditors as the Company's independent auditors for the nine-year period 2020-2028.

The Unaudited Interim Condensed Consolidated Financial Statements, included herein, have been reviewed by the Independent Auditors as set forth in their report issued on May 8, 2025.

The 2024 Consolidated Financial Statements, included herein, have been audited by the Independent Auditors as set forth in their report issued on March 10, 2025.

The 2023 Consolidated Financial Statements, included herein, have been audited by the Independent Auditors as set forth in their report issued on April 5, 2024.

The 2022 Consolidated Financial Statements, included herein, have been audited by the Independent Auditors as set forth in their report issued on March 24, 2023.

The Independent Auditors are a joint-stock company (*società per azioni*) incorporated under the laws of Italy, registered under No. 132587 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*) held by the Italian Ministry of Economy and Finance in compliance with the provision of Legislative Decree No. 39, 27 January 2010. The registered office of the Independent Auditors is at Via Santa Sofia 28, 20122 Milan, Italy.

2i Rete Gas Group's Independent Auditors

At the 2i Rete Gas' shareholders' meeting held on April 24, 2024, the shareholders appointed EY as the 2i Rete Gas' independent auditors for the nine-year period 2024-2032. Previously, the 2i Rete Gas' independent auditors was PwC, appointed at the 2i Rete Gas' shareholders' meeting held on April 29, 2015 for the nine-year period 2015-2023.

The 2i RG 2024 Consolidated Financial Statements, included herein, have been audited by EY as set forth in their report issued on February 27, 2025. No opinion is expressed in this report regarding the comparative figures for the year ended December 31, 2023, since the 2i RG 2023 Consolidated Financial Statements were audited by other independent auditors.

The 2i RG 2023 Consolidated Financial Statements, included herein, have been audited by PwC as set forth in their report issued on April 5, 2024.

The 2i RG 2022 Consolidated Financial Statements, included herein, have been audited by PwC as set forth in their report issued on April 11, 2023.

EY is a joint-stock company *(società per azioni)* incorporated under the laws of Italy, registered under No. 70945 in the Register of Accountancy Auditors *(Registro dei Revisori Legali)* held by the Italian Ministry of Economy and Finance in compliance with the provision of Legislative Decree No. 39, 27 January 2010. The registered office of EY is at Via Meravigli 12, 20123 Milan, Italy.

PwC is a joint-stock company *(società per azioni)* incorporated under the laws of Italy, registered under No. 119644 in the Register of Accountancy Auditors *(Registro dei Revisori Legali)* held by the Italian Ministry of Economy and Finance in compliance with the provision of Legislative Decree No. 39, 27 January 2010. The registered office of PwC is at Piazza Tre Torri, 2, 20145 Milan, Italy.

LEGAL MATTERS

Legance – Avvocati Associati has advised the Company on certain Italian legal matters relating to the Offering. Sullivan and Cromwell LLP has advised the Company on certain U.S. legal matters relating to the Offering. Chiomenti Studio Legale has advised the Underwriters on certain Italian legal matters relating to the Offering. Milbank LLP has advised the Underwriters on certain U.S. legal matters relating to the Offering.

GENERAL INFORMATION

Company Legal Information

Italgas is a joint-stock company under Italian law, incorporated in Italy with registered office at via Carlo Bo no. 11, Milan (MI), Italy, telephone number (+39) 02 81872175. The Company was incorporated on June 1, 2016, with the name "Italgas S.p.A." The duration of the Company is set at December 31, 2100, and may be extended according to law.

Italgas is listed on the Milan register of enterprises, with registration number, taxpayer's code and VAT number 09540420966 and on the Economic Administrative Register (R.E.A.) at the Milan Chamber of Commerce Industry Handicraft and Agriculture with number MI-2097057.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

In accordance with Italian regulations, we make publicly available on our website (www.italgas.it), at our registered office and at Borsa Italiana, but do not mail to shareholders unless specifically requested in writing: (i) an annual report containing audited consolidated financial statements for each year, no later than April 30 of the following year (which may be extended to June 30 of the following year in certain circumstances); (ii) an interim report containing consolidated financial statements that are subject to a limited review not constituting an audit by independent auditors for the first six months of each year, no later than September 30 of that year; and (iii) quarterly selected unaudited financial data for the first and third quarter of every year, according to the timeline communicated by Italgas.

We will also furnish certain information to Borsa Italiana, which is responsible for managing and overseeing the Euronext.

The following documents are also publicly available on our website (www.italgas.it): (i) the bylaws of the Company and certain other corporate documents; and (ii) the Consolidated Financial Statements.

The Company is not currently required to file periodic reports under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). In order to preserve the exemption for resales and transfers under Rule 144A, for so long as any New Shares remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b), furnish, upon request, to any holder or beneficial owner of New Shares, or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Company will also furnish certain information to Borsa Italiana.

GLOSSARY

Below is a list of the main technical terms used in this Offering Circular and the relevant definitions. Unless otherwise specified, these terms have the meaning set out below. Note that for the terms given below, whenever the context so requires, the singular form includes the plural form and *vice versa*.

ATEM	Minimum territorial areas (*Ambiti Territoriali Minimi*) for the conduct and award of tender competitions for the gas distribution service in Italy.
ATO	Optimal territorial areas (*Ambiti Territoriali Ottimali*) for the performance of, among other things, water services in Italian municipalities.
CO2eq	A unit of measurement that expresses the impact on global warming of a certain amount of greenhouse gases compared to the same amount of carbon dioxide.
Digital factory	A Group laboratory in which multifunctional teams working in physical and virtual rooms work at the creation of software and applications that improve the customer experience as well as the work of employees and technicians.
Gross financial debt	The sum of Current financial debt and Non-current financial debt.
Tender competition	Tender for the assignment of the gas distribution service in a designated ATEM.
Leakage	Cash outflows taken into consideration for the purposes of price adjustments in the context of acquisition agreements.
RAB o Regulatory Asset Base	Value of the net invested capital for regulatory purposes.
Centralized RAB	The net invested capital consisting of tangible fixed assets other than those included in the property, plant and equipment of localities and intangible assets (i.e. real estate and non-industrial buildings; other tangible fixed assets and intangible fixed assets, such as remote management and remote control systems, equipment, vehicles, IT systems, furniture and furnishings, software licenses).
Local RAB	For gas distribution services, the net invested capital of a certain area consisting of the following types of tangible fixed assets: land on which industrial buildings, industrial buildings, main and secondary plants, road pipelines and branch systems (connections) are located. For metering services, the RAB of a certain area consisting of the following types of tangible fixed assets: traditional metering units and electronic metering units.
Run-off	The process of managing and liquidating existing assets or liabilities without taking on new risks. In the insurance field, it indicates the coverage of claims relating to events occurring before the termination or amendment of a policy, as in the case of the D&O policy in M&A transactions.
Smart maintenance	An advanced maintenance strategy that uses digital technologies, such as IoT sensors, data analytics, and artificial intelligence, to monitor, predict, and optimize maintenance operations.
Smart meter	An advanced electronic device used to measure and monitor energy, gas or water consumption in real time. It allows for automated data collection and transmission to the service provider, eliminating the need for manual

	readings.
Energy Efficiency Certificates	Marketable securities that certify the achievement of energy savings in the final uses of energy through interventions and projects aimed at increasing energy efficiency.
WACC	Weighted Average Cost of Capital. Rate of return on net invested capital.

ANNEX A – FORECAST DATA

On October 4, 2024, the Board of Directors approved the Strategic Plan and, on May 6, 2025, the 2025 Guidance. The Strategic Plan and the 2025 Guidance include, among other things, forecasts and targets in respect of certain financial statement items as well as statements with respect to our strategic goals and targets including key performance indicators. Although we believe that we have a reasonable basis for these forward-looking statements, we do not provide any assurance that we will achieve such forecasts, targets and indicators. The preparation of the Strategic Plan and the 2025 Guidance is based upon, among other things, certain assumptions concerning future events that management expects to occur, and the actions management intends to take to implement the Strategic Plan and the 2025 Guidance; such events and actions may not actually be realized, as they depend substantially on variables that management cannot control, and may involve situations that management cannot predict. As a result, the forecasts and targets in the Strategic Plan and in the 2025 Guidance are by definition uncertain and actual results may differ materially from, and be more negative, than those projected or implied in the forecasts and targets. Data used in the Strategic Plan and in the 2025 Guidance are based on assumptions regarding our operations and results that are based on our current expectations concerning future events and are therefore subject to significant uncertainties that could cause our actual results to differ. These uncertainties include, among other things, our ability to complete the Capital Increase and to carry out the transactions as envisaged in the Strategic Plan and in the 2025 Guidance, the development of the geopolitical context in which we operate, and the assumptions underlying trends in macroeconomic indicators and the targets and forecasts in the Strategic Plan and in the 2025 Guidance. Should any of these uncertainties materialize or any of the key assumptions prove to be inaccurate, our actual results are likely to differ materially from those expressed or implied in the forecasts and targets, including with respect to the effects and impact of the Acquisition on our Group. You should not place undue reliance on the forecasts and targets, which speak only as of the date that they were made. This Annex A—Forecast Data is based on Section 7 (Previsioni o Stime degli Utili) of the Italian Prospectus. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future. For further information, see "Risk Factors—Risks relating to our financial and capital position—Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty" as well as, more generally, the other risk factors included in the section of this Offering Circular entitled "Risk Factors." See also "Forward Looking Statements."

We do not undertake any obligation to release publicly any updates to such forward-looking statements after the date hereof to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

Overview

On October 4, 2024, the Board of Directors approved our 2024-2030 Strategic Plan. On October 7, 2024, we presented our forecasts to the public in the documents titled "2i Rete Gas acquisition and Strategic Plan to 2030" and "CS_Italgas-Strategico-Plan-2024-2030," which were made available on the Italgas website (www.italgas.it).

On May 6, 2025, the Board of Directors approved, together with the consolidated results of the Italgas Group at March 31, 2025, our 2025 Guidance, which was published on May 7, 2025.

The Strategic Plan was prepared considering the expected effects of the Acquisition on the Group assuming that the Acquisition would be completed on July 1, 2025. Taking into account our financial condition and results of operation for the year ended December 31, 2024 and from January 1, 2025 to the date of this Offering Circular as well as the remedies ordered by the AGCM in connection with the Acquisition, the completion of the Acquisition ahead of schedule and the various regulatory updates noted in this Offering Circular, our management believes that the contents of the Strategic Plan and the Forecasts remain valid as of the date of this Offering Circular. The assumptions underlying the 2025 Guidance are consistent with the strategic pillars of, as well as with the assumptions underlying, the Strategic Plan, taking into account updates resulting from the consolidation of 2i Rete Gas starting from April 1, 2025 and updates due to certain regulatory revisions of ARERA for 2025 (WACC, RAB revaluation rate, recognized regulatory expenses). The 2025 Guidance does not take into account the remedies ordered by the AGCM in connection with the authorization of the Acquisition, as, in light of the expected timeline for their implemetation, a significant economic and financial impact of such remedies is expected to show starting from 2026.

With regard to figures included in this Annex A, data referring to 2025 are derived from the 2025 Guidance while data referring to 2028 and 2030 are derived from the Strategic Plan. The term "**Result Forecasts**" is used herein to refer to our forecasts of: (i) Total revenues and other income adjusted for 2025, 2028 and 2030;

(ii) Adjusted EBITDA for 2025, 2028 and 2030 and (iii) Adjusted EBIT for 2025, 2028 and 2030. The term "**Other Forecast Data**" is used herein to refer to our forecasts of: (i) RAB at December 31, 2028 and 2030; (ii) FFO/RAB ratio at December 31, 2028 and 2030; (iii) Leverage at December 31, 2028 and 2030; (iv) total value of investments, over the 2024-2030 period; (v) RAB for the water service segment at December 31, 2030; (vi) Total revenues and other income adjusted for the water service segment for the year 2030; (vii) Adjusted EBITDA for the water segment, for 2030; (viii) incremental Total revenues and other income adjusted from investments in the digitalization of the 2i Rete Gas Group for 2030; (ix) incremental Adjusted EBITDA from synergies and cost efficiencies, together with the use of AI, for the year 2030; (x) 2023-2030 CAGR of Net Profit attributable to the Group adjusted to approximately 13%; (xi) 2023-2030 CAGR of EPS at approximately 10%, applying IAS 33; (xii) investments for the year 2025 and (xiii) net financial debt (excluding the effects of IFRIC 16 and IFRIC 12) for the year 2025. "**Forecasts**" is used to indicate the Result Forecasts and the Other Forecast Data, collectively.

The Forecasts do not include the impacts of the price allocation (PPA) of the Acquisition, nor any capital gains/losses deriving from the remedies ordered by the AGCM in connection with the Acquisition.

The implementation of the Strategic Plan and of the initiatives and transactions envisaged therein (some of which may have already been enacted as of the date of this Offering Circular) is key to the achievement of the Forecast. The success thereof depends on several factors, some of which are beyond our control. See also "*Risk Factors—Risks relating to our financial and capital position—Our ability to meet the objectives and targets of our Strategic Plan and of the 2025 Guidance depends on a number of assumptions and circumstances, some of which are outside of our control and which are subject to a high degree of uncertainty*" in the Offering Circular.

The assumptions on which the Strategic Plan and the Forecasts are based include, *inter alia*:

- assumptions regarding future events and actions that will not necessarily occur, or that could occur in different way than envisaged, and that depend substantially upon factors falling beyond our control, i.e. the evolution of the markets in which we operate, the macroeconomic scenario as well as tax and industry laws and regulations ("**general assumptions**");

- assumptions of a discretionary nature concerning future events or specific actions which the Post-Acquisition Group may influence, in whole or in part, and which may not occur within the expected period or which may occur in a different manner and time from those envisaged ("**discretionary assumptions**").

Because the Forecasts are based on future events and actions, there are inherent elements of subjectivity and uncertainty, also in consideration of the applicable timeline. In particular, there is a risk that the events envisaged and actions giving rise to the Forecasts may not occur, or may occur to an extent and/or in timeframes differing from those envisaged, while events and actions that are not currently foreseeable could occur. Consequently, the discrepancies between actual data and Forecasts may be significant, even if the events and actions envisaged in the context of the assumptions underlying the Strategic Plan and Forecasts were to occur as envisaged.

The Forecasts contained in this Annex A have been prepared on a basis: (i) comparable to the financial information relating to the year ended December 31, 2024, contained in the Consolidated Financial Statements, taking into account the 2024 Unaudited Pro Forma Consolidated Financial Information and the additional information related to the provisional allocation of the purchase price of the Acquisition (PPA) and (ii) consistent with the Issuer's accounting practices.

The Strategic Plan and the 2025 Guidance are based on assumptions subject to different degrees of uncertainty. Among those characterized by a greater degree of uncertainty are: (i) the development of the macroeconomic scenario such as, by way of example, the inflation rate, which could impact the estimate of revenues and operating costs, and interest rates trends, which could lead to a variation in financial costs; (ii) the development of the existing regulatory framework; in particular, the criteria for determining (a) the capital costs revaluation rate, which could impact the value of the RAB in Italy; (b) the regulated return on capital, which could impact the determination of tariffs and consequently lead to a change in regulated revenues; (iii) synergies and cost efficiencies, combined with the widespread application of artificial intelligence as envisaged following the completion of the Acquisition; (iv) the completion and full subscription of the Capital Increase; (v) the absence of capital gains/losses in relation to the divestitures ordered by the AGCM in connection with the authorization of the Acquisition, (vi) the timing and monetary value of the assets divested pursuant to the remedies ordered by the AGCM, (vii) the behavioral remedies ordered by the AGCM, which may impact the timing and monetary value of the assets divested following the ATEM tenders in compliance with the remedies ordered by the AGCM, and (viii) the announcement and timing of new tenders for ATEMs as well as the renewal of concessions expired as of the date of this Offering Circular.

Strategic Plan Guidelines

Strategic pillars

Our Strategic Plan is articulated into six strategic pillars, as follows:

(i) consolidating the Group's presence in the gas distribution sector in Italy, through the award of new tender competitions for ATEMs, in order to accelerate the implementation of investments in, and the uniform development of, the national gas distribution network infrastructure, which we also expect to strengthen through a widespread use of technology with the aim to support digital transformation in the industry;

(ii) maximizing value creation for our shareholders and stakeholders through new growth opportunities, investments in innovation and synergies deriving from the integration with the 2i Rete Gas Group while leveraging the know-how of the Italgas Group in the digitalization of assets and our track record achieved in terms of operational excellence;

(iii) strengthening the Group's key role in supporting a safe, sustainable and economically accessible energy transition thanks to the greater investment capacity and to the development of our energy efficiency business, with a focus on an organic expansion of the business, including through acquisitions or business combinations;

(iv) continuing to expand the gas distribution network in Greece and to contribute to its digital transformation, with the aim of encouraging the penetration of natural gas into areas not yet reached by this service and of developing an infrastructure that will be suitable to the distribution of renewable gases;

(v) strengthening the Group's presence in the water service sector as well as progressively digitalize the water network and replace pipelines with the aim of reducing overall water losses and promoting energy transition;

(vi) developing solutions based on artificial intelligence across our various businesses to maximize our operational efficiency and improve consumer service.

General assumptions

Set forth below is a summary description of the main general assumptions underlying the Strategic Plan and Forecasts.

Macroeconomic scenario

Italgas formulated the assumptions concerning the trends in the macroeconomic scenario (such as, for example, inflation rate, capital costs revaluation rate, weighted average cost of capital, geopolitical stability, consumer price index) and interest rates by elaborating forecasts formulated by primary institutions in the sector in which we operate (which include, by way of example, the Bank of Italy, the ARERA, the Italian National Institute of Statistics or ISTAT and the European Energy Exchange), as available at the time when the Strategic Plan was prepared and as adjusted by the Issuer based on its knowledge, experience and assessments.

The Strategic Plan assumes that the macroeconomic scenario over the period covered by the plan will be substantially stable, and in particular:

- <u>Inflation (Italy and Greece)</u>. With regard to the expected evolution of the inflation rate in Italy, we based our inflation estimates, in turn reflected on our estimates of costs, on the following: (i) Bloomberg data as of February 2024 on inflation rates in the zero-coupon swap curves for Italy and Europe and on Italian breakeven inflation rates; (ii) the IMF's estimates for Italy and Europe published in April 2024; (iii) the Bank of Italy's estimates published in April 2024. In particular, in April 2024, the IMF estimated an average consumer price index in Italy and Greece equal to 2% in the years 2025-2029. According to the latest available data at April 2025, the

IMF estimates a rate of 1.959% in 2026, of 2% in the period 2027-2030 and a rate of 1.707% in 2025, which confirms expectations of a normalization of the level of inflation. The level of inflation used for the estimation of adjusted costs reflects the expected development of the inflation rate. With respect to Greece, we estimated the impact of inflation on costs and tariffs aligning inflation assumptions with those used for Italy in the medium term;

- Capital costs revaluation rate (Italy). With regard to the gas distribution sector in Italy, as of the date of this Offering Circular, capital costs revaluation rate as set by ARERA is equal to 1.3% for the current year (reflected in the 2025 Guidance). The Strategic Plan assumes a 2.2% rate for the 2026-2030 period, in line with the expected stabilization trend of the rate compared to inflation;

- WACC (Italy and Greece). With regard to the gas distribution sector in Italy, as of the the date of this Offering Circular, the WACC as set by ARERA on November 28, 2024 is equal to 5.9% for the current year (and this is reflected in the 2025 Guidance). The Strategic Plan assumes a stable 6.1% WACC for the 2026-2030 period;

  With regard to the gas distribution sector in Greece, as of the date of this Offering Circular, the WACC as set by the RAEWW is equal to 8.38%, for the years 2025 and 2026 (and this is reflected in the 2025 Guidance). The Strategic Plan assumes a stable 8.38% WACC for the 2027-2030 period;

- Interest rates (Italy and Greece). We estimated the interest rate trend based on the conditions of the loans outstanding at the time when the Strategic Plan was prepared and on market expectations. We don't expect the interest rate trends to have a material impact on the Post-Acquisition Group's business, financial condition and results of operations. We believe these assumptions to remain correct, also considering the interest rate cuts of 25 bps announced by the European Central Bank on December 12, 2024 and January 30, 2025 and that, at December 31, 2024, more than 85.4% and 96.7% of the Gross financial debt of the Italgas Group and the 2i Rete Gas Group, respectively, were at a fixed rate.

In the Issuer's opinion, the trend of such updated data in the 2025 Guidance is consistent with the assumptions underlying the Strategic Plan and is not expected to have a significant impact on the Forecasts included in the Strategic Plan. This is based on (i) the counterbalancing of the negative impact of a possible decrease in WACC compared to the 6.1% WACC envisaged in the Strategic Plan (should the current 5.9% WACC for gas distribution in Italy remain unvaried in the coming years) by the positive impact of the improvement in the capital costs revaluation rate and recognized regulatory costs (reflected in the 2025 Guidance) and (ii) the aggregate positive impact of the revaluation rate in the coming years.

Based on the evidence available to us as of the date of this Offering Circular, we do not expect, and the Strategic Plan does not consider, any impacts from possible health crises, such as the development of the health emergency linked to Covid-19 pandemic or events of a similar magnitude. For completeness, we note that the state of emergency for the Covid-19 pandemic was formally declared ended in Italy on March 31, 2022.

The Strategic Plan also does not take into account the insurgence of possible international tensions that would reduce the ability for the Post-Acquisition Group to operate in the markets envisaged in the Strategic Plan, Italy and Greece. Based on the information available at the date of this Offering Circular, we are not aware of any trends or facts in relation to ongoing conflicts (including the non-renewal of the agreement for the transit of Russian gas transit in Ukraine) that could reasonably be expected to have a material impact on the prospects of the Post-Acquisition Group or that could cause, in extreme cases, a deterioration of the geopolitical scenario such as to impact our operations as envisaged in the Strategic Plan.

Performance of the markets in which the Group operates

The Strategic Plan identifies five strategic sectors for the Group, considering the main expected trends and defining specific strategies to seize growth opportunities. The approach is strongly oriented towards innovation and sustainability, with objectives aimed at strengthening our leadership and at contributing to the European energy transition.

More specifically, the Strategic Plan envisages the following macro-trends:

(a) for the Italian gas distribution sector, a transformation phase towards the consolidation and digitalization of the existing infrastructure;

(b) for the Greek gas distribution sector, an increase in investments, driven by a growing demand for natural gas, with a 2023-2030 CAGR equal to 10%;

(c) for the water service sector, growth and increase in investments;

(d) for the energy efficiency sector, a period of stabilization following the boom generated, among other things, by the incentives offered by the Italian government, such as the Superbonus, and

(e) growth in the biomethane and green gas market, driven by the European energy transition. These forecasts form the basis of the estimates underlying the Strategic Plan and are corroborated by the market dynamics observed following the approval of the Strategic Plan and up to the date of this Offering Circular.

To the Issuer's knowledge, there has been no material update with respect to the macro-trends noted above.

With respect to (a) above, we expect a growing demand for investments in sustainability and digitalization of infrastructure as well as in the adoption of green gases, such as biomethane and hydrogen. Gas demand in Italy is expected to reach 53-60 billion cubic meters by 2040 (including methane, biomethane and hydrogen), with a slight decrease compared to 2024, showing a stable trend in the Italian market demand, despite an expected long-term reduction in the gas demand from the residential sector, which we do not expect to correspond to an equal contraction in the number of RPs. We estimate that, with the same number of users, there will be a progressive reduction in average consumption per RP; this reduction is attributed, inter alia, to consumption containment measures implemented in response to the energy crisis, to energy efficiency measures in buildings and to higher average temperatures. The contraction in gas demand is not expected to have an impact on the revenues of the Group, due to the fact that revenues, under the current regulatory regime, are not tied to the volumes of gas distribution, rather to the number of RPs served.

We have prepared the investment hypotheses included in the Strategic Plan on the basis of these trends, with a strategy aimed at expanding and consolidating our presence in the Italian market with the Acquisition and the award of new tenders for ATEMs. In this context, the Acquisition, the effects of which are integrated into Strategic Plan as mentioned above, is aimed at strengthening the leadership position of the Group and at accelerating the implementation of investments and the uniform development of the national infrastructure supporting a safe, sustainable and economically accessible ecological transition.

The Strategic Plan reflects several general assumptions in relation to the expected timing for the award of new tenders for ATEMs, set forth below, as well as certain discretionary assumptions, described herein under "*-Discretionary Assumptions*." With regard to the timing of the award of tender competitions, our assumptions are based on: the expiry date of the relevant concessions, estimates on the launch of new tenders, as well as the status of the preparatory activities for relevant invitations to tender (including, by way of example, information obligations, determination of the RIV, ARERA resolutions on invitations to tender). We estimate that some of the 171 open and not yet awarded ATEM tenders will be awarded after 2030.

With respect to (b) above, we expect the Greek gas distribution market to offer significant investment opportunities, supported by a strong growth in the demand for natural gas, which, over the past five years, has been increasing solidly. This trend is mainly driven by the substitution of more polluting fossil fuels and the development potential of biomethane.

With respect to (c) above, we expect the water service market to have an increasingly important role, with a growing focus on sustainability and the need to reduce water losses. In Italy, the average leakage rate in water networks is still high, but the adoption of advanced technologies offers ample opportunities for improvement. The Strategic Plan assumes the transfer of our technological expertise from the gas sector to the water sector, with the aim of digitalizing and automating all networks by 2030. This includes the remote control of infrastructure and the use of AI-powered leak detection systems.

With respect to (d) above, we expect that, following the peak generated by the Superbonus, the energy efficiency market will tend to stabilize, with a greater focus on high value-added projects. It is estimated that, in Italy, more than 5 million residential buildings should undergo intervention works in order to be compliant to the new European energy efficiency standards, as well as with the Energy Performance of Buildings Directive (EPBD). Based on this market development, through Geoside, we intend to become strategic partners in the energy requalification process of large residential buildings, as well as to provide support to companies.

Lastly, with respect to (e) above, the Strategic Plan envisages a strong development of the green gas market, both in the short- and in the long-term, which includes biomethane and hydrogen, driven by the European energy transition and in line with the objectives of the REPowerEU plan, launched in May 2022 by the European Commission. The REPowerEU envisages an increase in biomethane production in Europe by 2030, up to ten times higher than 2022 levels, with the aim of ensuring the diversification of supplies and of accelerating the transition to renewable energy sources. The Strategic Plan asssumes, with respect to the increase in biomethane production in Italy, that such increase reaches 5 billions cubic meters by 2030 (compared to 0.26 billion cubic meters at the end of 2023) and, with respect to the number of connections to the biomethane infrastructure by 2030, 32 of which in Greece, compared to the three registered at the end of 2024. The development of the green gas market and its entrance into the distribution network affects the sustainability objectives of the Post-Acquisition Group in the medium- and long-term, reducing the climate impact of network losses (if any) as well as reducing its greenhouse gas emissions. Based on the actions envisaged by the Strategic Plan, the development of green gases market would only have a marginal impact on the achievement of the financial and economic predictions of the Group at 2030.

Sector and tax regulations

We expect the regulatory framework of the markets in which we operate to remain stable and favorable to companies in the sector, facilitating the improvement and digitalization of the infrastructure.

Our estimates of revenues and investments over the time frame of the Strategic Plan assume a regulatory framework in continuity with the current one. In particular, for gas distribution, the Strategic Plan assumes substantial continuity in terms of the impact that WACC update mechanics, inflation, capital costs revaluation rate, rate of return on invested capital, RAB and cost components in Italy and Greece, including following the entry into effect of the new regulatory periods (for Italy, with the sixth regulatory period starting in 2026, and, for Greece, with the third regulatory period starting in 2027), will have on revenues, investments and RAB. At the date of this Offering Circular, we have no indication of expected changes in the regulatory framework in Italy or Greece, both for the gas distribution and for the water service sectors.

We also expect that sector regulations will play a key role during the period covered by the Strategic Plan, mainly in response to important European initiatives aimed at promoting energy transition and the achievement of climate-related objectives. These include: (a) the Net Zero goal by 2050, established by the European Union as part of the Green Deal, which aims to achieve zero greenhouse net emissions by 2050. This will require regulatory adaptations to incentivize the use of renewable sources, promote energy efficiency and develop low-emission technologies; (b) the Fit-for-55 package, which is a set of legislative proposals to reduce the European Union's net emissions by at least 55% by 2030 compared to 1990 levels. This is expected to impact sector regulations by bringing in measures that will encourage the adoption of clean energy and the integration of new technological standards to be applied to the energy infrastructure; and (c) the REPowerEU plan, designed to reduce energy dependency on fossil fuels and diversify sources of supply. This will result in regulations aimed at accelerating the use of renewable gases, such as biomethane and green hydrogen, and upgrading the energy infrastructure to ensure greater security and resilience.

These initiatives will push EU member states, including Italy, which we expect to be the main target of our investments, to review regulatory frameworks, accelerate energy transition processes and promote technological innovation in the industry. In this regard, we have planned to undertake two projects known as "Italgas for the planet" and "Italgas for the people." See below "—*Hypothetical and general assumptions underlying the Strategic Plan and the Forecasts related to our sustainability strategy*."

We assume the tax regulatory framework will not undergo substantial changes in the period covered by the Strategic Plan. This assumption does not take into account the application of one-off measures (whether higher taxes or tax incentives).

Discretionary assumptions

The Strategic Plan has been prepared on the basis of assumptions and hypotheses related to specific actions or future events on which the Post-Acquisition Group may, to various degrees, have an influence. Such assumptions and hypotheses, even if they may be influenced by certain of our choices, remain nevertheless dependent upon external factors and their occurrence remains subject to the same risks and uncertainties that characterize assumptions. The specific actions and events to which such assumptions and hypotheses relate may or may not occur within the timeframe envisaged in the Strategic Plan, or may occur in different manners and timeframes, or may change, even significantly, compared to what is indicated in the Strategic Plan. In turn, this may result in deviations, even significant, from the Forecasts included in our Strategic Plan.

Below are the key discretional assumptions with respect to each of our six strategic pillars:

- Consolidation of the Group's presence in, and digital transformation of, the gas distribution sector in Italy. We expect: (i) with respect to the ATEM tender competitions to be held during the 2024-2030 period, an increase in the number of concessions in our portofolio, both due to the operation of ATEMs which we already operate (as a result of re-awards of concessions for those same ATEMs or of the operation of such ATEMs in *prorogatio* regime) and due to the award of ATEMs previously operated by third parties; and (ii) the completion of the methanization process in Sardinia, launched through our subsidiary Medea S.p.A., according to schedule. Our plan envisages the construction of new "digital native" networks (i.e. networks that can be managed remotely and that are suitable for the distribution of green gas) as well as the conversion of existing LPG networks to natural gas networks (with the related benefits in terms of cost-effectiveness, quality and safety for end users).

  The criteria considered for the award of new concessions include, but are not limited to, with regard to a certain ATEM, the market share of the Group in a given ATEM, the number and type of operators present in such ATEM, and the geographical contiguity of such ATEM with respect to the presence of the Group in the territory.

  With reference to the divestitures ordered by the AGCM in connection with the Acquisition, for purposes of the Strategic Plan we estimated an amount of divestitures and we assumed that over the timeframe of the Strategic Plan we will be awarded ATEM concessions for an equivalent amount of assets, and additional ATEM concessions.

  With regard to the management and digital transformation of the Italian gas distribution sector, our assumptions are mainly linked to: (i) a progressive improvement in operational efficiency, safety levels and quality of the service offered thanks to the digitalization of the network, including, among other things, the adaptation of the 2i Rete Gas Group's network to the same level of digitalization and operational efficiency as the Italgas Group's; and (ii) the application of the DANA system and our other proprietary systems to the 2i Rete Gas Group network as well.

- Maximization of value for our shareholders and all our stakeholders. We envisage: (i) an improvement in margins thanks to synergies and cost efficiencies deriving from (a) the application of our best practices to the 2i Rete Gas Group, (b) economies of scale, (c) centralization of the purchasing processes through a centralized procurement management, (d) the re-skilling and up-skilling of the workforce, (e) insourcing as well as digitalization of infrastructures and (f) widespread use of AI; (ii) an improvement in revenues thanks to the implementation of the network investment plan and the Acquisition as well as to the growth of the cumulative infrastructure RAB; and (iii) the implementation of a more attractive dividend policy with a floor increase compared to the previous policy, raising the growth commitment from the 2022 DPS increased by 4% per annum to a DPS 2023 (of €0.352) increased by 5% per annum.

- Strengthening of Group's role in energy transition. We plan to: (i) improve the overall efficiency of the network and reduce CO2eq emissions; (ii) make the infrastructure suitable for the distribution of green gases, including hydrogen, including thanks to the roll-out of the Nimbus smart meter - the "H2 ready" meter, designed and developed by the Italgas Group, of which 6 million units are expected to be installed by 2030; (iii) carry out on an ordinary basis interventions that are currently experimental for the adaptation of infrastructures to enable the energy transition, such as the injection of mixtures of green gases (including biomethane) into existing distribution networks and the reverse flow (which allows the reversal of gas flows within the network), where necessary; (iv) expand our presence in the three key areas (residential, public administration and industrial sectors) of the energy efficiency sector, including by focusing on projects with greater added value. We plan to implement these strategies also, should the opportunity arise, through business combinations. At the date of this Offering Circular, we have not identified any potential target companies.

- Group's expansion in, and digital transformation of, the gas distribution sector in Greece. We plan to: (i) extend the gas distribution network from 7,924 km at the end of 2023 to more than 11,000 km by 2030, increase the number of RPs from approximately 600,000 at the end of 2023 to approximately 927,000 by 2030 and effectively implement advanced technological solutions (such as the Nimbus smart-meter and the DANA system for the remote control and management of distribution networks) to improve the efficiency and sustainability of the network; (ii) connect thirty-two new biomethane plants to the distribution network by 2030, making a significant contribution to the country's energy transition.

- Consolidation of the Group's presence in, and digitalization of, the water service sector. We plan to: (i) reduce the overall recorded water losses by 60% by 2030; (ii) transpose the best practices and technologies developed in gas distribution sector to the management of the water networks, including by, among other things, equipping the water network with digital tools to enable remote and automated management through the Dana4Water application and installing smart water meters; (iii) replace and maintain pipelines and network connections; (v) complete, should the opportunity arise, selected M&A transactions. At the date of this Offering Circular, we have not identified any potential target companies and the corporate structure of Siciliacque and Acqualatina allows us to consolidate the two companies using the equity method, and not the line-by-line method.

The Strategic Plan also envisages capital expenditures in excess of €15.6 billion. Namely:

(i) €13.9 billion for the development of the Italian gas distribution, of which: (a) €9.7 billion for the expansion, improvement and maintenance of the network (including the Acquisition); (b) €2.7 billion for digitalization, approximately €0.8 billion of which for incremental investments due to the Acquisition; (c) €1.1 billion for the acquisition and development of the concessions awarded in tender competitions for ATEMs, net of the expected proceeds from the divestitures ordered by the AGCM in connection with the authorization of the Acquisition; (d) €0.4 billion for centralized investments; investments relating to network and digitalization include those aimed at making the infrastructure suitable for the distribution of green gases, including hydrogen;

(ii) €1 billion for the extension of the gas distribution network in Greece and its digital transformation, with the aim of facilitating the penetration of natural gas, enabling mass installation of the Nimbus smart meter and increasing the number of RPs served from around 600,000 in 2023 to around 927,000 by 2030;

(iii) €450 million for the water sector, to be used for selected M&A operations, the digitalization of the water network, the installation of smart water meters and the targeted replacement of pipelines;

(iv) €300 million for the energy efficiency sector, with a renewed focus on the expansion of the business, including through business combinations, mainly in the residential, public administration and medium-sized companies sectors.

The investments in gas distribution networks envisaged in the Strategic Plan meet the energy transition objectives set by the EU as they make it possible to accommodate the distribution of, and therefore encourage the production of, green gases.

The time distribution of investments over the years of the Strategic Plan is guided by infrastructure needs and financial requirements.

We expect that the effective implementation of the investments envisaged in the Strategic Plan will allow us to:

(i) optimize our financial structure through an effective diversification of our sources of financing in terms of duration and instruments used, the maintenance of a balanced capital structure consistent with the current rating profile of the Group, as well as the repayment of the Bridge Credit Facility through the entirety of the net proceeds of the Capital Increase and available liquidity. We plan to implement the foregoing thanks to: (a) the issuance of new instruments financial instruments, including new notes under the EMTN Program; (b) the repayment of the notes of the 2i Rete Gas Group at maturity; and (c) the maintenance of an adequate volume of committed credit facilities available;

(ii) keep the average annual cost of debt over the 2024-2030 period below 3%, while benefiting from a high exposure to fixed rates at the beginning of the period and of maturities distributed over the plan period; and

(iii) achieve significant cash generation that will enable a rapid deleverage in line with the objective of maintaining the current credit rating, to a value within the 65%-70% range in 2026, to approximately 65% by 2028, down to 62% by 2030.

The Issuer financed the Purchase Price of the Acquisition (amounting to €2,071.9 million) and the related transaction costs through (i) the proceeds deriving from the issuance of the 2025 Notes, for €994,615,000 net of transaction charges, (i) the use of the Bridge Credit Facility, for €995,287,000 net of transaction charges, and (iii) cash on hand.

As part of our strategy to reduce Leverage following the completion of the Acquisition with the aim of maintaining the current rating profile, we plan to use the entirety of the net proceeds from the Capital Increase for the repayment of the Bridge Credit Facility almost in its entirety. The net proceeds from the Capital Increase are estimated at €994.2 million (gross proceeds at €1,020 million, net of €25.8 million for expenses related to the Offering). This measure is expected to bring Leverage down to its historical value after the peak recorded following the completion of the Acquisition. The success and the full subscription of the Capital Increase is subject to certain conditions. In the event that the Capital Increase is not completed or is not fully subscribed, the Issuer expects to repay the Bridge Credit Facility through new notes issuances under its EMTN Program. As of the date of this Offering Circular, the issuance allowance under such program amounts to €3.4 billion.

The Strategic Plan, based on specific assumptions made at the time of its adoption in relation to the completion of the Capital Increase, estimates a 2023-2030 CAGR of EPS of approximately 10%, excluding the impact of the price allocation of the Acquisition. Such estimate considers the dilutive effects of the Capital Increase by applying IAS 33 to the calculation of EPS: in particular, the weighted average number of shares underlying the EPS has been adjusted retrospectively to give effect to the "bonus issue" of rights in connection with the Rights Offering. In addition, we estimate an increase of appoximately 15% in the 2029 EPS compared to the 2029 EPS included in the previous 2023-2029 plan.

With reference to the other credit metrics used, we expect a multiple of Net Financial Debt and Adjusted EBITDA to progressively decrease over the 2026-2030 period down to five times lower by 2030, and a ratio of adjusted FFO to Net financial debt (including severance payments) to progressively increase over the 2026-2030 period from being higher than 14% to surpassing 16%.

Hypothetical and general assumptions underlying the Strategic Plan related to our sustainability strategy

ESG principles are key to our Group, including with respect to the Strategic Plan specific objectives to reduce net energy consumption and greenhouse gas emissions by 2030, in line with the goal of becoming net zero by 2050. In line with the other objectives of the Strategic Plan, our sustainability targets are prepared taking into account the expected impact of the integration of the 2i Rete Gas Group into the scope of the Italgas Group, and concern both our gas distribution and water segments.

Our Strategic Plan includes two projects relating to the implementation of our sustainability strategy and objectives (as further described under the "*Business Description-The Post-Acquisition Group's* commitment *to Environmental, Social and Governance ("ESG") issues*" section of this Offering Circular):

- <u>Italgas for the Planet</u>, which focuses on the continuous improvement of the gas distribution and water networks through: (a) the application of a predictive maintenance model for the networks and for the identification and management of leakages; (b) the implementation of a targeted investment plan for the efficiency, optimization and "smart" management of our assets. This includes the above-mentioned investments for (i) the adaptation of the distribution network infrastructures to enable the distribution of green gas mixtures and reverse flow mechanisms and (ii) the digitalization of the network and the use of advanced technological solutions such as the DANA system for remote control and management; and (c) engagement, training and constant audit of players in our supply chain.

- Italgas for People, which focuses on the implementation of targeted initiatives aiming to: (a) value and integrate the employees of the 2i Rete Gas Group, including to create a shared corporate culture based on common values such as diversity, equal opportunities and inclusion; and (b) attract the best talent and introduce new skills, including through the activities of the Italgas Academy, thanks to which we offer several training courses to transform knowledge into a strategic resource.

Result Forecasts included in the 2024-2030 Strategic Plan and in the 2025 Guidance

The table below shows the Result Forecasts included in the Strategic Plan and in the 2025 Guidance, compared to the corresponding figures for the Italgas Group at December 31, 2024 as well as to the corresponding figures for the Post-Acquisition Group on a pro-forma basis at December 31, 2024:

Indicators (billions of €)	2024[(1)]	2024 Proforma[(3)]	2025	2028	2030
Total revenues and other income adjusted[(2)]......	**1.8**	**2.7**	**~2.45**	**~3.2**	**~3.6**
Adjusted EBITDA [(2)]..	**1.3**	**2.0**	**1.80-1.85**	**~2.5**	**~2.8**
Adjusted EBIT [(2)]..	**0.8**	**1.2**	**1.12-1.16**	**~1.6**	**~1.8**

(1) The figures refer to the Italgas Group for the year 2024.

(2) Total revenues and other income adjusted, Adjusted EBITDA and Adjusted EBIT are non-IFRS measures. See section "*Presentation of Financial and Other Information—Non-IFRS measures*" of this Offering Circular for further information. For the purposes of preparing the Result Forecasts, we have assumed that items classified as "special items," given they extraordinary and unforeseeable nature, are equal to zero.

(3) Pro Forma Total revenues and other income adjusted, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBIT are non-IFRS measures. See section *"Annex C – 2024 Unaudited Pro Forma Consolidated Financial Information —Selected Pro Forma Non-IFRS measures of the Post-Acquisition Group for the year ended December 31, 2024"* of this Offering Circular for further information.

While the pro-forma data, as well as the data at 2028 and at 2030, reflect the contribution of the 2i Rete Gas over the full 12-month cycle, the 2025 data only reflect the contribution of the 2i Rete Gas Group from April 1, 2025, Closing Date, and thus for a nine-month period during the year.

As shown above, in the period 2024-2030,

- Total revenues and other income adjusted are expected to grow up to 3.6 billion by 2030, mainly as a result of: (i) the integration of the 2i Rete Gas Group within the perimeter of the Italgas Group; (ii) a stable regulatory framework; (iii) acquisitions or business combinations in the energy efficiency and water sectors; (iv) the award of new tender competitions for ATEMs not yet operated by Group and the reacquisition, in the context of new ATEM awards, of certain assets sold as part of the divestitures ordered by the AGCM in connection with the authorization of the Acquisition; (v) incremental investments for the complete digitalization of the 2i Rete Gas Group's network (estimated at €0.8 billion over the 2024-2030 plan period and equal to €80 million in 2030);

- Adjusted EBITDA is expected to grow up to 2.8 billion by 2030, with a 2023-2030 CAGR of 13% due to the combined effect of a perimeter expansion and an improvement in operating costs efficiency, strengthened by the Acquisition and the impact of digitalization and artificial intelligence, which enables an improvement in industrial operations and their efficiency accompanied by a robust cost containment, including as a result of the synergies generated with the Acquisition. We estimate the Adjusted EBITDA at 2030 to be composed as follows: (i) with respect to the gas distribution sector in Italy, (a) 81% in connection with ATEMs which the Group already operates, thanks to newly awarded concessions on the same ATEMs or to the operation of such ATEMs in *prorogatio* regime and (b) 5% in connection with newly awarded ATEM concessions in ATEMs not yet operated by the Group and with the reacquisition, in the context of new ATEM awards, of certain assets sold as part of the divestitures ordered by the AGCM in connection with the authorization of the Acquisition; (ii) with respect to the gas distribution in Greece, 7%; (iii) with respect to the water, energy efficiency and other sectors, 7%. With regard to our digitalization initiatives, there may be possible technical incompatibilities between the systems currently in operation at the Italgas Group and those adopted by the 2i Rete Gas Group, and, with regard to our planned widespread application of artificial intelligence, we may face a different scenario in terms of the development of technologies and algorithms available on the market.

- Adjusted EBIT is expected to grow up to approximately €1.8 billion by 2030, as a result of the factors listed above in connection with the estimated growth of Total revenues and other income adjusted and of Adjusted EBITDA.

The Strategic Plan envisages that the awards of new tender competitions for ATEMs and the acquisitions or business combinations yet to be awarded or completed, as applicable, will, at 2030, constitute 10% of the Group's Total revenues and other income adjusted, 7% of the Group's Adjusted EBITDA and 6% of the Group's Adjusted EBIT (net, as the case may be, of lower revenues and/or costs and/or depreciation and amortisation due to the assets sale ordered by the AGCM in connection with the authorization of the Acquisition).

Other Forecast Data included in the 2024-2030 Strategic Plan and in the 2025 Guidance

The table below shows the Other Forecast Data included in the Strategic Plan, compared to the corresponding figures for the Italgas Group at December 31, 2024:

Indicators (billions of €)	**2024(1)**	**2028**	**2030**
RAB	**10.0**	**17.7**	**19.2**
FFO/RAB	**9.8%**	**>10%**	**>10%**
Leverage	**62.7%**	**65%**	**62%**
CAGR for Adjusted net profit attributable to the Group(2)		**~13% (2023-2030)**	
CAGR for EPS		**~10% (2023-2030)**	
Capital Expenditures(2)	**~15.6 total Capital Expenditures over the 2024-2030 period**		

(1) The figures refer to the Italgas Group as at December 31, 2024.
(2) Adjusted net profit attributable to the Group and Capital Expenditures are non-IFRS measures. See section "*Presentation of Financial and Other Information—Non-IFRS measures*" of this Offering Circular for further information.

Driven by the Acquisition and the Group's investment plan, the cumulative infrastructure RAB, for gas and water, in Italy and in Greece, is expected to grow up to €18.2 billion by 2030, with a 2023-2030 CAGR of 9.4%. Taking into account the award of new tender competitions for ATEMs in the future, RAB is estimated to reach €17.7 billion by 2028 and €19.2 billion by 2030 (net of the lower RAB due to the assets sale ordered by the AGCM in connection with the authorization of the Acquisition), with a 2023-2030 CAGR of 10.2%. We do not expect a material RAB increase during the 2024-2030 period as a result of other acquisitions in the water service and gas distribution sectors.

Considering new concessions from ATEM tender competitions, we expect to reach 14.9 million RPs in 2030 (net of RPs being disposed of in connection with the divestitures ordered by the AGCM for the authorization of the Acquisition), with a 2023-2030 CAGR of 9.7%. Without considering possible new concessions, RPs in 2030 would be 13.4 million, with CAGR 2023-2030 of 8.0%.

The table below shows the Other Forecast Data included in the Strategic Plan and relating to the water service segment, compared to the corresponding figures for the Italgas Group at December 31, 2024.

Indicators (billions of €)	**2024(1)**	**2030**
RAB	0.2	> 0.3
Total revenues and other income adjusted (2)	0.1	> 0.2
Adjusted EBITDA (2)	0.04	> 0.09

(1) The figures refer to the Italgas Group for the year ended December 31, 2024.
(2) Total revenues and other income adjusted and Adjusted EBITDA are non-IFRS measures. See section "*Presentation of Financial and Other Information—Non-IFRS measures*" of this Offering Circular for further information.

The Strategic Plan envisages that the strengthening of our presence in the water sector, also through the full consolidation of Siciliacque and Acqualatina, will contribute to generate, by 2030, for the water service segment: (i) RAB above €0.3 billion; (ii) Total revenues and income adjusted exceeding €0.2 billion; and (iii) Adjusted EBITDA above €90 million.

The table below shows the Other Forecast Data included in the Strategic Plan and relating to the Acquisition. These illustrate the expected additional contribution deriving from the Acquisition in terms of Total revenues and other income adjusted and Adjusted EBITDA. Such additional contribution is already reflected in the Total revenues and other income adjusted and in the Adjusted EBITDA estimates of the Strategic Plan.

Indicators (billions of €)	2030
Additional Total revenues and other income adjusted (1) from investments in the digitalization of the 2i Rete Gas Group	> 0.08
Additional Adjusted EBITDA(1) from synergies and cost efficiencies, combined with artificial intelligence	~0.2 by 2030

(1) Total revenues and other income adjusted and Adjusted EBITDA are non-IFRS measures. See section "*Presentation of Financial and Other Information—Non-IFRS measures*" of this Offering Circular for further information.

Thanks to the industrial integration between the Italgas Group and the 2i Rete Gas Group, the Strategic Plan envisages synergies and cost efficiencies, combined with the widespread application of AI, amounting to approximately € 200 million by 2030 (based on 2023 cost combined), mainly due to (i) the extension of the Italgas Group's best practices to the 2i Rete Gas Group, (ii) the centralization of purchasing processes through a centralized procurement management, (iii) the re-skilling and up-skilling of the workforce, (iv) insourcing as well as digitalization of infrastructures and (v) use of AI. Even though marginally, the foregoing takes into account the future merger of 2i Rete Gas into Italgas Reti, which we expect to complete during the timeframe covered by the Strategic Plan in light of the similarity of the sectors in which the two companies operate, which could lead to subsequent economies of scale, both in corporate and administrative costs. We expect that these synergies and cost efficiencies will start to show a significant impact starting from 2026, with progressive growth up to 2030 and an increasing impact of AI, which is expected to achieve an impact on Adjusted EBITDA of € 80 million by 2030, including thanks to targeted investments of approximately € 300 million distributed over the Strategic Plan period. The completion of the Acquisition, which took place on April 1, 2025, prior to the expected closing date, determined an update in the predictions relating to the realization of synergies from the Acquisition which had a (non-material) impact on the Forecasts. The result, over the 2024-2030 period, will be an CAGR for Adjusted net profit attributable to the Group of 13%.

Finally, the Strategic Plan also confirms the current dividend policy up to 2026, estimating a dividend distribution equal to the greater of (i) the amount resulting from the 2023 DPS of € 0.352 increased by 5% per annum and (ii) the DPS equal to 65% of the Adjusted net profit attributable to the Group per share. The dividend policy was elaborated taking into account the prior dividend policy under the 2023-2029 strategic plan of Italgas as well as the dividend policies of peer utilities companies operating in Italy, and with the aim to maintain our ratings and an adequate financial flexibility as well as to offer our shareholders protection (thanks to the 5% increase per annum, compared to the 2023 DPS) and the opportunity to benefit from the company's growth (thanks to the 65% payout mechanism).

The 2025 Guidance also includes Other Forecast Data relating to capital expenditures and net financial debt (excluding IFRS 16 and IFRIC 12) as of December 31, 2025, amounting to approximately €1.2 billion and approximately €10.8 billion, respectively.

ANNEX B – REPRESENTATION LETTER

Via Carlo Bo, 11
Milano (MI) 20143

Attn: Investor Relations Italgas
Email: investor.relations@italgas.it; AnnaMaria.Scaglia@italgas.it; emanuele.isella@italgas.it

Prospective investors must also send a copy of this letter to the financial intermediary through which their Rights (as defined below) are held. Accordingly, please insert here the name, address and other contact details of the relevant intermediary.

Ladies and Gentlemen:

In connection with our proposed exercise of subscription rights (the "**Rights**") to purchase ordinary shares of Italgas S.p.A. (the "**Company**") with no par value (the "**New Shares**"), and in connection with our subscription and purchase of New Shares, we confirm that:

1. We are a "Qualified Institutional Buyer" within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). We, and any accounts for which we are purchasing, are able to bear the economic risk of investing in the New Shares and are able to sustain a complete loss of the investment in the New Shares.

2. We understand and acknowledge that neither the Rights nor the New Shares have been or will be registered under the Securities Act and that: (i) the offering of the New Shares is not being extended to shareholders of the Company or to other investors in the United States, except under limited circumstances designed to avoid an offering that would require registration under the Securities Act and (ii) we will receive the New Shares in a transaction exempt from the registration requirements of the Securities Act. We acknowledge and agree that we are not purchasing the New Shares as a result of any general solicitation or general advertising.

3. We represent that, upon exercise of the Rights, we will be acquiring the New Shares for our own account (or for the account of a Qualified Institutional Buyer for which we are acting as a duly authorized fiduciary or agent), in each case for investment and (subject, to the extent necessary, to the disposition of our property being at all times within our control) not with a view to any distribution of the New Shares in the United States.

4. We have received a copy of the Offering Circular dated June 2, 2025 relating to the issuance of the Rights and the offering of the New Shares (the "**Offering Circular**") and such other information as we consider necessary in order to make our investment decision. We acknowledge that we have read and agreed to the matters stated in the section of the Offering Circular entitled "*Transfer Restrictions*."

5. We understand and agree that none of the Rights or the New Shares may be transferred, sold, delivered, hypothecated or encumbered (any of the foregoing, a "transfer") unless such transfer is made: (i) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act; (ii) in the case of New Shares, (a) to a Qualified Institutional Buyer in a transaction not involving a public offering that is exempt from registration under the Securities Act and that meets the requirements of Rule 144A; (b) pursuant to an effective registration statement under the Securities Act; or (c) in accordance with Rule 144 under the Securities Act; and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

6. We understand that for so long as such New Shares issued upon the exercise of Rights are "restricted securities" within the meaning of U.S. federal securities laws, no such New Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that the New Shares will not settle or trade through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system.

7. We will notify any person to whom we subsequently re-offer, resell, pledge, transfer or otherwise dispose of the New Shares (other than sales in open market transactions on Euronext) of the foregoing restrictions on transfer and any certificates evidencing such New Shares shall contain a legend referring to such restrictions on transferability.

8. We invest in or purchase securities similar to the New Shares in the normal course of business and we have: (a) conducted our own investigation with respect to the Company and the New Shares; (b) reviewed all

information that we believe is necessary or appropriate in connection with our purchase of the New Shares; (c) made our own assessment and have satisfied ourselves concerning the relevant tax, legal, currency and other economic considerations relevant to our investment in the New Shares; and (d) possess such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of our prospective investment in the New Shares.

9. We (and each other Qualified Institutional Buyer, if any, for whose account we are acquiring the New Shares), in the normal course of business, invest in or purchase securities similar to the New Shares and have the ability to bear the economic risk of our investment in the New Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in the New Shares and are able to sustain a complete loss of our investment in the New Shares.

10. We satisfy any and all standards for investors making an investment in the New Shares imposed by the jurisdiction of our residence or otherwise.

11. We understand that these representations and undertakings are required in connection with United States securities laws and that the Company and the Underwriters (as defined in the Offering Circular) are entitled to rely upon the truth and accuracy of the representations and undertakings contained herein. We irrevocably authorize the Company or the Underwriters to produce this letter to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered hereby.

12. We undertake promptly, and in any event prior to any attempted exercise of Rights, to inform the Company if any of the foregoing statements ceases to be true.

13. If we are a broker-dealer acting as agent on behalf of a client, we have authority to make, and do make, the statements set forth in this letter on behalf of our client and have confirmed that our client is a Qualified Institutional Buyer.

14. We satisfy any and all standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence and any other applicable jurisdictions.

15. We are empowered, authorized and qualified to purchase the New Shares, and the person signing this letter on our behalf has been duly authorized by us to do so.

16. The Underwriters are not providing any service to us, making any recommendations to us, advising us regarding the suitability of any transactions we may enter into to buy any New Shares, nor providing advice to us in relation to the New Shares or the Company.

17. This letter shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

By:_______________________
Name:
Title:
Date:

ANNEX C – 2024 UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Preamble

This annex contains the pro forma consolidated statement of financial position and the pro forma consolidated income statement, together with the related notes of the Issuer and its subsidiaries as of and for the year ended December 31, 2024 (the "**2024 Unaudited Pro Forma Consolidated Financial Information**").

The 2024 Unaudited Pro Forma Consolidated Financial Information of the Post-Acquisition Group has been prepared for the purposes of including it in the Registration Document in accordance with Annex 20 of the Commission Delegated Regulation (EU) 2019/980, in order to represent the main retroactive effects on the Consolidated Income Statement and on the Consolidated Statement of Financial Position of the Post-Acquisition Group resulting from the transactions set out below.

The 2024 Unaudited Pro Forma Consolidated Financial Information has been compiled for illustrative purposes only, on the basis of the assumptions described below in the notes, in order to simulate – according to evaluation criteria consistent with the Italgas Group's historical financial data and in compliance with the relevant legislation – the main retroactive effects on the Italgas Group's financial data for the year ended December 31, 2024.

The 2024 Unaudited Pro Forma Consolidated Financial Information reflects, retroactively as of January 1, 2024 (with reference to historical consolidated income statement) and as of December 31, 2024 (with reference to consolidated statement of financial position), the accounting effects of: (i) the Acquisition and the 2i Rete Gas Reverse Stock Split connected and linked to it, (ii) the issuance of the 2025 Notes, (iii) the utilization of the Bridge Credit Facility, (iv) the Capital Increase and (v) the repayment of the Bridge Credit Facility (collectively the "**Pro Forma Transactions**").

The 2024 Unaudited Pro Forma Consolidated Financial Information consists of historical financial data relating to:

- Italgas Group, on the basis of data deriving from the 2024 Consolidated Financial Statements, approved by the Board of Directors of February 12, 2025, prepared in accordance with IFRS and audited by Deloitte & Touche S.p.A. (the "**Independent Auditors**"), which issued their report on March 10, 2025;
- 2i Rete Gas Group, on the basis of data deriving from the 2024 2i RG Consolidated Financial Statements, approved by the Board of Directors of 2i Rete Gas of February 12, 2025, prepared in accordance with IFRS and audited by EY, which issued their report on February 27, 2025.

The 2024 Unaudited Pro Forma Consolidated Financial Information has been examined by the Independent Auditors, which issued their report on May 22, 2025.

For completeness, it is noted that the Issuer does not qualify as an "issuer of an equity security with a complex financial history" within the meaning of Article 18 of the Commission Delegated Regulation (EU) 2019/980 due to the acquisition of Acqua Campania S.p.A. in 2024, because it is not significant.

The Issuer did not include in the Pro Forma Transactions the exercise of the Call Option on Toscana Energia that took place on January 14, 2025, because the purchase price of the shares cannot be determined by the Issuer as of the date of this Offering Circular, since it will be set by an international financial institution jointly appointed by the parties or, in the event that the parties fail to reach an agreement, appointed by the President of "*Camera Arbitrale Nazionale e Internazionale di Milano*" upon request of the most diligent party, in an amount equal to the "Fair Market Value" of the shares as of the date of execution of the Call Option on Toscana Energia. For completeness, it is noted that the exercise of this purchase option is not in any way related to the Acquisition and/or the Capital Increase. At the date of this Offering Circular, notwithstanding the timelines set forth in the aforementioned contractual provisions, the parties are engaging in discussions and have decided to continue their dialogue in order to define an agreement to assign the mandate to the international financial institution.

Accounting standards

The 2024 Unaudited Pro Forma Consolidated Financial Information has been prepared in a manner consistent with the accounting policies that the Issuer adopted in the preparation of its consolidated financial statements as of and for the year ended December 31, 2024 (IFRS Accounting Standards issued by the International Accounting Standards Board and adopted by the European Union). These accounting standards are set out in the notes to the above-mentioned consolidated financial statements, which must be read in conjunction with the 2024 Unaudited Pro Forma Consolidated Financial Information.

The accounting standards adopted for the preparation of 2i Rete Gas 2024 Consolidated Financial Statements are the same as those used for the preparation of the 2024 Consolidated Financial Statement of Italgas Group;

therefore, no pro forma adjustments have been made with respect to the consolidated financial information of the 2i Rete Gas Group. Regarding the consolidated statement of financial position and the consolidated income statement of the 2i RG Consolidated Financial Statements, these have been reclassified to align with the formats used by the Italgas Group.

It should also be noted that the 2024 Unaudited Pro Forma Consolidated Financial Information does not represent a complete set of financial statements under IAS 1 – Presentation of Financial Statements and that the disclosure provided in the notes does not include the minimum disclosure required by the IFRS Accounting Standards adopted by the European Union. Unless otherwise indicated, 2024 Unaudited Pro Forma Consolidated Financial Information is expressed in thousands of Euros.

Base assumptions

The purpose of the preparation of the 2024 Unaudited Pro Forma Consolidated Financial Information is to provide a simulation, for illustrative purposes only, according to evaluation criteria consistent with those adopted for the preparation of the Consolidated Financial Statements of the Italgas Group ended December 31, 2024, of the main effects on the Italgas Group's historical financial data for the year ended December 31, 2024, as if the Pro Forma Transactions had taken place as at December 31, 2024 with reference to the Consolidated Statement of Financial Position and as at January 1, 2024 with reference to the Consolidated Income Statement.

The 2024 Unaudited Pro Forma Consolidated Financial Information of the Post-Acquisition Group was prepared using as a basis the Consolidated Financial Statements of the Italgas Group and of the 2i Rete Gas Group as of and for the year ended December 31, 2024, adjusted by the pro forma adjustments suitable to represent the effects of the Pro Forma Transactions.

The 2024 Unaudited Pro Forma Consolidated Financial Information of the Post-Acquisition Group therefore includes:

- historical figures from the consolidated financial statements of Italgas Group as of and for the year ended December 31, 2024 (column A);
- historical figures from the consolidated financial statements of 2i Rete Gas Group as of and for the year ended December 31, 2024 (column B);
- pro forma adjustments applied to reflect retroactively the effects of the recognition of the Acquisition, of the issuance of the 2025 Notes and the use of the Bridge Credit Facility (column C);
- pro forma adjustments applied to reflect retroactively the effects of the 2i Rete Gas Reverse Stock Split (column D);
- pro forma adjustments applied to reflect retroactively the effects of the Capital Increase (column E of the Pro Forma Consolidated Statement of Financial Position). There are no effects on the Pro Forma Consolidated Income Statement;
- pro forma adjustments applied to retroactively reflect the effects related to the repayment of the Bridge Credit Facility (column F of the Pro Forma Consolidated Statement of Financial Position and column E of the Pro Forma Consolidated Income Statement); and
- the final amounts related to the 2024 Unaudited Pro Forma Consolidated Financial Information of the Post-Acquisition Group (column G of the Pro Forma Consolidated Statement of Financial Position and column F of the Pro Forma Consolidated Income Statement).

No relevant intercompany transactions between Italgas Group and 2i Rete Gas Group have been identified for the consolidation adjustments and therefore no intercompany eliminations column has been presented.

For a correct understanding of the 2024 Unaudited Pro Forma Consolidated Financial Information of the Post-Acquisition Group please consider the following:

I. the Closing of the Acquisition occurred on April 1, 2025; therefore, the related accounting impacts have not been entered in the 2024 Consolidated Financial Statements of the Group. For the compilation of the 2024 Unaudited Pro Forma Consolidated Financial Information, the purchase price allocation has been accounted on provisional basis based on the assumptions described below. Therefore, any economic effect that may result from different amortizations related to the determination of the fair value of the net assets acquired are not represented in the Pro Forma Consolidated Income Statement. Currently, it is expected that the purchase price allocation, will be included in the consolidated financial statements of the Italgas Group within the time frame of twelve months from the date of Acquisition, in accordance with IFRS 3 - Business Combinations ("**IFRS 3**");

II. the 2024 Unaudited Pro Forma Consolidated Financial Information for the year ended December 31, 2024, does not purport to represent what the Post-Acquisition Group's actual results of operations would have been if the Pro Forma Transactions had actually occurred on the dates assumed;

III. the pro forma adjustments represent the most significant financial, economic, and asset effects related to the Pro Forma Transactions;

IV. the pro forma data does not reflect prospective data and is not intended to represent in any way a forecast of the future statement of financial position and income statement of the Issuer; and

V. in consideration of the different purposes of the consolidated pro forma information compared to historical data and in consideration of the different calculation methods of the pro forma adjustments applied to the Issuer's consolidated financial statements, the pro forma consolidated statement of financial position and the pro forma consolidated income statement must be read and interpreted separately, without an accounting reconciliation between the two statements.

Summary of the Pro Forma Transactions and underlying assumptions

Acquisition, issuance and uses of the 2025 Notes and uses of the Bridge Credit Facility

On October 5, 2024, it was signed by the Issuer as purchaser, on one side, and between F2i SGR S.p.A., in the name and on behalf of the F2i Terzo Fondo per le Infrastrutture, and Finavias S.à.r.l., as sellers, on the other side, the sale and purchase agreement, to regulate the terms and conditions of the acquisition of 99.94% of the share capital of 2i Rete Gas (the "**Acquisition Agreement**").

The completion of the Acquisition (the "**Closing**") occurred on April 1, 2025.

The enterprise value determined for the Acquisition amounted to €5,306 million as of December 31, 2023, of which the equity value of the transaction is equal to €2,060 million and the net financial indebtedness and other net liabilities as of December 31, 2023 are equal to €3,246 million.

The consideration paid at the Closing amounts to €2,071,935 thousand (the "**Purchase Price**") and has been determined as 99.94% of the result of the following formula:

a) price offered for the 100% of the share capital of 2i Rete Gas, amounting to €2,060,000 thousand,
b) plus €13,716 thousand resulting from: (i) the interest accrued on the offered price from December 31, 2023 to the Closing at the rate indicated in the 2i Rete Gas Purchase Agreement (so-called "*ticking fee*"), minus (ii) the leakages and the interest accrued on these from the date the leakage occurred until the Closing.

For further information on the Acquisition, please see *"Business Description — Material Contracts Italgas Group — Other Contracts — Acquisition Agreement"* of this Offering Circular.

To cover part of the financial requirements for the Acquisition, the Issuer:

- has signed a financial contract (the "**Bridge Loan Agreement**"), signed by J.P. Morgan Chase Bank, N.A. - Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company - Milan Branch, Citibank N.A. - Milan Branch, Morgan Stanley Bank AG and Société Générale - Milan Branch. The financial institutions have committed to provide a credit line (the "**Bridge Credit Facility**") denominated in Euro, the amount of which, following the reductions made and reported in *"Business — Material Contracts — Financing Agreements"* of this Offering Circular, it amounts to €1,000 million. The Bridge Credit Facility accrues an annual interest rate equal to the EURIBOR (with a floor of 0%), plus an applicable margin, which varies based on the specific period under consideration. The Bridge Credit Facility must be repaid by August 13, 2025. However, this term may be extended at the discretion of the borrower for an additional six months at up to a maximum of two times, under the terms and conditions as better indicated in the Bridge Loan Agreement. The Bridge Credit Facility has been used on March 31, 2025 for €1,000 million; and
- on March 6, 2025, the Issuer issued (i) notes of nominal €500 million at a fixed interest rate of 2.875% maturing on March 6, 2030 and an issue price of €99.446 (the "**First 2025 Notes**"); and (ii) notes of nominal €500 million at a fixed interest rate of 3.500% maturing on March 6, 2034 and an issue price of €99.977 (the "**Second 2025 Notes**" and, together with the First 2025 Notes, the "**2025 Notes**").

Below are highlighted the sources and uses of financing for the Acquisition.

(Euro thousands)	
Sources	
Resources from Bridge Credit Facility	995,287
Resources from 2025 Notes	994,615
Issuer's own resources	117,029
Total Sources	**2,106,931**
Uses	
Payment of Acquisition consideration	2,071,935
Payment of charges incurred for the Acquisition	34,996
Total Uses	**2,106,931**

For further information on the Bridge Loan Agreement, please see *"Business Description — Material Contracts — Bridge Loan Agreement"* of this Offering Circular.

In relation to the 2025 Notes, it has been assumed that financial expenses accrue from January 1, 2024, applying the interest rates of each of the notes and the amortized cost criterion.

By twelve months from the completion of the Acquisition, the Issuer will have to proceed, as required by IFRS 3, to determine the fair value of the net assets acquired and allocate any residual value to goodwill. For the purposes of the compilation of the 2024 Unaudited Pro Forma Consolidated Financial Information, the difference between the consideration paid and the book value of the transferred net assets as of December 31, 2024, adjusted for the portion not included in the consolidated financial statements of the 2i Rete Gas Group as of and for the year ended December 31, 2024, of the costs related to the monetary component of the 2i Rete Gas Group management incentive plan (€6,650 thousand, taking into account the current tax liabilities of €1,875 thousand) which will be paid by the Post-Acquisition Group after the Closing, it has been allocated to goodwill; any adjustment arising from the completion of the purchase price allocation will be included in the Issuer's consolidated financial statements once the process is finalized, and in any case within the timeframe required by IFRS 3.

It is noticed that on March 11, 2025 the Italian Authority (AGCM) approved the Acquisition, subjected to certain specific conditions. The approval was subjected to structural and behavioral measures to ensure competition in the relevant markets. For further information on structural and behavioral measures, please see *"Business Description — Material Contracts — Acquisition Agreement "* of this Offering Circular.

The commitments undertaken as a result of these structural and behavioral measures have not been reflected in the 2024 Unaudited Pro Forma Consolidated Financial Information, given that, at the date of this Offering Circular, the inadequacy of the information available to identify in a sufficiently analytical and consistent manner with the requirements for presenting pro forma financial information all the magnitudes and effects arising from the aforementioned commitments. Indeed, as of the date of this Offering Circular the assets subject to disposal have not yet been identified and will be identified within the 3-month period set by the AGCM (starting from March 6, 2025). In any case, even their subsequent identification does not allow for a reasonable determination of which of these will actually be sold nor the consequent accounting effects, including any potential gains or losses on disposals.

2i Rete Gas Reverse Stock Split

Following the Closing, the extraordinary shareholders' meeting of 2i Rete Gas resolved on April 9, 2025 the reverse stock split of 2i Rete Gas at a ratio of one new share for every 220,000 shares with a nominal value of €0.01, providing that the shares are without nominal value and - taking into account the necessary mathematical rounding of the operations- that the new shares amount to 1,652 (the "**2i Rete Gas Reverse Stock Split**"), with consequent amendment of the articles of association of 2i Rete Gas. The 2i Rete Gas Reverse Stock Split, connected and linked to the Acquisition is aimed at reducing administrative and management costs for the company, as well as facilitating the reorganization of the Post-Acquisition Group. As a result of the 2i Rete Gas Reverse Stock Split, the Issuer came to hold 100% of the share capital of 2i Rete Gas. The 2i Rete Gas Reverse Stock Split became effective on April 16, 2025.

More specifically, the Issuer made itself available to purchase, during the opening period of the so-called "*mercato dei resti*" and before the effectiveness of the 2i Rete Gas Reverse Stock Split, the shares of other minority shareholders. It is noted that no shareholder has participated. Furthermore, 2i Rete Gas will make available the necessary amount, after the effectiveness of the reverse stock split, to purchase the shares of the minority shareholders who have not taken steps to access the so-called "*mercato dei resti*" and who request it within the legal terms. The value is equal to the market value.

In the context of the compilation of the 2024 Unaudited Pro Forma Consolidated Financial Information, in the absence of information as of the date of this 2024 Unaudited Pro Forma Consolidated Financial Information, and also as of the date of this Offering Circular, it has been assumed that none of the minority shareholders of 2i Rete Gas (which cumulatively represented 0.06% of the share capital of 2i Rete Gas at the Closing) have requested to the Issuer to purchase their own shares or has requested 2i Rete Gas to pay the value of their own shares, corresponding to the market value.

Capital Increase

On April 10, 2025 the extraordinary shareholders' meeting of the Issuer approved the Capital Increase, for cash and in divisible form, for a total amount of €1,020 million (including any share premium), through the issuance of new shares, with regular entitlement and having the same characteristics as those in circulation, to be offered on a pre-emptive basis to the shareholders of the Issuer in proportion to the number of shares held, pursuant to Article 2441, paragraph 1, of the Italian Civil Code, to be paid in cash.

For the compilation of the 2024 Unaudited Pro Forma Consolidated Financial Information, consistently with the information known as of the date of this Offering Circular, it was assumed that all the new shares arising from the Capital Increase (the "**New Shares**") will be subscribed, considering that the Issuer does not foresee any elements that would prevent the execution of the full subscription of the Capital Increase by (i) CDP Reti – holder as of the date of this Offering Circular, to the best of the Issuer's knowledge, of a stake representing 25.961% of the Issuer's share capital – in light of the subscription commitment undertaken on May 22, 2025, and (ii) residually, for the New Shares that may remain unsubscribed at the end of the offering, by the guarantors who will sign the underwriting agreement. In this regard, it is expected that the underwriting agreement will be executed by the start of the offering period by the Issuer and J.P. Morgan SE, BofA Securities Europe SA, Citibank, N.A., London Branch, Morgan Stanley Bank AG, and Société Générale, Milan Branch (or their affiliates), as joint global coordinators and joint bookrunners, as well as by Banco BPM S.p.A. (or its affiliates) as co-global coordinator and joint bookrunner (respectively the "**Guarantors**" and the "**Underwriting Agreement**"). The Underwriting Agreement concerns the commitment of the Guarantors, severally and without joint liability, to subscribe, in proportion to their respective commitments, the New Shares that may remain unsubscribed at the end of the offering on the stock exchange, up to the maximum total amount equal to the difference between the final total value of the Capital Increase and the portion subject to the subscription commitment undertaken by CDP Reti on May 22, 2025. For further information on the subscription commitment by CDP Reti and the Underwriting Agreement, in relation to which the Issuer believes there are no circumstances that would result in the non-fulfilment of the conditions precedent, please see "*Principal Shareholders — CDP Reti Subscription Commitment" and "Purchase Of Remaining New Shares By The Underwriters"* of this Offering Circular.

Repayment of the Bridge Credit Facility

In relation to the Bridge Credit Facility, it has been assumed that immediately after the completion of the issuance of the New Shares, the Bridge Credit Facility will be fully repaid through the total amount of the net proceeds of the Capital Increase, amounting to €994,210 thousand and, for the remaining part, through own sources.

Pro Forma Consolidated Statement of Financial Position as of December 31, 2024

	Italgas Group Consolidated Financial Statements	2i Rete Gas Group Reclassified Consolidated Financial Statements	Pro Forma Adjustments Acquisition, 2025 Notes and Bridge Credit Facility	2i Rete Gas Reverse Stock Split	Capital Increase	Repayment of the Bridge Credit Facility	2024 Unaudited Pro Forma Consolidated Financial Information
	A	B	C	D	E	F	G = A+B+C+D+E+F
				(in € thousands)			
ASSETS							
Cash and cash equivalents	402,662	80,695	(117,029)	-	994,210	(1,000,000)	360,538
Current financial assets	3,592	1,585	-	-	-	-	5,177
Trade and other receivables	905,092	494,565	-	-	-	-	1,399,657
Inventories	57,232	21,923	-	-	-	-	79,155
Current tax receivables	-	2,378	-	-	-	-	2,378
Other current financial assets	5,878	3,981	-	-	-	-	9,859
Other current non-financial assets	232,559	14,345	894	-	-	-	247,798
Total current assets	**1,607,015**	**619,472**	**(116,135)**	**-**	**994,210**	**(1,000,000)**	**2,104,562**
Property, plant, and equipment	383,327	56,673	-	-	-	-	440,000
Intangible assets	8,833,270	4,750,328	629,589	-	-	-	14,213,187
Investments accounted for using the equity method	155,715	3,789	-	-	-	-	159,504
Non-current financial assets	339,747	14,444	-	-	-	-	354,191
Deferred tax assets	-	138,557	-	-	-	-	138,557
Non-current tax receivables	17,612	306	-	-	-	-	17,918
Other non-current financial assets	10,982	-	-	-	-	-	10,982
Other non-current non-financial assets	619,322	52,481	3,577	-	-	-	675,380
Total non-current assets	**10,359,975**	**5,016,578**	**633,166**	**-**	**-**	**-**	**16,009,719**
Assets held for sale	**5,351**	**283**	**-**	**-**	**-**	**-**	**5,634**
TOTAL ASSETS	**11,972,341**	**5,636,332**	**517,031**	**-**	**994,210**	**(1,000,000)**	**18,119,914**
LIABILITIES AND EQUITY							
Current financial liabilities	980,569	760,169	995,287	-	-	(995,287)	1,740,738
Trade and other payables	1,184,609	402,898	-	-	-	-	1,587,507
Current tax liabilities	25,562	20,911	(4,772)	-	(7,273)	(1,131)	33,297
Other current non-financial liabilities	14,063	38,433	(9,455)	1,241	-	-	44,282
Total current liabilities	**2,204,803**	**1,222,411**	**981,060**	**1,241**	**(7,273)**	**(996,418)**	**3,405,824**
Non-current financial liabilities	6,205,299	2,536,216	994,615	-	-	-	9,736,130
Provisions for risks and charges	92,122	103,082	-	-	-	-	195,204
Provision for employee benefits	61,279	26,961	-	-	-	-	88,240
Deferred tax liabilities	48,345	-	-	-	-	-	48,345
Other non-current non-financial liabilities	566,985	297,868	-	-	-	-	864,853
Total non-current liabilities	**6,974,030**	**2,964,127**	**994,615**	**-**	**-**	**-**	**10,932,772**
Liabilities directly associated with non-current assets for sale	**-**	**33**	**-**	**-**	**-**	**-**	**33**
TOTAL LIABILITIES	**9,178,833**	**4,186,571**	**1,975,675**	**1,241**	**(7,273)**	**(996,418)**	**14,338,629**
EQUITY							
Equity attributable to the Owners of the parent company	2,457,917	1,447,803	(1,459,327)	(588)	1,001,483	(3,582)	3,443,736
Non-controlling interests	335,591	1,958	683	(683)	-	-	337,549
TOTAL EQUITY	**2,793,508**	**1,449,761**	**(1,458,644)**	**(1,241)**	**1,001,483**	**(3,582)**	**3,781,285**
TOTAL LIABILITIES AND EQUITY	**11,972,341**	**5,636,332**	**517,031**	**-**	**994,210**	**(1,000,000)**	**18,119,914**

Below is detailed description of the financial position information contained in the 2024 Unaudited Pro Forma

Consolidated Financial Information.

Consolidated financial statements of Italgas Group (column A)

"Column A" shows the financial position derived from the consolidated financial statements of Italgas Group as of December 31, 2024, prepared in accordance with IFRS.

Consolidated financial statements of 2i Rete Gas Group (column B)

"Column B" shows the financial position data derived from the consolidated financial statements of 2i Rete Gas Group as of December 31, 2024, prepared in accordance with IFRS and reclassified to be aligned with Italgas Group's consolidated financial statements.

Pro Forma Adjustments Acquisition, 2025 Notes and Bridge Credit Facility (column C)

"Column C" shows the financial effects of the issue of 2025 Notes, the utilization of the Bridge Credit Facility, the provisional allocation of the Acquisition and the expenses incurred for the Acquisition.

	2025 Notes	**Bridge Credit Facility**	**Provisional Purchase Price Allocation of the Acquisition**	**Expenses incurred for the Acquisition**	**Pro Forma Adjustments for the Acquisition, 2025 Notes and Bridge Credit Facility**
	H	**I**	**J**	**K**	**C = H+I+J+K**
			(in € thousands)		
ASSETS					
Cash and cash equivalents	994,615	995,287	(2,071,935)	(34,996)	(117,029)
Other current non-financial assets	-	-	-	894	894
Total current assets	**994,615**	**995,287**	**(2,071,935)**	**(34,102)**	**(116,135)**
Intangible assets	-	-	629,589	-	629,589
Other non-current non-financial assets	-	-	-	3,577	3,577
Total non-current assets	**-**	**-**	**629,589**	**3,577**	**633,166**
TOTAL ASSETS	**994,615**	**995,287**	**(1,442,346)**	**(30,525)**	**517,031**
LIABILITIES AND EQUITY					
Current financial liabilities	-	995,287	-	-	995,287
Current tax liabilities	-	-	(1,875)	(2,897)	(4,772)
Other current non-financial liabilities	-	-	6,650	(16,105)	(9,455)
Total current liabilities	**-**	**995,287**	**4,775**	**(19,002)**	**981,060**
Non-current financial liabilities	994,615	**-**	**-**	-	994,615
Total non-current liabilities	**994,615**	**-**	**-**	**-**	**994,615**
TOTAL LIABILITIES	**994,615**	**995,287**	**4,775**	**(19,002)**	**1,975,675**
EQUITY					
Equity attributable to Owners of the parent company	-	-	(1,447,804)	(11,523)	(1,459,327)
Non-controlling interests	-	-	683	-	683
TOTAL EQUITY	**-**	**-**	**(1,447,121)**	**(11,523)**	**(1,458,644)**
TOTAL LIABILITIES AND EQUITY	**994,615**	**995,287**	**(1,442,346)**	**(30,525)**	**517,031**

Specifically:

A. "Column H" shows the backdating of the issuance of the 2025 Notes from March 6, 2025 to December 31, 2024 for €994,615 thousand, net of expenses and issuance discount amounting to €5,385 thousand;

B. "Column I" shows the backdating of the use of the Bridge Credit Facility for €995,287 thousand, net of estimated expenses amounting to €4,713 thousand; and

C. "Column J" shows the effects of the provisional purchase price allocation of the Acquisition as follows:

	Reclassified consolidated financial statements of 2i Rate Gas	**Provisional Purchase Price Allocation**	**Provisional fair value as of December 31, 2024**
		(in € thousands)	
Goodwill	304,955	(304,955)	-

Intangible assets, excluding goodwill	4,445,373	-	4,445,373
Other current and non-current assets	886,004	-	886,004
Current tax liabilities	(20,911)	1,875	(19,036)
Current and deferred tax liabilities	-	-	-
Other current non-financial liabilities	(38,433)	(6,650)	(45,083)
Other current and non-current liabilities	(4,127,227)		(4,127,227)
Assets held for sale	-	-	-
Identified net assets	**1,449,761**	**(309,730)**	**1,140,031**
Non-controlling interests (0.06%)	(1,958)	(683)	(2,641)
Net assets	**1,447,803**	**(310,412)**	**1,137,390**
Goodwill		934,544	934,544
Price consideration for 99.94% of the 2i Rete Gas Group			**2,071,935**

The provisional purchase price allocation includes:

- the elimination of the pre-existing goodwill in the consolidated financial position of the 2i Rete Gas Group, amounting to €304,955 thousand;
- the pro forma simulation of costs related to the monetary component of the management incentive plan of the 2i Rete Gas Group, for the portion not included in the consolidated financial statements of the 2i Rete Gas Group as of December 31, 2024 (€6,650 thousand, considering the tax component of €1,875 thousand recorded under 'Current tax liabilities'); and
- the difference between the consideration for 99.94% of the 2i Rete Gas Group and the provisional fair value of the identified net assets, net of non-controlling interests amounting to €2,641 thousand, has been provisionally allocated to Goodwill (€934,544 thousand).

The allocation is provisional and will be completed within twelve months following the acquisition date in accordance with IFRS 3.

D. "Column K" shows the pro forma financial effects of the simulation of the expenses incurred for the acquisition, amounting to a total of €34,996 thousand, along with the related tax effect of €2,897 thousand, Specifically, the payment of:

   - €30,852 thousand (tax effect of €2,897 thousand) related to (i) legal and consulting fees, (ii) costs attributable to insurance, whose accrues over several years (on average five years) and therefore the related costs for future periods have been recognized in the item "Other current non-financial assets" for the current portion of €894 thousand and "Other non-current non-financial assets" for the non-current portion of €3,577 thousand; and (iii) costs attributable to the payment of the monetary component of the management incentive plan of 2i Rete Gas and Italgas Group to be paid subsequently to the Closing, respectively; and
   - €4,144 thousand related to Italian taxes on financial transaction equal to 0.20% of the Purchase Price.

2i Rete Gas Reverse Stock Split (column D)

"Column D" shows the pro forma simulation of the 2i Rete Gas Reverse Stock Split, i.e., the recognition of €1,241 thousand among other current non-financial liabilities, corresponding to the amount that the Post-Acquisition Group will have to pay, upon request, to the minority shareholders of 2i Rete Gas. The 2i Rete Gas Reverse Stock Split also involves the reduction of Non-controlling interests by €683 thousand and the Total Equity attributable to Italgas Shareholders by €558 thousand.

Capital Increase (column E)

"Column E" shows the pro forma simulation of the proceeds from the Capital Increase amounting to €994,210 thousand, namely the issuance of new shares on a pre-emptive basis resolved by the Extraordinary Shareholders' Meeting of the Issuer, amounting to €1,020,000 thousand, net of the estimated expenses related to this issuance, amounting to €25,790 thousand (the related tax effect of €7,273 thousand is recorded in "Current tax liabilities").

Repayment of the Bridge Credit Facility (column F)

"Column F" shows the pro forma simulation of the repayment of the Bridge Credit Facility through the net proceeds of the Capital Increase, equal to €994,210 thousand, the use of own resources for €5,790 thousand, and the simultaneous recording of expenses amounting to €4,713 thousand and the related tax effect of €1,131 thousand (the net effect on Total Equity amounts to €3,582 thousand).

Pro Forma Consolidated Statement of Financial Position of Italgas Group (column G)

"Column G" combines the effects of the adjustments outlined in the previous columns.

Pro Forma Consolidated Income Statement for the year ended December 31, 2024

	Consolidated Financial Statements of Italgas Group	Reclassified Consolidated Financial Statements of 2i Rete Gas Group	Pro Forma Adjustments Acquisition and 2025 Notes	2i Rete Gas Reverse Stock Split	Repayment of the Bridge Credit Facility	2024 Unaudited Pro Forma Consolidated Financial Information
	A	**B**	**C**	**D**	**E**	**F = A+B+C+D + E**
			(in € thousands)			
Revenue	2,478,644	1,205,712	-	-	-	3,684,356
Other income	60,792	36,570	-	-	-	97,362
Total revenues and other income	**2,539,436**	**1,242,282**	**-**	**-**	**-**	**3,781,718**
Costs for raw materials, consumables, supplies and goods	(168,459)	(59,948)	-	-	-	(228,407)
Costs for services	(604,545)	(283,198)	(9,381)	-	-	(897,124)
Lease expenses	(102,496)	(80,965)	-	-	-	(183,461)
Personnel costs	(285,133)	(147,612)	6,458	-	-	(426,287)
Other expenses	(60,099)	(52,104)	(4,144)	-	-	(116,347)
Total costs and other expenses	**(1,220,732)**	**(623,827)**	**(7,067)**	**-**	**-**	**(1,851,626)**
Amortisation, depreciation, and impairment of assets	**(536,555)**	**(238,458)**	**-**	**-**	**-**	**(775,013)**
Operating result	**782,149**	**379,997**	**(7,067)**	**-**	**-**	**1,155,079**
Financial expense	(149,566)	(72,906)	(43,945)	-	(4,713)	(271,130)
Financial income	28,521	9,360	(4,259)	-	(211)	33,411
Gain/(loss) on derivative financial instruments measured at fair value	379	-	-	-	-	379
Total net financial expense	**(120,666)**	**(63,546)**	**(48,204)**	**-**	**(4,923)**	**(237,339)**
Share of the profit of investments in associates/joint ventures	9,945	405	-	-	-	10,350
Other income (expense) from equity investments	1,264	-	-	-	-	1,264
Total net income from equity investments	**11,209**	**405**	**-**	**-**	**-**	**11,614**
Profit before taxes	**672,692**	**316,856**	**(55,271)**	**-**	**(4,923)**	**929,354**
Income taxes	165,257	94,523	(12,393)	-	(1,182)	246,205
Profit for the year	**507,435**	**222,333**	**(42,878)**	**-**	**(3,742)**	**683,148**
Attributable to:						
Owners of the parent company	478,854	222,199	(43,009)	131	(3,742)	654,433
Non-controlling interests	28,581	134	131	(131)	-	28,715

Please see below a detailed description of the income statement information contained in the 2024 Unaudited Pro Forma Consolidated Financial Information:

Consolidated financial statements of Italgas Group (column A)

"Column A" shows the income statement data derived from the consolidated financial statement of the Italgas Group for the year ended December 31, 2024, prepared in accordance with IFRS.

Compared to the 2024 Consolidated Financial Statements, the items "Impairment of trade receivables, net" have been merged into "Other expenses" as its value is not significant.

Consolidated Financial Statements of 2i Rete Gas Group (column B)

"Column B" shows the income statement data derived from the consolidated financial statement of the 2i Rete Gas Group for the year ended December 31, 2024, prepared in accordance with IFRS and reclassified to be aligned with Italgas Group's consolidated financial statements.

Pro Forma Adjustments Acquisition and 2025 Notes (column C)

"Column C" shows the financial charges incurred in relation to the issuance of the 2025 Notes, the effects of the provisional allocation of the consideration for the Acquisition and the expenses incurred for Acquisition.

	2025 Notes	Provisional Purchase Price Allocation	Expenses incurred for the Acquisition	Pro Forma Adjustments Acquisition and 2025 Notes
	F	G	H	C = F+G+H
		(in € thousands)		
Costs for services	-	-	(9,381)	(9,381)
Labor cost	-	9,455	(2,997)	6,458
Other expenses	-	-	(4,144)	(4,144)
Total costs and other expenses	**-**	**9,455**	**(16,522)**	**(7,067)**
Operating result	-	9,455	**(16,522)**	**(7,067)**
Financial expense	(33,078)	(10,867)	-	(43,945)
Financial income	-	(2,985)	(1,274)	(4,259)
Total net financial expense	**(33,078)**	**(13,852)**	**(1,274)**	**(48,204)**
Profit before taxes	**(33,078)**	**(4,397)**	**(17,796)**	**(55,271)**
Income taxes	(7,938)	(659)	(3,796)	(12,393)
Profit for the year	**(25,140)**	**(3,738)**	**(14,000)**	**(42,878)**
Attributable to:				
Owners of the parent company	(25,140)	(3,869)	(14,000)	(43,009)
Non-controlling interests	-	131	-	131

Specifically:

A. "Column F" shows the pro forma simulation of the financial expenses incurred as a result of the 2025 Notes issuance, amounting to €33,078 thousand, which would have led to a reduction in income taxes by €7,938 thousand.

   About the above-mentioned effects, it is expected that they will have a continuing impact on the consolidated income statement of the Post-Acquisition Group;

B. "Column G" shows the effects of the provisional purchase price allocation of the consideration of the Acquisition:

   - the elimination of costs recognized in the consolidated financial statements of the 2i Rete Gas Group amounting to €9,455 thousand in relation to the management incentive plan of the 2i Rete Gas Group. Such cost has been recognized on an accrual basis in the 2024 2i RG Consolidated Financial Statements. For the preparation of the 2024 Unaudited Pro Forma Consolidated Financial Information, these costs amounting to €9,455 thousand have been eliminated, consistently with the simulation that these costs will be recognized in the consolidated statement of financial position of the 2i Rete Gas Group as of the Closing. Therefore, they will not affect the consolidated income statement of the Post-Acquisition Group. Such adjustment does not have a continuing impact on the consolidated income data of the Post-Acquisition Group;

   - the elimination of €10,867 thousand of the income recognized in the 2i RG 2024 Consolidated Financial Statements related to the recognition in the income statement of the portion pertaining to the year of the 'derivative instruments valuation reserve' relating to the positive fair value of interest rate risk hedging derivative instruments terminated before the hedged item. This adjustment has a continuing impact on the consolidated income statement of the Post-Acquisition Group (limited to the years 2025-2033);

   - the pro forma simulation of the absorption of the Issuer's own funds in relation to the payment of the Purchase Price, which would have resulted, in the twelve-month period ended December 31, 2024, in the recognition of lower financial income amounting €2,985 thousand. This adjustment has a continuing impact on the consolidated income statement of the Post-Acquisition Group; and

   - the pro forma simulation of the expenses and income mentioned above, which would have resulted in the recognition of lower income taxes amounting to €659 thousand.

In relation to the above entries, the effects on the profit attributable to non-controlling interests (representing 0.06% of the share capital of 2i Rete Gas not acquired) would have amounted to €131 thousand. This adjustment has a continuing impact on the consolidated income statement of the Post-Acquisition Group.

C. "Column H" shows the pro forma simulation of the expenses incurred for the acquisition, primarily related to:

- legal and consultancy costs and insurance fees amounting to €9,381 thousand. This adjustment has a continuing impact on the consolidated income statement of the Post-Acquisition Group;
- the pro forma simulation of the costs attributable to the Italgas Group management incentive plan: (i) monetary plan, attributable to the beneficiaries after the Closing; (ii) in shares to be granted to a selected number of managers of the Italgas Group who will be in force eighteen months after the Acquisition, for a total estimated amount of €2,997 thousand. This adjustment does not have a continuing impact on the consolidated income statement of the Post-Acquisition Group;
- Italian taxes on financial transactions amounting to 0.20% of the Purchase Price (€4,144 thousand). This adjustment does not have a continuing impact on the consolidated income statement of the Post-Acquisition Group;
- the pro forma simulation of the use of the Issuer's own funds amounting to €34,996 thousand in relation to the expenses incurred for the Acquisition, which would have resulted, in the twelve-month period ended December 31, 2024, in the recognition of lower financial income amounting to €1,274 thousand. This adjustment has a continuing impact on the consolidated income statement of the Post-Acquisition Group; and
- the pro forma simulation of the above-mentioned costs, which would have resulted in the recognition of lower income taxes amounting to €3,796 thousand.

2i Rete Gas Reverse Stock Split (column D)

"Column D" shows the effects of the 2i Rete Gas Reverse Stock Split, as if it had taken place on January 1, 2024 with reference to the economic effects, i.e., the reclassification of the Profit for the year attributable to Non-controlling interests, equal to €131 thousand, to Profit for the year attributable to Italgas' shareholders.

Regarding the above effects, it is expected that they will have a continuing impact on the Post-Acquisition Group's consolidated income statement.

Repayment of the Bridge Credit Facility (column E)

"Column E" shows the effects: (i) of the repayment of the Bridge Credit Facility which simultaneously entails the recognition in the pro forma consolidated income statement of transaction costs amounting to €4,713 thousand; (ii) of the lower financial income amounting to €211 thousand resulting from the use of own resources for €5,790 thousand for the repayment of the Bridge Credit Facility, amounting to €1,000 million in addition to the full use of the net proceeds from the Capital Increase, amounting to €994,210 thousand. Furthermore, the impact of lower income taxes amounting to €1,182 thousand for the aforementioned items is highlighted.

Regarding the above effects, it is expected that they will not have a continuing impact on the Post-Acquisition Group's Consolidated Income Statement.

Pro Forma Consolidated Income Statement of Italgas Group (column F)

The "column F" combines the effects of the adjustments outlined in the previous columns.

Selected Pro Forma Non-IFRS measures of the Post-Acquisition Group for the year ended December 31, 2024

Below are some Pro Forma Non-IFRS measures of the Post-Acquisition Group for the year ended December 31, 2024.

Non-IFRS measures are not recognized by IFRS and, although they are derived from the 2024 Unaudited Pro Forma Consolidated Financial Information, they have not been examined by the Independent Auditors for the purposes set out by Annex 20 of the Commission Delegated Regulation (EU) 2019/980.

The tables below set forth selected Pro Forma Non-IFRS measures of the Post-Acquisition Group for the year ended December 31, 2024.

	Note	As of and for the year ended December 31, 2024 Pro Forma
		(in € millions)
Pro Forma Total revenues and other income adjusted	1	2,661.7
Pro Forma Adjusted EBITDA	2	1,964.5
Pro Forma Adjusted EBIT	3	1,210.1
Pro Forma Adjusted net profit attributable to the Group	4	698.7
Pro Forma Net financial debt	5	11,088.9

Below is the calculation of the above mentioned Non-IFRS measures and their reconciliation with the figures resulting from the 2024 Unaudited Pro Forma Consolidated Financial Information.

Note 1 – Pro Forma Total revenues and other income adjusted

Pro Forma Total revenues and other income adjusted: Pro Forma Total revenues and other income adjusted is calculated as the Total revenues and other income, excluding revenues and other income arising from *(i)* service concession arrangements (IFRIC 12), related to revenues for infrastructure construction and improvements, *(ii)* pass-through costs, including release of connection contributions relating to the year, reimbursement of faulty meters, repayments from third parties and other reimbursements and works performed on behalf of the Campania Region, and *(iii)* certain items that Management considers not reflective of the underlying operating performance of the business or that are non-recurring in nature, including revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016, and prize for the security of the Gas distribution service for year 2020.

	For the year ended December 31, 2024 Pro Forma
	(in € millions)
Total revenues and other income	**3,781.7**
Revenues for infrastructure construction and improvements (IFRIC 12) (1)	(1,095.5)
Release of connection contributions relating to the year (2)	(29.5)
Reimbursement of faulty meters (2)	(16.6)
Repayments from third parties (3)	(14.3)
Other reimbursement (3)	(0.1)
Works performed on behalf of the Campania Region (3)	(2.6)
Revenues from Gas distribution in start-up locations (4)	4.6
Reimbursements for smart metering/remote management for the years 2011-2016 (4)	9.9
Prizes for the security of the Gas distribution service for year 2020 (4)	24.0
Pro Forma Total Revenues and other income adjusted	**2,661.7**

(1) Revenues and costs for infrastructure construction and improvements, arising from service concession arrangements, are recognised in accordance with IFRIC 12. These amounts are included equally in both *Total revenues and other income* and *Total costs and other expenses*, with no effect on operating result.

(2) Release of connection contributions relating to the year and Reimbursement of faulty meters refer to "pass-through" costs associated with the replacement of connections and meters and they are included in *Other income*. These costs are fully recoverable by Italgas Group through separate charges, with no impact on the operating result.

(3) Repayments from third parties and Other reimbursement refer to "pass-through" costs, they are included in *Other income,* and are fully recoverable by the Italgas Group through separate charges, with no impact on the operating result. These repayments primarily relate to the reimbursement of costs incurred by Medea, including the recharging of expenses for purchase of raw materials (LNG) and transportation costs. For the year ended December 31, 2024, Works performed on behalf of Campania Region refers to activities performed by Acqua Campania S.p.A for the benefit of the Campania Region and they are included in *Other income*.

(4) Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated Gas distribution revenues for €4.6 million, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated Gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016. The amount charged to Italgas Reti S.p.A. was €9.9 million;
- lower regulated Gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the Gas distribution service for the year 2020 and therefore the non-recognition of €24.0 million.

Note 2 – Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA: Pro Forma Adjusted EBITDA is calculated as Profit for the year, excluding Income taxes, Other income from equity investments, Dividends, Share of the profit of investments in associates/joint ventures, Gain/(loss) on derivative financial instruments measured at fair value, Financial income, Financial expense, Amortisation, depreciation and impairment of assets, adjusted for (i) pass-through costs, such as release of connection contributions relating to the year, and (ii) certain items that Management considers not reflective of the underlying operating performance or that are non-recurring in nature, including, revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016, prize for the security of the Gas distribution service for year 2020, and use of provision for impairment of assets (faulty gas smart meters). In the Pro Forma Adjusted EBITDA, the effects deriving from the application of IFRIC 12 - Service Concession Arrangements and the costs incurred for the Acquisition are also excluded.

	For the year ended December 31, 2024 Pro Forma
	(in € millions)
Profit for the year	**683.1**
Income taxes	246.2
Other income from equity investments	(1.3)
Share of the profit of investments in associates/joint ventures	(10.4)
Gain/(loss) on derivate financial instruments measured at fair value	(0.4)
Financial income	(33.4)
Financial expense	271.1
Amortisation, depreciation and impairment of assets	775.0
Release of connection contributions relating to the year [(1)]	(29.5)
Revenues from Gas distribution in start-up locations [(2)]	4.6
Reimbursements for smart metering/remote management for the years 2011-2016 [(2)]	9.9
Prize for the security of the Gas distribution service for year 2020 [(2)]	24.0
Use of provision for impairment of assets (faulty gas smart meters) [(3)]	12.6
Effects of IFRIC 12 [(3)]	(3.8)
Costs incurred for the acquisition of 2i Rete Gas [(4)]	16.5
Pro Forma Adjusted EBITDA	**1,964.5**

[(1)] Release of connection contributions relating to the year and Reimbursement of faulty meters refer to "pass-through" costs associated with the replacement of connections and meters and they are included in *Other income*. These costs are fully recoverable by Italgas Group through separate charges, with no impact on the operating result.

[(2)] Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated Gas distribution revenues for €4.6 million, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated Gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016. The amount charged to Italgas Reti S.p.A. was €9.9 million;
- lower regulated Gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the Gas distribution service for the year 2020 and therefore the non-recognition of €24.0 million.

[(3)] Revenues and costs related to ARERA Resolution n. 737/2022/R/gas affect the fiscal year ended December 31, 2023 and pertain to the reimbursement of the residual value of a specific class of smart meters (those not exceeding G6 caliber, produced until 2016 and activated by 2018). The contribution is included in *Other income* for €42.7 million, while charges are reflected in *Total costs and other expenses* for €18.8 million and impairment of faulty smart gas meters are included in *Amortisation, depreciation and impairment of assets* for €23.9 million, with no impact on the operating result.

[(4)] IFRIC 12 effects relate to amortisation, depreciation, and impairment of assets of the 2i Rete Gas Group.

[(5)] The item Costs incurred for the Acquisition includes (a) legal and consultancy costs and insurance premiums (€9,381 thousand), (b) costs attributable to the incentive plan: (i) monetary, recognized after the Closing; (ii) on shares to be granted to a selected number of managers of the Italgas Group who will be in force 18 months after the Acquisition, for a total estimated amount of €2,997 thousand, and (c) financial transaction taxes equal to 0.20% of the Purchase Price (€4,144 thousand). These costs have been included respectively in Costs for services, Labour Costs and Other expenses of the consolidated income statement of the 2024 Unaudited Pro Forma Consolidated Financial Information.

Note 3 – Pro Forma Adjusted EBIT

Pro Forma Adjusted EBIT: Pro Forma Adjusted EBIT is calculated as Profit for the year, excluding Income taxes, Other income from equity investments, Dividends, Share of the profit of investments in associates/joint ventures, Gain/(loss) on derivative financial instruments measured at fair value, Financial income, Financial expense, adjusted for certain items that Management considers not reflective of the underlying operating performance or that are non-recurring in nature, including revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020. In the Pro Forma Adjusted EBIT, the costs incurred for the Acquisition are also excluded.

	For the year ended December 31, 2024 Pro Forma
	(in € millions)
Profit for the year	**683.1**
Income taxes	246.2
Other income from equity investments	(1.3)
Share of the profit of investments in associates/joint ventures	(10.4)
Gain/(loss) on derivative financial instruments measured at fair value	(0.4)
Financial income	(33.4)
Financial expense	271.1
Revenues from Gas Distribution in start-up locations [(1)]	4.6
Reimbursements for smart metering/remote management for the years 2011-2016 [(1)]	9.9
Prize for the security of the Gas distribution service for year 2020 [(1)]	24.0
Costs incurred for the acquisition of 2i Rete Gas [(2)]	16.5
Pro Forma Adjusted EBIT	**1,210.1**

[(1)] Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated Gas distribution revenues for €4.6 million, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated Gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016. The amount charged to Italgas Reti S.p.A. was €9.9 million;
- lower regulated Gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the Gas distribution service for the year 2020 and therefore the non-recognition of €24.0 million.

(2) Costs incurred for the Acquisition includes (a) legal and consultancy costs and insurance premiums (€9,381 thousand), (b) costs attributable to the incentive plan: (i) monetary, recognized after the Closing; (ii) on shares to be granted to a selected number of managers of the Italgas Group who will be in force 18 months after the Acquisition, for a total estimated amount of €2,997 thousand, and (c) financial transaction taxes equal to 0.20% of the Purchase Price (€4,144 thousand). These costs have been included respectively in Costs for services, Labour Costs and Other expenses of the consolidated income statement of the 2024 Unaudited Pro Forma Consolidated Financial Information.

Note 4 – Pro Forma Adjusted net profit attributable to the Group

Pro Forma Adjusted net profit attributable to the Group: Pro Forma Adjusted net profit attributable to the Group is calculated as Profit for the year attributable to Owners of the parent company, adjusted for certain items that Management considers not reflective of the underlying operating performance or that are non-recurring in nature, including revenues from Gas distribution in start-up locations attributable to the Italgas Group reimbursements for smart metering/remote management for the years 2011-2016 attributable to the Italgas Group and prize for the security of the Gas distribution service for year 2020 attributable to the Italgas Group, net of Income taxes on reconciling items attributable to Italgas Group. In the Pro Forma Adjusted net profit attributable to the Group, the costs incurred for the Acquisition and the transaction costs of the Bridge Credit Facility are also excluded.

	For the year ended December 31, 2024 Pro Forma
	(in € millions)
Profit for the year attributable to Owners of the parent company	**654.4**
Revenues from Gas distribution in start-up locations, attributable to Italgas Group (1)	4.6
Reimbursements for smart metering/remote management for the years 2011-2016, attributable to Italgas Group (1)	9.9
Prize for the security of the Gas distribution service for year 2020, attributable to Italgas Group (1)	24.0
Costs incurred for the acquisition of 2i Rete Gas (2)	16.5
Transaction costs related to Bridge Credit Facility (3)	4.7
Income taxes on reconciling items, attributable to Italgas Group (4)	(15.8)
Pro Forma Adjusted net profit attributable to the Group	**698.7**

(1) Revenues from Gas distribution in start-up locations, reimbursements for smart metering/remote management for the years 2011-2016 and prize for the security of the Gas distribution service for year 2020 are excluded from *Total revenues and other income*, as "special items" for the fiscal year ended December 31, 2024, and, respectively, refer to:

- lower regulated Gas distribution revenues for €4.6 million, due to Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, which affected to the tariff recognition of capital costs in start-up locations, where Italgas Group did not meet the threshold for the years following the first gas supply (2018-2023);
- lower regulated Gas distribution revenues, resulting from Resolution no. 207/2024/R/gas, which did not retroactively recognize the previously approved costs for natural gas metering services related to remote reading/management systems and concentrators for the period 2011-2016. The amount charged to Italgas Reti S.p.A. was €9.9 million;
- lower regulated Gas distribution revenues, due to Resolution no. 490/2024/R/gas, which withdrew the prize for the security of the Gas distribution service for the year 2020 and therefore the non-recognition of €24.0 million.

(2) Costs incurred for the Acquisition includes (a) legal and consultancy costs and insurance premiums (€9,381 thousand), (b) costs attributable to the incentive plan: (i) monetary, recognized after the Closing; (ii) on shares to be granted to a selected number of managers of the Italgas Group who will be in force 18 months after the Acquisition, for a total estimated amount of €2,997 thousand, and (c) financial transaction taxes equal to 0.20% of the Purchase Price (€4,144 thousand). These costs have been included respectively in Costs for services, Labour Costs and Other expenses of the consolidated income statement of the 2024 Unaudited Pro Forma Consolidated Financial Information.

(3) Transaction costs related to Bridge Credit Facility represents the non-recurring costs of the stipulation of the Bridge Credit Facility Agreement, related to the Acquisition. These costs are included in the Financial Charges of the consolidated income statement of the 2024 Unaudited Pro Forma Consolidated Financial Information.

(4) Income taxes on reconciling items refer to the tax effect, calculated by applying the tax rate to each reconciling item taxable and non-deductible amounts.

Note 5 – Pro Forma Net financial debt

Pro Forma Net financial debt: Pro Forma Net financial debt is defined as the sum of current and non-current financial debt, net of cash and cash equivalents, current financial assets and other current financial assets. The composition of Net financial debt is determined in accordance with the ESMA Guidelines of March 4, 2021 on disclosure requirements under the Prospectus Regulation (ESMA 32-382-1138).

The following table provides a reconciliation of the Pro Forma Net financial debt as of December 31, 2024 from the respective Net financial debt tables of the Italgas Group and the 2i Rete Gas Group.

		As of December 31, 2024 Pro Forma				
	Consolidated Financial Statements of Italgas Group	**Consolidated Financial Statements of 2i Rete Gas Group**	**Pro Forma Adjustments Acquisition and Bridge Credit Facility**	**Capital Increase**	**Repayment of the Bridge Credit Facility**	**Pro Forma Consolidated Financial Information of Italgas Group**
	A	**B**	**C**	**D**	**E**	**F = A+B+C+D+E**
			(in € millions)			
A. Cash [(i)]	401.6	80.7	(117.0)	994.2	(1,000.0)	359.5
B. Cash equivalents [(i)]	1.1	-	-	-	-	1.1
C. Other current financial assets [(ii)]	9.5	7.0	-	-	-	16.5
D. Liquidity (A + B + C)	**412.1**	**87.7**	**(117.0)**	**994.2**	**(1,000.0)**	**377.0**
E. Current financial debt [(iii)]	318.3	235.0	995.3	-	(995.3)	553.3
F. Current portion of non-current financial debt [(iii)]	662.2	525.2	-	-	-	1,187.4
G. Current financial debt (E + F)	**980.6**	**760.2**	**995.3**	**-**	**(995.3)**	**1,740.8**
H. Net current financial debt (G - D)	**568.4**	**672.5**	**1,112.3**	**(994.2)**	**4.7**	**1,363.8**
I. Non-current financial debt (excluding the current portion and debt instruments) [(iv)]	945.9	331.4	-	-	-	1,277.3
J. Debt instruments [(iv)]	5,248.4	2,204.8	994.6	-	-	8,447.9
K. Trade and other non-current payables	-	-	-	-	-	-
L. Non-current financial debt (I+J+K)	**6,194.3**	**2,536.2**	**994.6**	**-**	**-**	**9,725.1**
M. Pro Forma Net financial debt (H+L)	**6,762.8**	**3,208.7**	**2,106.9**	**(994.2)**	**4.7**	**11,088.9**

[(i)] Cash and Cash equivalents are included in "Cash and cash equivalents" of the Pro Forma Consolidated Statement of Financial Position.

[(ii)] Other current financial assets include "Current financial assets" and "Other current financial assets" of the Pro Forma Consolidated Statement of Financial Position.

[(iii)] Current financial debt and Current portion of non-current financial debt refer to "Current financial liabilities" of the Pro Forma Consolidated Statement of Financial Position.

[(iv)] Non-current financial debt (excluding the current portion and debt instruments) and debt instruments include "Non-current financial liabilities" of the Pro Forma Consolidated Statement of Financial Position.

Independent Auditors' Report on the 2024 Unaudited Pro Forma Consolidated Financial Information

Set out below is the Independent Auditors' Report on the 2024 Unaudited Pro Forma Consolidated Financial Information.

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AUDITORS' REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ITALGAS S.P.A. AND ITS SUBSIDIARIES AS OF FOR THE YEAR ENDED DECEMBER 31, 2024

To the Board of Directors of
Italgas S.p.A.

Report on the compilation of pro-forma financial information included in a prospectus

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Italgas S.p.A. and its subsidiaries (the "Group") by the Directors of Italgas S.p.A. (the "Company"). The pro-forma financial information of the Group consists of the pro forma consolidated statement of financial position as of December 31, 2024 and the pro forma consolidated income statement for the year ended December 31, 2024, together with the related notes (the "Unaudited Pro Forma Consolidated Financial Information"), included in Part B – Section 1, Chapter 11, Paragraph 11.7 of the registration document (hereinafter referred to as the "Registration Document"), prepared in connection with the capital increase through the issuance, pursuant to pre-emptive subscription rights granted to existing shareholders, of new ordinary shares of the Company.

The Unaudited Pro Forma Consolidated Financial Information has been compiled to illustrate the impacts of the following transactions (the "Transactions"):

- The acquisition occurred on April 1, 2025 of the 99.94% of the share capital of 2i Rete Gas S.p.A. (the "Acquisition") and the reverse stock split of 2i Rete Gas S.p.A. related and linked to it.

- The issuance of two notes occurred on March 6, 2025, utilized for the partial financing of the Acquisition.

- The use of a bridge credit facility granted under the financing contract signed by the Company, as borrower and J.P. Morgan Chase Bank, N.A. - Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company - Milan Branch, Citibank N.A. - Milan Branch, Morgan Stanley Bank AG and Société Générale - Milan Branch, as financing banks, for the partial financing of the Acquisition.

- The capital increase, pursuant to pre-emptive subscription rights, in relation to which the Registration Document is drawn up, and

- The repayment of the above-mentioned bridge credit facility.

The applicable criteria on the basis of which the Directors of the Company have prepared the pro-forma financial information are specified in Annex 20 of the Commission Delegated Regulation (EU) 2019/980 and set out in the notes to the Unaudited Pro Forma Consolidated Financial Information (the "Compilation Criteria").

The Unaudited Pro Forma Consolidated Financial Information has been prepared by the Directors of the Company to reflect retroactively the accounting effects of the Transactions on the consolidated statement of financial position of the Group as of December 31, 2024 and on the consolidated income statement of the Group for the year ended December 31, 2024 as if they had occurred virtually as of December 31, 2024 and at the beginning of the year ended on that date, respectively.

As part of this process, the historical financial information has been extracted from:

- The consolidated financial statements of the Group for the year ended December 31, 2024 which have been audited by us and on which we expressed our unqualified opinion on March 10, 2025.

- The consolidated financial statements of 2i Rete Gas S.p.A. as of and for the year ended December 31, 2024, which have been audited by EY S.p.A. and on which they expressed their unqualified opinion on February 27, 2025.

Directors' responsibility for the pro-forma financial information

The Directors of the Company are responsible for preparing the Unaudited Pro Forma Consolidated Financial Information on the basis of the Compilation Criteria indicated in the notes and the consistency of the Compilation Criteria with the accounting principles adopted by the Group.

Independence and quality management

We have complied with the independence and other ethical requirement of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' Responsibilities

Our responsibility is to express an opinion, as required by the Commission Delegated Regulation (EU) 2019/980, about whether the Unaudited Pro Forma Consolidated Financial Information has been compiled, in all material respects, by the Directors of the Company on the basis of the Compilation Criteria and whether the Compilation Criteria are consistent with the accounting policies adopted by the Group.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that procedures be planned and performed to obtain reasonable assurance about whether the Directors of the Company has compiled, in all material respects, the Unaudited Pro Forma Consolidated Financial Information on the basis of the Compilation Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transactions on the historical data would have been as presented in the Unaudited Pro Forma Consolidated Financial Information.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria and whether the compilation criteria are consistent with the accounting principles adopted by the company involves performing procedures to assess whether the applicable criteria, used by the company in the compilation of the pro forma financial information, provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our professional judgment, having regard to our understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Unaudited Pro Forma Consolidated Financial Information as of and for the year ended December 31, 2024, prepared to reflect retroactively the accounting effects of the Transactions, has been properly compiled on the basis stated in the Compilation Criteria and the Compilation Criteria are consistent with the accounting principles adopted by the Group.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
May 22, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
ITALGAS GROUP

Unaudited Interim Condensed Consolidated Financial Statements of the Italgas Group as of and for the period ended March 31, 2025

Interim Condensed Consolidated Statement of Financial Position

		As of December 31, 2024		As of March 31, 2025	
(€ thousands)	Notes	Total	*of which, related parties*	Total	*of which, related parties*
ASSETS					
Cash and cash equivalents	(6)	402,662		2,573,196	
Current financial assets		3,592	*2,125*	4,968	*2,125*
Trade and other receivables	(7)	905,092	*234,138*	971,146	*237,183*
Inventories		57,232		58,282	
Other current financial assets		5,878		5,803	
Other current non-financial assets	(9)	232,559	*288*	241,649	*590*
Total current assets		**1,607,015**		**3,855,044**	
Property, plant and equipment	(10)	383,327		390,354	
Intangible assets	(11)	8,833,270		8,859,155	
Investments accounted for using the equity method		155,715		158,210	
Non-current financial assets		339,747	*1,570*	341,762	*1,595*
Non-current tax receivables	(8)	17,612		17,357	
Other non-current financial assets		10,982		10,512	
Other non-current non-financial assets	(9)	619,322	*406*	571,263	*455*
Total non-current assets		**10,359,975**		**10,348,613**	
Assets held for sale		**5,351**		**4,871**	
TOTAL ASSETS		**11,972,341**		**14,208,528**	
LIABILITIES AND EQUITY					
Current financial liabilities	(12)	980,569	*4,580*	1,948,796	*5,024*
Trade and other payables	(13)	1,184,609	*64,410*	1,194,778	*71,292*
Current tax liabilities	(8)	25,562		104,924	
Other current non-financial liabilities		14,063	*1,093*	26,140	*1,269*
Total current liabilities		**2,204,803**		**3,274,638**	
Non-current financial liabilities	(12)	6,205,299	*141,566*	7,201,568	*141,791*
Provisions for risks and charges		92,122		87,277	
Provisions for employee benefits		61,279		59,207	
Deferred tax liabilities	(14)	48,345		36,768	
Other non-current non-financial liabilities		566,985		575,529	
Total non-current liabilities		**6,974,030**		**7,960,349**	
TOTAL LIABILITIES		**9,178,833**		**11,234,987**	
EQUITY	(15)				
Share capital		1,003,844		1,004,478	
Other reserves		175,584		175,613	
Retained earnings		799,635		1,278,489	
Profit for the year / period		478,854		168,765	
Equity attributable to Owners of the parent company		**2,457,917**		**2,627,345**	
Non-controlling interests		**335,591**		**346,196**	
TOTAL EQUITY		**2,793,508**		**2,973,541**	
TOTAL LIABILITIES AND EQUITY		**11,972,341**		**14,208,528**	

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Income Statement

(€ thousands)	Notes	For the three months ended March 31, 2024 Total	For the three months ended March 31, 2024 *of which, related parties*	For the three months ended March 31, 2025 Total	For the three months ended March 31, 2025 *of which, related parties*
Revenues		570,849	*257,839*	643,747	*286,563*
Other income		16,224	*1,650*	17,848	*1,489*
Total revenues and other income	(17)	**587,073**		**661,595**	
Costs for raw materials, consumables, supplies and goods		(26,319)	*(3,202)*	(22,797)	*(3,005)*
Costs for services		(127,087)	*(2,499)*	(129,063)	*(2,618)*
Lease expenses		(23,814)	*(344)*	(25,644)	*(352)*
Personnel costs		(69,163)		(70,938)	
Other expenses		(15,982)	*(15,833)*	(10,000)	*(12,427)*
Total costs and other expenses	(18)	**(262,365)**		**(258,442)**	
Amortisation, depreciation and impairment of assets	(19)	**(131,969)**		**(123,382)**	
Operating result		**192,739**		**279,771**	
Financial expense		(33,226)		(41,687)	
Financial income		7,061		7,003	
Gain/(loss) on derivative financial instruments measured at fair value		140		(116)	
Total net financial expense	(20)	**(26,025)**		**(34,800)**	
Share of the profit of investments in associates/joint ventures		3,733	*3,733*	2,495	*2,495*
Other income from equity investments		41		39	
Total net income from equity investments		**3,774**		**2,534**	
Profit before taxes		**170,488**		**247,505**	
Income taxes	(21)	45,245		68,154	
Profit for the period		**125,243**		**179,351**	
Attributable to:					
Owners of the parent company		117,532		168,765	
Non-controlling interests		7,711		10,586	
Earnings per share (€ per share)	(22)				
- basic and diluted from continuing operations		0.14		0.21	
- total basic and diluted		0.14		0.21	

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Comprehensive Income

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Profit for the period	**125,243**	**179,351**
Other comprehensive income		
Components that may be reclassified subsequently to the income statement:		
Fair value loss arising from hedging instruments during the period	(612)	(430)
Tax effect	147	103
Total components that may be reclassified subsequently to the income statement	**(465)**	**(327)**
Components that will not be reclassified to the income statement:		
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	(107)	-
Change in fair value of investments measured at FVTOCI	317	165
Tax effect	(59)	(46)
Total components that will not be reclassified to the income statement	**151**	**119**
Total other comprehensive income, net of tax effect	**(314)**	**(208)**
Total comprehensive income for the period	**124,929**	**179,143**
Attributable to Owners of the parent company	**117,258**	**168,557**
Attributable to non-controlling interests	**7,671**	**10,586**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of changes in Equity

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined-benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Profit for the year / period	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2024 (a) (Note 15)	**1,003,228**	**(323,907)**	**626,252**	**200,646**	**(7,024)**	**22,683**	**(349,839)**	**9,417**	**238**	**13,063**	**645,747**	**439,568**	**2,280,072**	**320,672**	**2,600,744**
Profit for the three months ended March 31. 2024												117,532	**117,532**	**7,711**	**125,243**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
- Fair value loss arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	(465)	-	-	-	-	-	-	**(465)**	-	**(465)**
Components that will not be reclassified to the income statement:															
- Actuarial losses from remeasurement of defined-benefit plans for employees, net of tax effect	-	-	-	-	(37)	-	-	-	-	-	-	-	**(37)**	**(40)**	**(77)**
- Change in fair value of investments measured at FVTOCI, net of tax effect	-	-	-	-	-	-	-	-	228	-	-	-	**228**	-	**228**
Total comprehensive income for the three months ended March 31, 2024 (b)	**-**	**-**	**-**	**-**	**(37)**	**(465)**	**-**	**-**	**228**	**-**	**-**	**117,532**	**117,258**	**7,671**	**124,929**
Transactions with shareholders:															
- Allocation of 2023 profit for the year	-	-	-	-	-	-	-	-	-	-	439,568	(439,568)	**-**	**-**	**-**
- Change in Stock grant reserve	-	-	-	-	-	-	-	840	-	-	-	-	**840**	**-**	**840**
Total transactions with shareholders (c)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**840**	**-**	**-**	**439,568**	**(439,568)**	**840**	**-**	**840**
Other changes in equity (d)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,326)**	**-**	**-**	**(1,326)**	**5,885**	**4,559**
Balance as of March 31, 2024 (e=a+b+c+d) (Note 15)	**1,003,228**	**(323,907)**	**626,252**	**200,646**	**(7,061)**	**22,218**	**(349,839)**	**10,257**	**466**	**11,737**	**1,085,315**	**117,532**	**2,396,844**	**334,228**	**2,731,072**

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined-benefit plans for employees net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Profit for the year / period	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2025 (a) (Note 15)	**1,003,844**	**(323,907)**	**628,395**	**200,769**	**(7,429)**	**11,524**	**(349,839)**	**8,232**	**319**	**7,520**	**799,635**	**478,854**	**2,457,917**	**335,591**	**2,793,508**
Profit for the three months ended March 31, 2025												**168,765**	**168,765**	**10,586**	**179,351**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
- Fair value loss arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	(327)	-	-	-	-	-	-	**(327)**	-	**(327)**
Components that will not be reclassified to the income statement:															
- Change in fair value of investments measured at FVTOCI, net of tax effect	-	-	-	-	-	-	-	-	119	-	-	-	**119**	-	**119**
Total comprehensive income for the three months ended March 31, 2025 (b)	**-**	**-**	**-**	**-**	**-**	**(327)**	**-**	**-**	**119**	**-**	**-**	**168,765**	**168,557**	**10,586**	**179,143**
Transactions with shareholders:															
- Allocation of 2024 profit for the year	-	-	-	-	-	-	-	-	-	-	478,854	(478,854)	**-**	**-**	**-**
- Change in Stock grant reserve	634	-	2,312	-	-	-	-	(1,666)	-	(688)	-	-	**592**	**-**	**592**
Total transactions with shareholders (c)	**634**	**-**	**2,312**	**-**	**-**	**-**	**-**	**(1,666)**	**-**	**(688)**	**478,854**	**(478,854)**	**592**	**-**	**592**
Other changes in equity (d)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**279**	**-**	**-**	**279**	**19**	**298**
Balance as of March 31, 2025 (e=a+b+c+d) (Note 15)	**1,004,478**	**(323,907)**	**630,707**	**200,769**	**(7,429)**	**11,197**	**(349,839)**	**6,566**	**438**	**7,111**	**1,278,489**	**168,765**	**2,627,345**	**346,196**	**2,973,541**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Cash Flow

(€ thousands)	Notes	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Profit for the period		**125,243**	**179,351**
Adjustments for:			
Amortisation, depreciation and impairment of assets	(19)	131,969	123,382
Share of the profit of investments in associates/joint ventures		(3,733)	(2,495)
Other income from equity investments		(41)	(39)
Other gains and loses		841	791
Losses arising from the disposal of non-current assets		9,189	4,542
Financial income (including Gain/(loss) on derivative financial instruments measured at fair value)		(7,201)	(6,887)
Financial expense		33,226	41,687
Income taxes	(21)	45,245	68,154
Change in provisions for employee benefits		(2,587)	(2,607)
Changes in working capital:			
- Inventories		1,021	(1,050)
- Trade receivables		(58,216)	(69,736)
- Trade payables		(38,210)	(21,131)
- Provisions for risks and charges		(618)	(5,165)
- Other assets		10,850	41,052
- Other liabilities		128,617	125,097
Financial income collected		2,019	1,411
Financial expense paid		(34,771)	(64,156)
Income taxes paid, net of tax credits reimbursed		(1,222)	(47)
Net cash flow from operating activities		**341,621**	**412,154**
of which, related parties	(25)	*169,464*	*310,091*
Investments:			
- Property, plant and equipment		(3,342)	(8,076)
- Intangible assets		(192,001)	(138,273)
- Business combinations, net of cash acquired		51,112	-
- Equity investments		-	(911)
- Change in financial receivables instrumental to operating activities		1,084	(334)
- Change in payables for investments		(58,775)	(79,775)
Disinvestments:			
- Property, plant and equipment		-	531
- Equity investments		2,336	-
Net cash flow from investing activities		**(199,586)**	**(226,838)**
Proceeds from non-current financial debt		641,713	998,750
Repayment of non-current financial debt		(385,417)	-
Increase in current financial debt		(22,151)	997,787
Proceeds from financial assets		(4,536)	(1,375)
Repayment of lease liabilities		(11,110)	(9,944)
Net cash flow from financing activities		**218,499**	**1,985,218**
of which, related parties	(25)	-	669
Net cash flow for the period		**360,534**	**2,170,534**
Opening cash and cash equivalents	(6)	**249,963**	**402,662**
Closing cash and cash equivalents	**(6)**	**610,497**	**2,573,196**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements

Group Information

The Italgas Group, comprising the parent company Italgas S.p.A. and its subsidiaries (collectively referred to as "Italgas", "Italgas Group" or "Group"), operates in the regulated activities of natural gas distribution, water services and energy efficiency.

Italgas S.p.A. is a joint stock company incorporated under Italian law and listed on the Milan Stock Exchange, with registered offices in Milan, via Carlo Bo 11.

CDP S.p.A. has "de facto" control over Italgas S.p.A. pursuant to the accounting principle IFRS 10 "Consolidated Financial Statements".
As of March 31, 2025, CDP S.p.A. holds, directly through CDP Reti S.p.A.[1], a 25.96% stake in Italgas S.p.A. and, indirectly through Snam S.p.A., a 4.22% stake.

The parent company, Italgas S.p.A., is not subject to direction and coordination activities. Italgas S.p.A. exercises direction and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Italian Civil Code.

1) *Basis of preparation*

The Interim Condensed Consolidated Financial Statements as of March 31, 2025, hereinafter also the "Interim Consolidated Financial Statements", were prepared in accordance with the provisions of IAS 34 "Interim financial reporting". As permitted by this standard, the Interim Consolidated Financial Statements do not include all the information required in annual consolidated financial statements and, therefore, must be read together with Italgas Group's Consolidated Financial Statements for the year ending December 31, 2024 ("2024 Consolidated Financial Statements"). The Notes to the Interim Consolidated Financial Statements are presented in summary form.

The Interim Consolidated Financial Statements as of and for the three months ended March 31, 2025, approved and authorised for issue by the Board of Directors of Italgas S.p.A. at the meeting of May 6, 2025 were subjected to a limited review by Deloitte & Touche S.p.A. The limited review involves an amount of work significantly reduced compared to the audit required by generally accepted auditing standards.

The Interim Consolidated Financial Statements are presented in Euro. Amounts in the Interim Consolidated Financial Statements and related Notes, considering their size are expressed in thousands of Euro, unless otherwise indicated.

2) *Consolidation principles and measurement criteria*

The Interim Consolidated Financial Statements apply the consolidation principles and the measurement criteria described when preparing the annual consolidated financial statements, to which reference is made. The Group did not have any changes to its accounting policies from those applied in the 2024 Consolidated Financial Statements, with the exception of the international accounting standards that came into effect on January 1, 2025, as detailed in the following section 4 below.

No changes have been made to the Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Income Statement, Interim Condensed Consolidated Statement of Comprehensive Income and Interim Condensed Consolidated Statement of Cash Flow (together, the "Financial Statements") respect to those presented in the 2024 Consolidated Financial Statements.

3) *Use of estimates*

With reference to the description of the use of accounting estimates, please refer to the Note to 2024 Consolidated Financial Statements.

4) *Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board), approved by the European Union (EU) that came into effect on January 1, 2025*

The following provision issued by the IASB (International Accounting Standards Board) entered into effect in the European Union on January 1, 2025:

On August 15, 2023, the International Accounting Standards Board (IASB) published "Lack of Exchangeability (Amendments to IAS 21)", an amendment that contains the criteria for determining when one currency is convertible into another and how to determine the exchange rate when it is not.

[1] CDP S.p.A. holds 59.10%.

This amendment specifies that a currency is a convertible currency when an entity is able to exchange that currency for another through markets or exchange mechanisms that create rights and obligations applicable without undue delay at the valuation date and for a specific purpose; a currency is not exchangeable for another if an entity can obtain only a small amount of the other currency. It also defines how to determine the exchange rate to be applied when a currency is not convertible, in this case at the valuation date, the spot exchange rate is estimated as the rate that would have been applied to a transaction ordered between market participants at the valuation date and that would faithfully reflect existing economic conditions. Furthermore, additional disclosures are required when a currency is not convertible: in particular, in such a case, information must be provided to allow readers of the financial statements to assess how the inability to convert a currency affects, or is expected to affect, profit or loss, financial position and cash flows.
The adoption of this amendment had no effect on the Interim Consolidated Financial Statements of the Group.
The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

5) *Business combinations*

During the 2024, Italgas completed the acquisition of 96.23% of the equity investment in Acqua Campania S.p.A. from Vianini Lavori S.p.A. and the Veolia Group for a total consideration of 16,823 thousand euro.

The purchase price allocation of this acquisition was finalized in the first quarter ended March 31, 2025 without changes compared to the provisional allocation recorded in 2024 Consolidated Financial Statements.

There were no acquisitions for the three months ended March 31, 2025.

6) *Cash and cash equivalents*

Cash and cash equivalents, equal to 2,573,196 thousand euro (402,662 thousand euro as of December 31, 2024), refer to current account deposits held at banks.

The increase of 2,170,534 thousand euro is mainly due to the liquidity derived from (i) the "dual-tranche" issuance notes on March 06, 2025 under the EMTN programme, for an amount of 500 million euro each, and (ii) the draw on the so-called term credit line of 1,000 million euro, granted under the financing agreement signed on October 5, 2024 with a pool of financing banks, aimed at the acquisition of 99.94% of the share capital of 2i Rete Gas S.p.A..

Cash and cash equivalents are not subject to any usage restrictions, except for 42,422 thousand euro (43,400 thousand euro as of December 31, 2024) relating to collections on behalf of the Region Campania for water monitoring activities, which have not yet been paid to the Region Campania at the reference data.

7) *Trade and other receivables*

Trade and other receivables, amounting to 971,146 thousand euro (905,092 thousand euro as of December 31, 2024) include the following:

(€ thousands)	As of December 31, 2024	As of March 31, 2025
Trade receivables	751,969	823,943
Receivables from acquisition/disposal activities	5,278	5,278
Other receivables	147,845	141,925
Trade and other receivables	**905,092**	**971,146**

Trade receivables (823,943 thousand euro as of March 31, 2025 and 751,969 thousand euro as of December 31, 2024) increased by 71,974 thousand euro, mainly due to the increase in receivables (i) from sales companies for gas distribution services in Italy (42,169 thousand euro) and Greece (4,519 thousand euro), (ii) from customers of the water service (7,632 thousand euro), and (iii) related to energy efficiency activities (11,652 thousand euro).

Other receivables (141,925 thousand euro as of March 31, 2025 and 147,845 thousand euro as of December 31, 2024) break down as follows:

(€ thousands)	As of December 31, 2024	As of March 31, 2025
IRES receivables for the national tax consolidation regime	5,154	5,154
Receivables expected to be collected from CSEA	68,152	76,758
Receivables from the Public administration	2,833	2,948
Prepayments	43,386	27,378
Receivables from personnel	2,633	2,839
Receivables from ex Casmez users	18,668	18,964
Sundry other	7,019	7,897

Other receivables	**147,845**	**141,925**

8) *Current and non-current tax receivables/liabilities*

Current and non-current tax receivables/liabilities break down as follows:

	As of December 31, 2024			As of March 31, 2025		
(€ thousands)	Current	Non-current	Total	Current	Non-current	Total
Tax receivables	**-**	**17,612**	**17,612**	**-**	**17,357**	**17,357**
- IRES	-	17,612	**17,612**	-	17,357	**17,357**
Tax liabilities	**25,562**	**-**	**25,562**	**104,924**	**-**	**104,924**
- IRES	6,449		**6,449**	62,820		**62,820**
- IRAP	14,822		**14,822**	27,128		**27,128**
- Foreign Taxes	4,291		4,291	14,976		14,976

The increase of the period refers to the tax provision for the period.

9) *Other current and non-current non-financial assets*

Other current non-financial assets, amounting to 241,694 thousand euro (232,559 thousand euro as of December 31, 2024) and *other non-current non-financial assets*, amounting to 571,263 thousand euro (619,322 thousand euro as of December 31, 2024), break down as follows:

	As of December 31, 2024			As of March 31, 2025		
(€ thousands)	Current	Non-current	Total	Current	Non-current	Total
Other regulated activities	53,386	392,928	**446,314**	53,386	367,862	**421,248**
Other assets	179,173	226,394	**405,567**	188,263	203,401	**391,664**
- Other current taxes	37,885		**37,885**	32,294		**32,294**
- Accrued income and deferrals	10,468	785	**11,253**	12,738	764	**13,502**
- Security deposits	-	3,970	**3,970**	-	4,009	**4,009**
- Super/Ecobonus	128,910	219,760	**348,670**	143,231	197,157	**340,388**
- Other	1,910	1,879	**3,789**	-	1,471	**1,471**
Other current and non-current non-financial assets	**232,559**	**619,322**	**851,881**	**241,649**	**571,263**	**812,912**

Other regulated activities (421,248 thousand euro as of March 31, 2025 and 446,314 thousand euro as of December 31, 2024) decreased by 25,066 thousand euro, mainly due to lower receivables related to the gas distribution tariff in Greece (so-called "Recoverable difference") amounting to 26,725 thousand euro.

Other assets amounting to 391,664 thousand euro (405,567 thousand euro as of December 31, 2024) decreased by 13,903 thousand euro, mainly due to lower receivables for Super/Ecobonus (8,282 thousand euro) and lower receivables for other current taxes (5,591 thousand euro), of which lower VAT receivables (7,474 thousand euro), partially offset by higher other taxes receivables (1,883 thousand euro).

10) Property, plant and equipment

Property, plant and equipment, amounting to 390,354 thousand euro as of March 31, 2025 (383,327 thousand euro as of December 31, 2024), breaks down as follows:

	As of March 31, 2025						
(€ thousands)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Work in progress and payments on account	Total
Cost as of 31.12.2024	**19,424**	**537,276**	**44,521**	**195,751**	**94,610**	**23,256**	**914,838**
of which Right of Use as of 31.12.2024	5,105	68,720	-	62,496	65,533		**201,854**
Additions	2	311	34	1,227	563	5,939	**8,076**
Right of Use Additions	232	749		9,367	4,507		**14,855**
Disposals	-	(137)	(35)	(117)	(1,599)	(166)	**(2,054)**
Disposals of Right of Use	-	(29)		(2,618)	(539)		**(3,186)**
Reclassifications		74	4	16	1,216	(2,325)	**(1,015)**
Reclassifications of Right of Use		-			1,015		**1,015**
Cost as of 31.03.2025	**19,658**	**538,244**	**44,524**	**203,626**	**99,773**	**26,704**	**932,529**

Accumulated depreciation as of 31.12.2024	**(827)**	**(270,006)**	**(25,421)**	**(168,238)**	**(66,919)**	**-**	**(531,411)**
of which Right of Use as of 31.12.2024	(827)	(37,731)	-	(52,269)	(41,607)	-	**(132,434)**
Depreciation	-	(2,739)	(669)	(1,337)	(471)		**(5,216)**
Amortisation of Right of Use	(140)	(2,298)		(2,615)	(2,917)		**(7,970)**
Disposals	-	-	-	1	531		**532**
Disposals of Right of Use	-	388		1,449	153		**1,990**
Reclassifications	-	141	-	-	(141)		**-**
Accumulated depreciation as of 31.03.2025	**(967)**	**(274,514)**	**(26,090)**	**(170,740)**	**(69,764)**	**-**	**(542,075)**
Provision for impairment of asset as of 31.12.2024	**-**	**-**	**(5)**	**-**	**-**	**(95)**	**(100)**
Provision for impairment of asset as of 31.03.2025	**-**	**-**	**(5)**	**-**	**-**	**(95)**	**(100)**
Net balance as of 31.12.2024	**18,597**	**267,270**	**19,095**	**27,513**	**27,691**	**23,161**	**383,327**
Net balance as of 31.03.2025	**18,691**	**263,730**	**18,429**	**32,886**	**30,009**	**26,609**	**390,354**
- of which Right of Use as 31.03.25	4,371	29,799	-	15,811	26,143	-	**76,124**

During the period, there were no changes in the estimated useful life of assets or in the depreciation rates applied.

Property, plant and equipment are not collateralised and there are no restrictions on ownership and property. Contractual commitments to purchase property, plant and equipment, and to provide services related to the construction thereof, are reported in section "Guarantees, commitments and risks". During the period, no impairment indicators were observed, nor any significant variations to the measurement of the recoverability of the value recognised in the financial statements for Property, plant and equipment.

11) *Intangible assets*

Intangible assets, amounting to 8,859,155 thousand euro as of March 31, 2025 (8,833,270 thousand euro as of December 31, 2024) break down as follows.

	As of March 31,2025						
	Finite useful life					**Indefinite useful life**	
(€ thousands)	**Service concession arrangements**	**Industrial patent rights and intellectual property rights**	**Work in progress and payments on account IFRIC 12**	**Work in progress and payments on account**	**Other Intangible Assets**	**Goodwill**	**Total**
Cost as of 31.12.2024	**14,153,106**	**656,126**	**214,638**	**26,360**	**188,932**	**190,463**	**15,429,625**
Additions	72,240	497	64,020	5,934	92	-	**142,783**
Government grants	-	-	(4,510)	-	-	-	**(4,510)**
Disposals	(11,715)	-	(187)	-	(73)	-	**(11,975)**
Reclassifications	26,520	2,090	(26,808)	(2,256)	454	-	-
Cost as of 31.03.2025	**14,240,151**	**658,713**	**247,153**	**30,038**	**189,405**	**190,463**	**15,555,923**
Accumulated amortisation as of 31.12.2024	**(5,849,307)**	**(547,393)**	**-**	**-**	**(160,821)**	**-**	**(6,557,521)**
Amortisation	(99,676)	(10,229)			(1,589)		**(111,494)**
Disposals	9,760	-			23		**9,783**
Accumulated amortisation as of 31.03.2025	**(5,939,223)**	**(557,622)**	**-**	**-**	**(162,387)**	**-**	**(6,659,232)**
Provision for impairment of asset as of 31.12.2024	**(35,085)**	**(10)**	**(2,448)**	**-**	**(1,291)**	**-**	**(38,834)**
Uses	1,220	-	79	-	(1)		1,298
Provision for impairment of asset as of 31.03.2025	**(33,865)**	**(10)**	**(2,369)**	**-**	**(1,292)**	**-**	**(37,536)**
Net balance as of 31.12.2024	**8,268,714**	**108,723**	**212,190**	**26,360**	**26,820**	**190,463**	**8,833,270**
Net balance as of 31.03.2025	**8,267,063**	**101,081**	**244,784**	**30,038**	**25,726**	**190,463**	**8,859,155**

The additions, amounting to 142,783 thousand euro, primarily include technical investments in concession assets made during the quarter (of which 136,260 thousand euro mainly for the extension and extraordinary maintenance of the network).

No impairment indicators were recorded during the period, nor were there any significant changes in the measurement of Goodwill.

Contractual commitments to purchase intangible assets, and to provide services related to the development thereof, are reported in section - "Guarantees, commitments and risks".

12) *Current and non-current financial liabilities*

Current financial liabilities, amounting to 1,948,796 thousand euro (980,569 thousand euro as of December 31, 2024) and *Non-current financial liabilities*, amounting to 7,201,568 thousand euro (6,205,299 thousand euro as of December 31, 2024), break down as follows:

	As of December 31, 2024					
	Current liabilities			Non-current liabilities		
(€ thousands)	Current liabilities	Current portion of long-term liabilities	Total current liabilities	*Non-current portion due within 5 years*	*Non-current portion due beyond 5 years*	Total non-current liabilities
Bank loans	250,334	70,744	**321,078**	429,099	483,548	**912,647**
Notes	-	569,817	**569,817**	3,111,521	2,136,922	**5,248,443**
Lease liabilities (IFRS 16 and IFRIC 12)	24,625	21,649	**46,274**	34,940	9,269	**44,209**
Other loans	43,376	24	**43,400**	-	-	-
Current and non-current financial liabilities	**318,335**	**662,234**	**980,569**	**3,575,560**	**2,629,739**	**6,205,299**

	As of March 31, 2025					
	Current liabilities			Non-current liabilities		
(€ thousand)	Current liabilities	Current portion of long-term liabilities	Total current liabilities	*Non-current portion due within 5 years*	*Non-current portion due beyond 5 years*	Total non-current liabilities
Bank loans	1,248,101	77,331	**1,325,432**	442,117	470,695	**912,812**
Notes	-	535,702	**535,702**	3,610,930	2,634,047	**6,244,977**
Lease liabilities (IFRS 16 and IFRIC 12)	18,469	26,848	**45,317**	34,888	8,891	**43,779**
Other loans	42,320	25	**42,345**	-	-	-
Current and non-current financial liabilities	**1,308,890**	**639,906**	**1,948,796**	**4,087,935**	**3,113,633**	**7,201,568**

On March 6, 2025, under the EMTN Programme, Italgas issued a "dual-tranche" note with fixed rates and maturities of 5 and 9 years, maturing on March 6, 2030 and 2034, respectively, with each tranche amounting to 500 million euro and annual coupons of 2.875% and 3.500%, respectively.

On March 31, 2025, Italgas drew on the so-called term credit line of 1,000 million euro[2], granted under the financing agreement signed on October 5, 2024 with J.P. Morgan Chase Bank, N.A. – Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company – Milan Branch, Citibank N.A. – Milan Branch, Morgan Stanley Bank AG, and Société Générale – Milan Branch, as the financing banks.

There are no non-current financial liabilities in currencies other than Euro.

There were no breaches of loan agreements as at the reporting date.

For more information, see "Financial covenants and negative pledge contractual clauses" below.

Breakdown of total financial liabilities by interest rate type

As of March 31, 2025, the debt accounted for 77.6% of financial and bond debt (85.4% as of December 31, 2024), while floating-rate debt stood at 22.4% (14.6% as of December 31, 2024).

Financial covenant and negative pledge contractual clauses

As of March 31, 2025 Italgas had unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions.

As of March 31, 2025, there are no loan agreements containing financial covenants, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenants. In particular, the loan agreement with the EIB requires compliance with financial covenants, such as the ratio between (i) net financial position (calculated on an aggregate basis for the entire Italgas Group) and EBITDA, as defined in the contractual documentation, (ii) the sum of FFO and financial charges and the sum of repayments of the principal portion of financial debt over the

[2]On this credit line an annual interest rate equal to EURIBOR (with a floor equal to 0%), plus a margin applicable, which varies depending on the period considered. The credit line must be redeemed by August 13, 2025. However, this period may be extended at the discretion of the borrower by a further six months up to twice, on the terms and conditions as best indicated in the loan agreement.

last 12 months, as defined in the contractual documentation, and (iii) net financial position and RAB, as defined in the contractual documentation.

Some of the loan agreements 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.

Furthermore, limited to the EIB loans subscribed by the Italgas Group, the lender has the option to request additional guarantees if the credit rating assigned to Italgas is below BBB- (Fitch Ratings Limited) or Baa3 (Moody's) or in the event of the loss of any rating. If these additional guarantees are not deemed satisfactory, the European Investment Bank would have the right to request the immediate early repayment of the loans it has provided.

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas and Toscana Energia failure to comply and could trigger the early repayment of the relative loan. The covenants are tested periodically and were respected as of the last period (December 31, 2024).

Notes issued by Italgas mainly referred to securities issued under the Euro Medium Term Notes programme. The covenants established for the programme's securities are typical of international market practice and consist of, inter alia, negative pledge and pari passu clauses.

Breakdown of net financial debt

A breakdown of net financial debt with evidence of related party transactions is shown in the table below:(€ thousands)	**As of December 31, 2024**	**As of March 31, 2025**
A. Cash	401,610	2,572,144
B. Cash equivalents	1,052	1,052
C. Other current financial assets	9,470	10,771
D. Liquidity (A+B+C)	**412,132**	**2,583,967**
E. Current financial debt	318,335	1,308,890
F. Current portion of non-current financial debt (*)	662,234	639,906
G. Current financial debt (E+F)	**980,569**	**1,948,796**
of which, related parties	*4,580*	*5,024*
H. Net current financial debt (G-D)	**568,437**	**(635,171)**
I. Non-current financial debt (excluding the current portion and debt instruments)*	945,874	946,079
J. Debt instruments	5,248,443	6,244,977
K. Trade and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	**6,194,317**	**7,191,056**
of which, related parties	*141,566*	*141,791*
M. Net financial debt (H+L)	**6,762,754**	**6,555,885**

(*) Including IFRS 16 and IFRIC 12 financial debts of which 43,779 thousand euro non-current (44,209 thousand euro as of December 31, 2024), 26,848 thousand euro current portions of non-current financial debts (21,649 thousand euro as of December 31, 2024) and 18,469 thousand euro current portions of IFRIC 12 financial debts (24,625 thousand euro as of December 31, 2024).

13) *Trade and other payables*

Trade and other payables, amounting to 1,194,778 thousand euro (1,184,609 thousand euro as of December 31, 2024), comprise the following:

(€ thousands)	**As of December 31, 2024**	**As of March 31, 2025**
Trade payables	249,659	234,685
Payments on account and prepayments	5,345	3,812
Other payables	929,605	956,281
Trade and other payables	**1,184,609**	**1,194,778**

Trade payables, amounting to 234,685 thousand euro (249,659 thousand euro as of December 31, 2024), decreased by 14,974 thousand euro, mainly due to lower debts relating to the gas distribution service in Greece (12,486 thousand euro).

Other payables (956,281 thousand euro as of March 31, 2025 and 929,605 thousand euro as of December 31, 2024) break down as follows:

(€ thousand)	As of December 31, 2024	As of March 31, 2025
Payables - shareholders for dividends	5,776	5,776
Payables - liquidation of Group VAT	-	4,507
Payables for investment activities	412,689	332,915
Payables to the Campania Region for ACO concession	241,566	250,343
Payables to the public administration	105,822	97,567
Payables to CSEA	92,300	184,528
Payables to personnel	32,304	40,067
Payables to social security institutions	17,949	13,847
Payables to consultants and professionals	5,187	4,808
Sundry other	16,012	21,923
Other payables	**929,605**	**956,281**

Payables from related parties are described in Note “Related party transactions”.

Amortised cost method was not applied considering that the effects arising from its application are irrelevant, because they are due within the next 12 months and any costs, commissions and any other difference between the initial value and the maturity value are negligible.

14) *Defered tax liabilities*

Deferred tax liabilities of 36,768 thousand euro (48,345 thousand euro as of December 31, 2024) are stated net of offsettable deferred tax assets and are analysed in the tables below:

(€ thousand)	As of December 31, 2024	Provisions	Uses	Other changes	As of March, 31 2025
Deferred tax liabilities	328,550	1,590	(6,951)	(751)	**322,438**
Deferred tax assets	(280,205)	(7,497)	5,764	(3,732)	**(285,670)**
Total	**48,345**	**(5,907)**	**(1,187)**	**(4,483)**	**36,768**

There are no deferred taxes which cannot be offset.

Deferred tax assets and deferred tax liabilities are classified as non-current.

15) *Equity*

Equity, amounting to 2,973,541 thousand euro as of March 31, 2025 (2,793,508 thousand euro as of December 31, 2024) breaks down as follows:

(€ thousands)	As of December 31, 2024	As of March 31, 2025
Equity attributable to the Owners of the parent company	**2,457,917**	**2,627,345**
Share capital	1,003,844	1,004,478
Legal reserve	200,769	200,769
Share premium reserve	628,395	630,707
Reserve Cash flow hedge on derivative contracts	11,524	11,197
First-time consolidation reserve	(323,907)	(323,907)
Reserve for business combinations under common control	(349,839)	(349,839)
Stock grant reserve	8,232	6,566
OCI Fair value valuation reserve for equity investments	319	438
Other reserves	7,520	7,111
Retained earnings	799,635	1,278,489
OCI Reserve for remeasurement of defined-benefit plans for employees	(7,429)	(7,429)
Net profit for the year / period	478,854	168,765
Equity attributable to non-controlling interests	**335,591**	**346,196**
Total Equity	**2,793,508**	**2,973,541**

16) *Guarantees, commitments and risks*

Guarantees, commitments and risks, amounting to 2,094,672 thousand euro as of March 31, 2025 (2,015,158 thousand euro as of December 31, 2024) comprise:

(€ thousands)	As of December 31, 2024	As of March 31, 2025
Bank guarantees given in the interest of Group companies	**505,240**	**502,885**
Financial commitments and risks:	**1,509,918**	**1,591,787**
Commitments	**1,275,737**	**1,375,791**
Commitments for the purchase of goods and services	1,275,737	1,375,791
Risks	**234,181**	**215,996**
- for compensation and litigation	234,181	215,996
Guarantees, commitments and risks	**2,015,158**	**2,094,672**

Guarantees

Guarantees of 502,885 thousand euro (505,240 thousand euro as of December 31, 2024) refer mainly to guarantees issued with regard to sureties and other guarantees issued in the favour of consolidated companies.

Commitments

As of March 31, 2025, commitments amounted to 1,375,791 thousand euro (1,275,737 thousand euro as of December 31, 2024). Commitments with suppliers to purchase property, plant and equipment and provide services relating to the purchase of property, plant and equipment and intangible assets under.

In addition, the residual commitments made by the Italgas Group with the Contracting Authorities for the implementation of investments arising from the awarding of gas distribution service area tenders amount to 761,0 million euro. Furthermore, the Italgas Group made commitments with the Municipalities with existing non-expired concessions, including new methane gasifications, and concessions assigned on the basis of Italian Legislative Decree no. 164/2000, known as the "Letta Decree", for over 36.8 million euro.

In Greece, with Decision E-173/2024 published in the Official Gazette of the Greek government B' 6152/07.11.2024, a Development Programme was approved for the company Enaon EDA for the natural gas distribution networks in the regions of Attica, Thessaloniki, Thessalia and remainder of Greece for the 2024-2028 period (as of March 31, 2025, these commitments amounted to approximately 587.9 million euro)

The investments will be mainly allocated to the development and upgrading of the gas distribution network in Italy and Greece.

Other unvalued commitments

The acquisition of the equity investment of Enerco Distribuzione by the subsidiary Italgas Reti, which took place in 2017, is subject to an ownership price adjustment (so-called "earn-out") clause.

The acquisition of the "Alessandria 4 ATEM" business unit by the subsidiary Italgas Reti, which took place in 2020, is subject to a price adjustment (so-called "earn-out") clause if the Alessandria 4 ATEM tender is awarded within 10 years of the signing date and if the contracting authority in the aforesaid tender procedure recognises a higher reimbursement value than the pro-forma value under the agreement, for the same year of reference.

On December 27, 2022, Alia Servizi Ambientali S.p.A. ("Alia"), Toscana Energia and Italgas signed a contract concerning, among other things, "put and call" options, on the basis of which Italgas is entitled to purchase 30,134,618 shares held in Toscana Energia by Alia, amounting to approximately 20.6099% of the share capital of Toscana Energia ("Alia's TE Shares" and "Toscana Energia Call Option") and Alia is entitled to sell Alia's TE Shares to Italgas.

In accordance with the terms and conditions set out by the contract, on January 14, 2025 Italgas exercised the Toscana Energia Call Option by sending the relative notice to Alia. The envisaged contractual price to purchase Alia's TE shares is to be determined as the "fair market value" at the date of execution of the Toscana Energia Call Option, calculated by an international financial institution named jointly by the parties.

As part of the investment agreement signed on July 26, 2022, and subsequently amended, between Energetica S.p.A. and Medea S.p.A. related to the entry of the latter into the share capital of Energie Rete Gas S.r.l. ("ERG") for a 49% stake through the contribution, and subsequent sale, to ERG of assets and activities of Medea relating to gas transmission (the "Medea ERG Transaction"), the Parties, inter alia, agreed to restore the legal situation prior to the Medea ERG Transaction if ERG does not obtain, by December 31, 2025, (i) recognition, from the competent ministry, among the infrastructure and/or regional transmission services of natural gas, and (ii) recognition, under the tariff regulatory profile, as regional transport service.

The acquisition in 2023 of the business unit to which the concessions held in Italy in the water sector belonged is subject to an ownership price adjustment (so-called "earn-out") clause, to be determined for four years according to annual measurements based on net takings on certain receivables by the associated companies Siciliacque and Acqualatina.

On October 5, 2024, a purchase and sale agreement was signed by Italgas as the purchaser, and by F2i SGR S.p.A., in the name and on behalf of the F2i Terzo Fondo per le Infrastrutture, and Finavias S.à r.l., as sellers. The agreement regulates the terms and conditions of the acquisition of 99.94% of the share capital of 2i Rete Gas S.p.A. The contractual consideration for the purchase amounts to 2,060 million euros for 100% of the share capital of 2i Rete Gas, in addition to interest accrued on the offered price by the Locked Box Date (i.e., December 31, 2023) at the closing date with an interest rate indicated in the contract (the so-called ticking fee), deducted by any leakages and interest accrued on them from the date on which the leakages occurred until the closing date.LThe completion of the acquisition of 2i Rete Gas is subject to the fulfilment (or the waiver, if possible) of certain conditions precedent. According to the relevant contract, the completion of the acquisition of 2i Rete Gas is subject to the fulfLlLent (or waiver, where provided in the Purchase agreement) by May 31, 2025 (expiry date or Longstop date) of regulatory authorisations, such as those to be obtained from the Italian Antitrust and the Italian Prime Minister's Office, as well as the Foreign Subsidies Regulation (FSR) authorization provided for under Regulation (EU) 2022/2560..dRisksdRisks concerning compensation and litigation (215,996 thousand euro) relate to possible claims for compensation arising from ongoing litigation, with a low probability that the pertinent economic risk will arise.

FINANCIAL RISK MANAGEMENT

There follows a description of Italgas' policies and principles for the management and control of the risks arising from the financial instruments. In accordance with IFRS 7 - "Financial instruments: Additional information", there are also descriptions of the nature and size of the risks resulting from such instruments.

Interest rate risk

Fluctuations in interest rates affect the market value of Italgas' financial assets and liabilities and its net financial expense.

An increase in interest rates, not implemented – in full or in part – in the regulatory WACC, could have negative effects on the assets and on the economic and financial situation of the Italgas Group for the variable component of the debt in place and for future loans.

At full performance, Italgas aims to maintain a debt ratio between a fixed rate and floating rate to minimise the risk of rising interest rates. As of March 31, 2025 the financial debt at floating rate was 22.4% and at fixed rate was 77.6%. Please refer to the paragraph "Current and non-current financial liabilities" for further details.

Credit risk

Credit risk is the exposure to potential losses arising from counterparties failing to fulfil their obligations. Default or delayed payment of amounts owed may have a negative impact on the Italgas financial results and financial situation.

The rules for customer access to the gas distribution service in Italy are established by the relevant regulatory Authority and set out in the Network Codes, namely, in documents that establish, for each type of service, the rules regulating the rights and obligations of the parties involved in the process of providing said services and contain contractual conditions that reduce the risk of non-compliance by customers, such as the provision of bank or insurance guarantees on first request.

In addition to this, in order to manage credit risk, the Group has established procedures for monitoring and assessing its customer portfolio. The reference markets are the Italian and Greek markets.

In the energy efficiency sector activities, credit risk is mitigated by the use of incentive instruments (mainly the Superbonus) – the latter in any case being influenced by the risk of managing the obligations that allow for the tax recognition of the credits – which guarantee the financial hedging of significant portions of the amounts of the interventions. In this context, the contracts entered into by the Group provide for clauses that guarantee the possibility of recourse against customers in the event that the incentive cannot be obtained/withdrawn. Recourse against customers, however, implies continued exposure to credit risk.

As of March 31, 2025 there were no significant credit risks. Note that on average: (i) in Italy, 98.7% of trade receivables relating to gas distribution are settled by the due date and 99.7% within the next 4 days; (ii) in Greece, an average of 97.8% of trade receivables relating to gas distribution are settled by the due date and almost all within the next 4 days, confirming the strong reliability of the customers.

It cannot be ruled out that Italgas could incur liabilities and/or losses due to its customers' failure to fulfil their payment obligations.

Liquidity risk

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the company's future as a going concern.

Also on the basis of the investment plans in place and the transactions contemplated in the short term, Italgas does not expect any significant negative impact on liquidity risk considering that: (i) the Company has liquidity deposited with primary credit institutions for an amount of 2,577.9 million euro as of March 31, 2025, and (ii) at March 31, 2025 Italgas had a Euro Medium Term Notes (EMTN) programme in place for a maximum total nominal value of 10 billion euro, of which 6.6 billion euro drawn, (iii) on March 8, 2024, Italgas entered into a 600 million euro Sustainability Linked Revolving Credit Facility with a pool of leading financial institutions with a maximum maturity of 5 years.

Italgas aims, in financial terms, at establishing a financial structure that, in line with its business objectives, ensures a level adequate for the group in terms of the duration and composition of the debt. The achievement of this financial structure will take place through the monitoring of certain key parameters, such as the ratio between debt and the RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed rate and floating rate debt and the ratio between bank credit granted and bank credit used.

Although the Italgas Group has relationships with diversified counterparties with a high credit standing, based on a policy of managing and continuously monitoring their active credit risk, the default of an active counterparty or the difficulty of selling off assets on the market could have a negative impact on the Italgas Group's financial position and performance.

Future payments for financial liabilities, trade and other payables

The table below shows the repayment plan contractually established in relation to the financial payables, liabilities for leased assets and IFRIC12, including interest payments, trade and other payables:

(€ thousands)	Balance as of 31.12.2024	Balance as of 31.03.2025	31.03.2026	31.03.2027	31.03.2028	31.03.2029	31.03.2030	Beyond
Financial liabilities								
Bank loans	983,391	990,143	77,331	78,205	203,242	79,790	80,880	470,695
Notes	5,818,260	6,780,679	535,702	748,270	497,036	1,739,621	626,003	2,634,047
Current liabilities	250,334	1,248,101	1,248,101					
Interest on notes			122,305	121,055	121,055	108,830	108,830	107,155
Interest on bank loans			26,820	28,457	24,572	18,813	16,431	58,670
Lease liabilities (IFRS 16 and IFRC 12)	90,483	89,096	45,317	13,710	9,975	6,892	4,311	8,891
Interest of lease liabilities (IFRS 16 and IFRC 12)			375	7	8	5	3	4
Other shareholders loans	43,400	42,345	42,345					
Trade and other payables	1,184,609	1,194,778	1,194,778					
	8,370,477	**10,345,142**	**3,293,074**	**989,704**	**855,888**	**1,953,951**	**836,458**	**3,279,462**

As for the sensitivity on the interest rate, any changes in interest rates do not lead to significant effects in consideration of the fact that 77.6% of the Group’s financial debt is at fixed rate.

Rating risk

Among the factors that define the risk perceived by the market, creditworthiness, assigned to Italgas by rating agencies, plays a decisive role since it influences the ability to access sources of financing and the related economic conditions. A worsening of this creditworthiness could, therefore, limit access to the capital market and/or increase the cost of financing sources, with consequent negative effects on the Group's financial position and performance.

On October 9, 2024, the rating agency Fitch confirmed the long-term credit rating of Italgas S.p.A as BBB+, with Stable outlook.

On October 10, 2024, the rating agency Moody’s confirmed the Baa2 long-term credit rating, with Stable outlook.

Based on the methodologies adopted by the rating agencies, the downgrade of one notch in the Italian Republic’s current rating could trigger a downward adjustment in Italgas’ current rating, which in turn could have an impact on the cost of future debt.

Debt covenant and default risk

As of March 31, 2025 there are no loan agreements containing financial covenants and / or secured by collateral, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenants[3]. 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. These commitments have been fulfilled as of the most recent date specified in the agreement.

Notes issued by Italgas as of March 31, 2025 as part of the Euro Medium Term Notes programme provide for compliance with covenants that reflect international market practices regarding, inter alia, negative pledge and pari passu clauses.

[3] The contracts contain a clause whereby, in the event of a significant reduction in EBITDA resulting from the loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as of December 31, 2024 have been respected

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas to Toscana Energia failure to comply and could trigger the early repayment of the related loan.

With reference to the EIB, the related contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required.

The Group monitors these information closely in the context of financial management and business performance.

Market value of financial instruments

Below is the classification of financial assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy defined on the basis of the significance of the inputs used in the measurement process. More specifically, in accordance with the characteristics of the inputs used for measurement, the fair value hierarchy comprises the following levels:

a) level 1: listed prices (unadjusted) on active markets for identical financial assets or liabilities;

b) level 2: measurements made on the basis of inputs differing from the quoted prices referred to in the previous point, which, for the assets/liabilities submitted for measurement, are directly (prices) or indirectly (price derivatives) observable;

c) level 3: inputs not based on observable market data.

In connection with the above, classification of the assets and liabilities measured at fair value in the Interim Condensed Consolidated Statement of Financial Position according to fair value concerned the IRS and exchange rate derivative instruments (16.389 thousand euro as of March 31, 2025 and 16,860 thousand euro as of December 31, 2024) classified level 2 and recorded in "Other current and non-current financial assets/liabilities".

Equity investments measured at fair value recorded in "Non-current financial assets" (21,441 thousand euro as of March 31, 2025 and 20,359 thousand euro as of December 31, 2024) increased for 1,082 thousand euro. The change in value includes the acquisition of additional stakes in Picarro (325 thousand euro), the positive effect on the income statement regarding the valuation of Reti Distribuzione (39 thousand euro) and the effect on OCI of the valuation of Picarro (718 thousand euro) and fall under the level 3 fair value category.

Other information on financial instruments

With reference to the categories established by IFRS 9 "Financial instruments", the carrying amount of financial instruments and their relative effects on results and on equity can be analysed as follows:

	Carrying amount		**Income / expense recognised to income statement**		**Income / expense recognised to shareholders' equity (a)**	
(€ thousands)	**Balance as of 31.12.2024**	**Balance as of 31.03.2025**	**Balance as of 31.12.2024**	**Balance as of 31.03.2025**	**Balance as of 31.12.2024**	**Balance as of 31.03.2025**
Financial instruments measured at amortised cost						
- Cash	402,662	2,573,196	-	-	-	-
- Current financial assets	3,592	4,968	-	-	-	-
- Trade and other receivables	893,667	971,146	-	-	-	-
- Non-current financial assets	10,982	320,321	-	-	-	-
- Other current and non-current non-financial assets	863,306	812,912	-	-	-	-
- Trade and other payables	1,184,609	1,194,778	-	-	-	-
- Financial payables (b)	7,185,868	9,150,364	(122,362)	(35,251)	-	-
- Other current and non-current non-financial liabilities	581,048	601,669	-	-	-	-
- Financial instruments measured at fair value						
- Other investments	20,359	21,441	-	-	468	1,042
- Financial assets (liabilities) for hedge derivative contracts	**16,775**	**16,315**	**-**	**-**	**15,163**	**14,733**

(a) Net of tax effect
(b) The effects on income statement are recognised under the item "Financial income /(Charges)"

Disputes and other measures

Italgas is involved in civil, administrative and criminal cases and legal actions related to its normal business activities. According to the information currently available and considering the existing risks, Italgas believes that these proceedings and actions will not have material adverse effects on its Interim Consolidated Financial Statements.
Below is a summary of the most significant proceedings; no provisions have been made pursuant to IAS 37 for these proceedings in the financial statements, as the company deems that the risk of an adverse outcome is possible, but not likely, or the amount of the allocation cannot be reliably estimated.

Civil dispute

Italgas Reti S.p.A. / Municipality of Rome – Rome Civil Court

The Municipality of Rome, where Italgas Reti carries out the gas distribution service on the basis of a specific service contract, after a series of discussions aiming at reaching an agreement for the adjustment of timetable for the implementation of the business plan, charged Italgas Reti with contractual breaches given by alleged delays in the execution of the plan itself. In rejecting the claims of the Municipality of Rome, Italgas Reti had already filed an appeal with the Lazio Regional Administrative Court on January 11, 2019 for cancellation of the notice with which the Municipality of Rome had starting the procedure to apply default penalties. Subsequently, on December 19, 2019, the Municipality of Rome notified Italgas Reti of a managerial resolution in which it quantified the amount allegedly owed by Italgas Reti by way of penalty for the alleged failure to timely implement the Business Plan at 91,853,392.79 euro, and reserved the right to enforce the bank guarantee issued to guarantee the proper performance of the aforesaid contract. On January 20, 2020, Italgas Reti contested the aforementioned managerial resolution at the Lazio Regional Administrative Court and submitted, as a precautionary measure, a petition to suspend the effect of the measure, disputing, among other things, (i) the invalidity due to vagueness of the penalty clause, (ii) non-existence and/or in any case non-chargeability of Italgas Reti for the breaches challenged by the Municipality of Rome, (iii) waiver by the Municipality to promptly apply the penalty clause, (iv) violation of the procedure to apply the penalty clause.
The Regional Administrative Court of Lazio, however, expressed some doubts as to the applicability of its jurisdiction. In light of these circumstances, the lodging of an appeal before the Court of Cassation was proposed for the prior settlement of jurisdiction.
During the chamber proceedings of April 22, 2020, the Regional Administrative Court with Order no. 4140/2020 acknowledged the proposal for prior settlement of jurisdiction and suspended the proceedings and, considering itself to be without jurisdiction, declared the precautionary application inadmissible. On 13 May 2020, Italgas Reti challenged this order before the Council of State, which upheld the precautionary appeal filed by Italgas Reti, suspending the effectiveness of the first instance order until the definition of the merits.
On January 12, 2021, following the aforesaid jurisdictional ruling, the Court of Cassation declared the Jurisdiction of the Ordinary Court. Therefore, on February 11, 2021, Italgas Reti resumed the proceedings before the Civil Court of Rome.
In addition, on June 5, 2020, Italgas Reti lodged an appeal with the Regional Administrative Court of Lazio, by which it requested that the Municipality of Rome be ordered to pay Italgas Reti compensation of the total amount of 106,290,396.25 euro resulting from the failure of the Municipality of Rome to comply with the concession contract. Subsequently, consistent with the previous judgement, the Regional Administrative Court reaffirmed the jurisdiction of the Ordinary Court and Italgas Reti resumed the judgement before the Ordinary Court of Rome, asking for a joining with the judgement concerning the penalties applied by Municipality of Rome. The evidentiary hearing for both court cases, which have been combined, has been set for July 11, 2023. Following the hearing, the judge ordered an Expert's Report (CTU) to be carried out in the course of 2024. At the hearing on December 11, 2024, the judge invited the parties to come to a settlement on the dispute, adjourned – in the absence of a settlement – the hearing to July 1, 2025 for the same issues and for a possible settlement of the dispute.
Lastly, it should also be noted that on November 17, 2021, Italgas Reti obtained an order from the Court of Rome suspending the effects of the penalty quantification measure and preventing the Municipality of Rome from enforcing the surety given in relation to the penalty payment claims.
Also on the basis of an external legal opinion, the Company, at present, does not believe that the risk of losing the dispute it's more likely than not.

Municipality of Venice / Italgas Reti S.p.A. – Court of Venice

On April 24, 2019, the Municipality of Venice served, at the Court of Venice, a writ of summons, aimed at the verification and consequent payment by Italgas Reti of 59,006,552.03 euro as a consideration for use of the portion of the network subject to free acquisition for the period between June 1, 2010 and December 31, 2018 as well as the sums due for the same reason for the period after December 31, 2018 and until the final judgement.
Italgas Reti disputed the payment request brought by the Municipality, requesting the rejection of the claims on the basis of the fact that: a) the Municipality had received the network as a free transfer, thus without any financial outlay to be

remunerated; b) no legislative reference exists that makes it possible to tie the determination of the fee for use of the network to the tariffs defined by ARERA; c) the fee for use of the assets of the so-called Block A had been included in the fee agreed with a later additional deed. In the alternative, Italgas Reti requested: a) the redetermination of the "appropriate" fee that Italgas Reti would have to pay to the Municipality in the period between January 1, 2013 and December 31, 2018 since, as a result of the Letta Decree, the concession had expired by law on December 31, 2012; b) that the Municipality be ordered to return the amount paid by Italgas Reti in the period between January 1, 2013 and December 31, 2018 but not due to the Municipality (as the difference between the fee paid and the sum of the fees due), namely both the concession fee as well as that related to the use of Block A, as redetermined by the judge.
Having carried out the introductory procedural steps, by order of April 26, 2021, the judge ordered Italgas Reti to produce relevant documentation and consequently scheduled the hearing for May 31, 2022 for examination of the documentation. On May 31, 2022, the Municipality requested that Italgas Reti be ordered to supplement the documentation produced. Italgas Reti opposed the request for supplementation formulated by the Municipality and requested, principally, the postponement of the case for the clarification of the conclusions or, alternatively, the granting of a time limit to possibly counter-respond. At the outcome of the hearing, the Judge requested additional documentation and adjourned the hearing to January 17, 2023. On the date of this document, the Municipality insisted on the admission of a technical expert's report, while Italgas Reti requested that the hearing for clarification of the conclusions be postponed.
At this stage, the judge decided to order an Expert's Report (CTU). At the Date of the Registration Document, the expert's operations had begun. The next hearing, for examination of the CTU, is set first for April 24, 2025 and then, at the request of the CTU, adjourned to July 10, 2025.
Supported by a technical and economic appraisal issued by an expert and on the basis of an external legal opinion, the Company does not believe that the risk of losing the dispute it's more likely than not.

Municipality of Cavallino Treporti / Italgas Reti S.p.A. – Court of Cassation

Following the judgement of the Council of State on the acquisition, free of charge, of the assets included in Block A, the Municipality of Cavallino-Treporti brought a civil proceeding before the Court of Venice in order to recover the sums that it deemed due for the use by Italgas Reti of the Block A assets. The first hearing, set for December 17, 2020, was adjourned to April 1, 2021 and, lastly, until April 22, 2021 for the admission of evidence in support of the respective defence arguments, and subsequently until January 13, 2022 for the final hearing. With judgement delivered on June 27, 2022, the Court of Venice rejected the case of the Municipality of Cavallino-Treporti.
The Municipality of Cavallino-Treporti filed an appeal before the Court of Appeals of Venice. With judgement of April 22, 2024, the Court of Appeals of Venice, albeit raising several doubts on the jurisdiction, rejected the appeal of the Municipality of Cavallino-Treporti.
The Municipality of Cavallino-Treporti then lodged a Court of Cassation appeal against the judgement of the Court of Appeals of Venice, Italgas Reti filed an appearance and, at this stage, a date for the hearing is currently pending. The amount of the claim is 4,699,129.00 euro.
Italgas manages the public natural gas distribution service in the aforementioned Municipality under the terms of the same concession agreements in place with the Municipality of Venice. This is due to the fact that the Municipality of Cavallino-Treporti was established in 1999 as a spin-off portion of the geographic area already falling within the Municipality of Venice.
Supported by an external legal opinion, the Company does not, at present, believe that the risk of losing the dispute it's more likely than not.

Publiservizi S.p.A. / Italgas S.p.A. – Court of Florence

On July 25, 2019, a writ of summons was served on the Issuer by Publiservizi, on its own behalf and as agent of other Municipalities with stakes in Toscana Energia, which claimed the alleged violation of a shareholders' agreement signed on June 28, 2018 between Italgas S.p.A. and Publiservizi, thus requesting that Italgas be ordered to acquire a 3% stake in Toscana Energia S.p.A. (for the price of 70,000,000.00 euro indicated in the tender notice of July 20, 2018) or, in any case, to fulfil the aforementioned shareholders' agreement and, in the alternative, to pay Publiservizi an amount of 59,800,000.00 euro by way of compensation for damages for breach or, alternatively, by way of enrichment without just cause.
Following the exchange of introductory documents, by order of April 30, 2021, the Judge ruled that the case could be settled at that stage and therefore scheduled the hearing for specification of the pleadings for September 13, 2023. With judgement delivered on June 11, 2024, the Court of Florence fully rejected the requests of the writ of summons of Publiservizi. On January 13, 2025, Publiservizi (now Alia) lodged an appeal before the Court of Appeals of Florence against the judgement of the Court of Florence of June 11, 2024 and the next hearing, before the same Court of Appeal, is set for September 12, 2025.

Criminal dispute

The main criminal disputes in which the Group is involved are set out below.

Italgas Reti S.p.A. – Ravanusa Event

The Public Prosecutor's Office at the Court of Agrigento opened an investigation into an explosion that occurred in the town of Ravanusa on December 11, 2021. The event caused a total of 9 victims and the collapse of and damage to several buildings. On December 31, 2021, the Public Prosecutor's Office at the Court of Agrigento served a notice of indictment on ten Italgas Reti employees, to allow for the execution of technical assessments that could not be repeated in joint consultation.

These assessments found the rupture of the steel pipe laid along Via Trilussa in 1988 by Siciliana Gas S.p.A. (company subject to a merger by incorporation into Società Italiana per il gas S.p.A. in 2008, which in turn became Italgas Reti on November 7, 2016). In addition, further laboratory investigations were carried out on odorising gas and soil samples taken near the site of the event in the days following the explosion and the presence of the odorising molecule was confirmed.

An extension of the preliminary investigation was requested and granted in July 2022, and a subsequent extension request for a further six months was notified in February 2023.

On May 16, 2023, the Public Prosecutor's Office requested the dismissal of the proceedings against all Italgas Reti's defendants, while it issued a notice of conclusion of the preliminary investigation pursuant to Article 415-bis of the Italian Code of Criminal Procedure against individuals of Siciliana Gas S.p.A and the company that had laid the pipeline. It should be noted that the natural person of Siciliana Gas S.p.A. involved in the proceeding did not transfer to Italgas Reti as part of the aforementioned merger by incorporation of Siciliana Gas S.p.A. into Società Italiana per il gas S.p.A.

Following the opposition to the request for dismissal filed by the injured parties, hearings were held before the Court of Preliminary Investigations on October 17, 2023, December 5, 2023, February 27, 2024, April 30, 2024 and May 31, 2024. Following the hearings, the judge for preliminary investigations ordered further investigations, specifically aimed at studying the inspection and maintenance activities on the network, assigning the Public Prosecutor's Office a term of six months to complete them. The resulting determinations of the Public Prosecutor's Office are pending. On May 31, 2024, the judge for preliminary investigations also ordered the committal for trial of the representatives of Siciliana Gas S.p.A. and of the construction company.

In this proceeding, Italgas Reti appeared as the "civilly liable" party (i.e. the party assuming civil liability on behalf of the representative of Siciliana Gas S.p.A., subsequently merged into Italgas Reti) in the context of the claim opened with the insurance companies for the orderly handling of the claims under the third-party liability policy. At the trial hearing on December 12, 2024, the defence of the Siciliana Gas representative requested an abbreviated trial subject to the expert examination, on which the judge reserved his decision, adjourning the hearing to February 20, 2025.

At the hearing on February 20, 2025, the court rejected the two defendants' request for a summary trial. The next witness hearings will take place on April 17, May 15, June 12 and July 10, 2025.

Italgas Reti, after having granted its willingness to the Municipality of Ravanusa to carry out a project for the removal of the rubble resulting from the explosion, completed the work in 2023.

Informative priorities ESMA 2025

Climate-related risks and impairment

The Group, through ERM, monitors risks related to climate-change issues, which are divided into physical risks, directly due to weather-climate variations, and transition risks, linked to society's socio-economic reaction to climate change.

The identified physical risks are the increased frequency of extreme natural events in the areas where Italgas operates and the rise in average temperatures in the same areas. Italgas constantly monitors the integrity of its infrastructure and adopts new technologies to reduce environmental impact, identify critical issues in advance, and avoid negative impacts on the service level.

The transition risks, on the other hand, are represented by: (i) changes in the regulatory and legislative context regarding greenhouse gases with the aim of limiting emissions, (ii) technological evolution, (iii) uncertainty about the role of natural gas in the future energy mix. To mitigate these risks, Italgas invests in innovative technologies (Picarro Surveyor, Power to Gas), in transforming the network into a digital infrastructure ready for the distribution of gases other than methane (such as hydrogen, biomethane, and e-gas), and in projects in the water and energy efficiency sectors. Additionally, Italgas pursues specific objectives for reducing greenhouse gas emissions, also through energy efficiency projects.

The rise in temperatures and transition risks could have, among other things, a negative impact on the number of active delivery points served and on revenues for the component related to covering operating costs. However, this risk is mitigated by Resolution 570/19 and Determination 4/2023, with which ARERA introduces a revenue adjustment mechanism aimed at compensating for the consequences of the reduction in delivery points in individual locations.

Finally, with reference to the risk related to gas demand, it is noted that under the tariff system currently applied to natural gas distribution services, revenue hedging mechanisms are envisaged. Finally, with reference to the risk related to gas

demand, it is noted that under the tariff system currently applied to natural gas distribution services, revenue hedging mechanisms are envisaged.
For these reasons, it is believed that, also considering the specific business and sectors in which it operates, the Group currently has limited exposure to the impacts that possible climate risks could have on the valuation of non-current assets and other assets, including receivables, recorded in the financial statements.
Similarly, due to the systematic monitoring of its assets and the areas on which they are located, the Italgas Group is able to identify in advance possible situations that could generate the emergence of potential liabilities related to climate risks.

International Tax Reform – Pillar Two Model Rules

Legislative Decree no. 209 of December 27, 2023, transposing Council Directive (EU) no. 2022/2523 on "Global Minimum Tax" (also known as "Pillar Two"), introduced a reference regulation in Italy to guarantee a minimum level of taxation for multinational and national groups of businesses, applicable from January 1, 2024. Council Directive (EU) no. 2022/2523 was also adopted in Greece with Law 5100/2024.

The new provisions apply to undertakings operating in Italy and Greece belonging to multinational or national groups with consolidated annual revenues of 750 million euro or higher, calculated as an average in at least two of the four financial years immediately prior to the reporting year. The objective of the legislation is to ensure that such undertakings are subject to an effective minimum tax rate of 15%, with possible tax supplements required in jurisdictions that do not reach this level.

The regulation in question applies to Italgas S.p.A. and its subsidiaries since they form part of the CDP Group. Cassa Depositi e Prestiti S.p.A., as ultimate parent entity ("UPE"), is responsible for carrying out the minimum tax calculations based on the data provided by the subsidiaries.

The calculations for Italgas and its subsidiaries were completed with regard to the 2024 tax year, and no liabilities for additional tax assessments have emerged.

17) *Total revenues and other income*

The breakdown of *Total revenues and other income* is shown in the following table:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Revenues	570,849	643,747
Other income	16,224	17,848
Total revenues and other income	**587,073**	**661,595**

Group revenues are generated in Italy and Greece.

An analysis of revenue by operating segment is provided in Note "Information by operating segment".

Revenues from related parties are described in Note "Related party transactions".

Revenues

Revenues, amounting to 643,747 thousand euro (570,849 thousand euro for the three months ended March 31, 2024), are analysed in the table below:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Gas distribution	387,626	454,747
Revenues for infrastructure construction and improvements (IFRIC 12)	146,804	136,246
Technical assistance, engineering, IT and various services	11,988	12,438
Energy efficiency interventions and other ESCo revenues	8,703	14,800
Integrated water service	12,252	20,175
Sale of other products	3,476	5,341
Revenues	**570,849**	**643,747**

Revenues from gas distribution increased by 67,121 thousand euros compared to the three months ended March 31, 2024, despite the reduction in WACC for 12,888 thousand euros, as a result of Resolution no. 513/2024/R/com. Revenues from gas distribution increase was mainly due to the increase in RAB (4,598 thousand euros), the compensation for the higher unit costs recognised for the period 2020-2024 and its impact on the first quarter of 2025 (equal to 54,384 thousand euros and 3,775 thousand euros, respectively, in application of Resolution n. 87/2025/R/gas), and from the increased compensation due to the revaluation of capital costs (8,150 thousand euros in compliance with Resolution n. 130/2025/R/com).

Other income

Other income, amounting to 17,848 thousand euro for the three months ended March 31, 2025 (16,224 thousand euro for the three months ended March 31, 2024), can be broken down as follows:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Income from gas distribution service safety recovery incentives	6,618	6,801
Plant safety assessment pursuant to ARERA Resolution no. 40/04	395	390
Other income from regulated activities	2,041	2,209
Release of connection contributions relating to the period	4,697	4,593
Sundry management refunds and chargebacks	400	486
Contractual penalties receivable	-	498
Income from real estate investments	87	79
Revenues from seconded personnel	215	309
Works on behalf of the Campania Region	-	12
Sundry other	1,771	2,471
Other income	**16,224**	**17,848**

18) *Total costs and other expenses*

The breakdown of Total costs and other expenses, amounting to 258,442 thousand euro for the three months ended March 31, 2025 (262,365 thousand euro for the three months ended March 31, 2024), is shown in the following:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Costs for raw materials, consumables, supplies and goods	26,319	22,797
Costs for services	127,611	130,579
Lease expenses	23,814	25,644
Personnel costs	69,837	71,982
Other expenses	15,982	10,000
To be deducted:		
Increases for own work	**(1,198)**	**(2,560)**
- of which costs for services	(524)	(1,516)
- of which labour costs	(674)	(1,044)
Total costs and other expenses	**262,365**	**258,442**

Costs for raw materials, consumables, supplies and goods

Costs for raw materials, consumables, supplies and goods, amounting to 22,797 thousand euro for the three months ended March 31, 2025 (26,319 thousand euro for the three months ended March 31, 2024), comprise the following:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Inventories	23,899	19,372
Purchase of gas	1,218	1,874
Purchase of water	9	62
Motive power and water lifting	238	299
Purchase of fuel	955	1,190
Costs for raw materials, consumables, supplies and goods	**26,319**	**22,797**

Inventories mainly refer to the acquisition of meters and gas pipes.

Costs for raw materials, consumables, supplies and goods include costs relating to the construction and upgrading of gas distribution and water service infrastructure amounting to 14,744 thousand euro for the three months ended March 31, 2025 (21,188 thousand euro for the three months ended March 31, 2024), recorded in accordance with IFRIC 12.

Costs for services

Costs for services of 129,063 thousand euro for the three months ended March 31, 2025 (127,087 thousand euro for the three months ended March 31, 2024) relate to the following:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Project management and plant maintenance	84,437	82,766
Consultancy and professional services	10,731	11,594
Costs for personnel services	4,643	4,537
IT and telecommunications services	10,852	10,548
Electricity, water and other (utility) services	4,267	9,013
Insurance	1,774	1,612
Cleaning, security service and guard services	989	1,200
Advertising and entertainment	1,187	994
Costs for seconded personnel	211	345
Works performed on behalf of the Campania Region	1,044	2,236
Other services	9,721	7,613
Use of risk provision	(2,245)	(1,879)
Costs for services, before deductions for increases for own work services	**127,611**	**130,579**
To be deducted:		
Increases for own work	(524)	(1,516)
Costs for services	**127,087**	**129,063**

Costs for services include costs relating to the construction and upgrading of gas distribution and water distribution infrastructure amounting to 82,637 thousand euro for the three months ended March 31, 2025 (94,170 thousand euro for the three months ended March 31, 2024) recognised pursuant to IFRIC 12.

Costs for project management and plant maintenance planning (82,766 thousand euro for the three months ended March 31, 2025 and 84,437 thousand euro for the three months ended March 31, 2024) mainly relate to the extension and maintenance of gas distribution plants, as well as work carried out on buildings for energy efficiency purposes. The reduction of 1,671 thousand euro is mainly due to the progressive conclusion of "Superbonus" works (DL no. 34/2020, also known as the "Relaunch Decree").

Lease expenses

Lease expenses, of 25,644 thousand euro for the three months ended March 31, 2025 (23,814 thousand euro for the three months ended March 31, 2024), relate to the following:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Patent, license and concession fees	20,787	21,432
Leases and rentals	3,027	4,212
Lease expenses	**23,814**	**25,644**

Fees, patents and licences (21,432 thousand euro for the three months ended March 31, 2025 and 20,787 thousand euro for the three months ended March 31, 2024) refer primarily to fees recognised to contracting parties for the running of natural gas distribution activities under concession.

Lease expenses include costs relating to the construction and upgrading of gas distribution infrastructure amounting to 3,823 thousand euro for the three months ended March 31, 2025 (2,904 thousand euro for the three months ended March 31, 2024) recognised in accordance with IFRIC 12.

Personnel costs

Personnel costs, totalling 70,938 thousand euro for the three months ended March 31, 2025 (69,163 thousand euro for the three months ended March 31, 2024), breaks down as follows:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Wages and salaries	50,476	52,204
Social charges	14,545	15,058
Employee benefits	3,735	3,872
Sundry other	1,081	848
Personnel costs, before deductions for increases for own work	**69,837**	**71,982**
To be deducted:		
Increases for own work	(674)	(1,044)
Personnel costs	**69,163**	**70,938**

The item includes costs relating to the construction and upgrading of gas distribution infrastructure amounting to 31,471 thousand euro for the three months ended March 31, 2025 (27,951 thousand euro for the three months ended March 31, 2024) recognised pursuant to IFRIC 12.

Employee benefits (15,058 thousand euro for the three months ended March 31, 2025 and 14,545 thousand euro for the three months ended March 31, 2024) mainly regard the employee severance pay accrued, to be paid to pension funds or to INPS.

Other expenses of 848 thousand euro for the three months ended March 31, 2025 (1,081 thousand euro for the three months ended March 31, 2024), in particular refer to charges for the incentive plan for senior executives (co-investment plan).

For Stock Grant plans for Company employees, the fair value of the option, determined at the time it is granted (calculated on the basis of the “Black-Scholes” economic and actuarial method) is posted to the income statement as a cost throughout the vesting period, with a corresponding balancing item in a reserve under equity.

Other expenses

Other expenses, 10,000 thousand euro for the three months ended March 31, 2025 (15,982 thousand euro for the three months ended March 31, 2024), are analysed below:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Other penalties	770	2,966
Indirect taxes, local taxes	1,522	1,474
Allocations to/releases from provision for risks and charges	2,120	(1,327)
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	9,189	4,542
Sundry other	2,381	2,345
Other expenses	**15,982**	**10,000**

Other penalties for 2,966 thousand euro for the three months ended March 31, 2025 (770 thousand euro for the three months ended March 31, 2024) mainly refer to the gas distribution sector.

Net releases from provisions for risks and charges totalled 1,327 thousand euro for the three months ended March 31, 2025 (net allocations to risks and charges for 2,120 thousand euro for the three months ended March 31, 2024).

The capital losses from the disposal/recovery of property, plant and equipment and intangible assets (4,542 thousand euro for the three months ended March 31, 2025 and 9,189 thousand euro for the three months ended March 31, 2024) mainly relate to the replacement of meters, as well as pipes and connections.

Total costs and other expenses relating to the construction and upgrading of gas distribution and water service infrastructure connected with concession agreements pursuant to what is set forth in IFRIC 12, amount to 136,246 thousand euro for the three months ended March 31, 2025 (146,803 thousand euro for the three months ended March 31, 2024) and are broken down as follows:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Costs for raw materials, consumables, supplies and goods	21,188	14,744
Costs for services	94,170	82,637
Lease expenses	2,904	3,823
Personnel costs	27,951	31,471
Other expenses	590	3,571
Total	**146,803**	**136,246**

19) *Amortisation, depreciation and impairment of assets*

Amortisation, depreciation and impairment of assets, totalling 123,382 thousand euro for the three months ended March 31, 2025 (131,969 thousand euro for the three months ended March 31, 2024), breaks down as follows:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Amortisation and depreciation	**137,852**	**124,680**
- Property, plant and equipment	4,712	5,216
- Right of use pursuant to IFRS 16	11,558	7,970
- Intangible assets	121,582	111,494
Impairment	**(5,883)**	**(1,298)**
- Use of provision	(5,883)	(1,298)
Amortisation, depreciation and impairment of assets	**131,969**	**123,382**

Impairment of asset, amounting to a net use of 1,298 thousand euro for the three months ended March 31, 2025 (a net use of 5,883 thousand euro for the three months ended March 31, 2024) refers to the use of provision for impairment losses related to faulty gas smart meters.

20) *Net financial expense*

Net financial expense, amounting to 34,800 thousand euro for the three months ended March 31, 2025 (26,025 thousand euro for the three months ended March 31, 2024), comprises:

(€ thousands)	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Total financial expense	**(26,568)**	**(35,251)**
Financial expense	(30,801)	(39,180)
Financial income	4,233	3,929
Total financial income (expense)	**403**	**567**
Other financial expenses	(2,425)	(2,507)
Other financial income	2,828	3,074
Gain/(loss) on derivatives financial instruments measured at fair value	**140**	**(116)**
Net financial expense	**(26,025)**	**(34,800)**

21) *Income taxes*

Income taxes include current taxes of 79,665 thousand euro for the three months ended March 31, 2025 (51,719 thousand euro for the three months ended March 31, 2024) and net deferred taxes of 11,511 thousand euro for the three months ended March 31, 2025 (6,474 thousand euro for the three months ended March 31, 2024).

The rates applied and provided for by the Italian tax regulations for current taxes are 24% for IRES and 4.2% for IRAP. The rate applied and provided for by the Greek tax regulations for current taxes is 22%.

22) *Earnings per share*

The *earnings per basic share*, equal to 0.21 euro for the three months ended March 31, 2025 (0.14 euro for the three months ended March 31, 2024), was calculated by dividing the net profit attributable to Italgas for the three months ended March 31, 2025, equal to 168,765 thousand euro (117,532 thousand euro for the three months ended March 31, 2024), by the number of Italgas shares during the three months ended March 31, 2025, equal to 811,753,913 shares (811,242,309 shares during the three months ended March 31, 2024).

The diluted earnings per share is calculated by dividing the net profit attributable to Italgas for the three months ended March 31, 2025, equal to 168,765 thousand euro (117,532 thousand euro for the three months ended March 31, 2024), by the number of shares during the three months ended March 31, 2025, excluding any treasury shares, increased by the number of shares that could potentially be added to those as a result of the assignment or disposal of treasury shares in the portfolio for stock grant plans. The diluted earnings per share, calculated also considering the co-investment plan, was 0.21 euro per share for the three months ended March 31, 2025 (0.14 euro per share for the three months ended March 31, 2024).

23) *Information by operating segment*

In accordance with IFRS 8 "Operating Segments", the Group's identified segments as of March 31, 2025 are as follows:

- Gas distribution;
- Water service;
- Energy efficiency;
- Corporate.

The Gas Distribution operating segment aggregates the activities carried out in Italy and Greece.

Operating result is the key profit measure used by Group Management to assess performance and allocate resources to the Group's operating segments, as well as to analyse operating trends, perform analytical comparisons and benchmark performance between periods and among the segments. Operating result is defined as profit or loss before income taxes plus net financial expenses and net income from equity investments.

Investments in property, plant and equipment and Investments in intangible assets are the key measure used by the Group Management to allocate resources to the Group's operating segments.

The following tables summarise selected financial information by segment for the three months ended March 31, 2024 and March 31, 2025.

	March 31, 2024				
(€ thousands)	Gas distribution	Water service	Energy efficiency	Corporate	Total
Total revenues and other income	**565,080**	**14,076**	**11,941**	**22,089**	**613,186**
to be deducted inter-sector other revenues	(4,356)	-	(204)	(21,553)	**(26,113)**
Total revenues and other income from third parties	**560,724**	**14,076**	**11,737**	**536**	**587,073**
Operating result	**191,942**	**985**	**(545)**	**357**	**192,739**

Total net financial expense					**(26,025)**
Total net income from equity investments					**3,774**
Profit before taxes					**170,488**
Investments in property, plant and equipment	6,064	78	544	388	7,074
Investments in intangible assets	153,280	428	153	-	153,861
Total investments in property, plant and equipment and intangible assets	**159,344**	**506**	**697**	**388**	**160,935**

	March 31, 2025				
(€ thousands)	**Gas distribution**	**Water service**	**Energy efficiency**	**Corporate**	**Total**
Total revenues and other income	**626,930**	**24,076**	**15,095**	**21,768**	**687,869**
to be deducted inter-sector other revenues	(4,744)	-	(171)	(21,359)	**(26,274)**
Total revenues and other income from third parties	**622,186**	**24,076**	**14,924**	**409**	**661,595**
Operating result	**278,072**	**1,291**	**1,105**	**(697)**	**279,771**
Total net financial expense					**(34,800)**
Total net income from equity investments					**2,534**
Profit before taxes					**247,505**
Investments in property, plant and equipment	21,525	877	92	437	22,931
Investments in intangible assets	142,417	317	49	-	142,783
Total investments in property, plant and equipment and intangible assets	**163,942**	**1,194**	**141**	**437**	**165,714**

24) *Information by geographical area*

In accordance with Subsection 33 of IFRS 8, revenues, non-current assets and investments by geographic area are shown below:

(€ thousands)	**March 31, 2024**			**March 31, 2025**		
	Italy	**Greece**	**Non-EU countries**	**Italy**	**Greece**	**Non-EU countries**
Total revenues and other income	520,545	66,528	-	591,332	69,457	806
Non-current assets	8,899,342	1,181,719		9,075,734	1,272,879	
Investments in tangible and intangible assets	138,741	22,194		141,224	24,490	

25) *Related party transactions*

Considering the equity investment of CDP S.p.A. in Italgas S.p.A., pursuant to international accounting standard IFRS 10 – Consolidated Financial Statements, Italgas' related parties are represented, as well as by the subsidiaries, associates and joint ventures of Italgas, by the parent company CDP S.p.A. and its subsidiaries, including those under joint control, and associates, as well as by the subsidiaries, including under joint control, and associates of the Ministry of Economy and Finance (MEF), and in any case any other related parties pursuant to IAS 24. Members of the Board of Directors, Statutory Auditors and Key Managers of Italgas and of the companies that, even jointly, control Italgas, as well as their family members and the entities controlled by them, even jointly, are also regarded as related parties.

As explained in detail below, related-party transactions involve the trading of goods and the provision of regulated services in the gas sector. Transactions between Italgas and related parties are part of ordinary business operations and are generally settled at arm's length, i.e. at the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group.

Pursuant to the provisions of the applicable legislations, the Company has adopted internal procedures to ensure that transactions carried out by the Company or its subsidiaries with related parties are transparent and correct in their substance and procedure. In particular, Italgas has adopted the compliance standard "Transactions involving the interests of Directors and Statutory Auditors with Related Parties" ("RPT Procedure"), which is available on the company's website. The RPT Procedure defines, among other things, the methods for maintaining and updating the database of Italgas' related parties, the thresholds applicable for related-party transactions of negligible value, of lesser and greater importance, and the procedure for investigating and approving such transactions.

Italgas is not subject to management and coordination activities. Italgas exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Civil Code.

The amounts involved in commercial, financial and other transactions with the above-mentioned related parties, are shown below. The nature of the most significant transactions is also stated.

With reference in particular to the balances exposed towards the Eni Group and Enel Group, the underlying relations refer to the natural gas distribution service business, according to the terms of the Network Code, defined by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA). The Network Code regulates the non-discriminatory conditions, including tariffs, applicable to all distribution users.

Commercial and other transactions

Commercial and other transactions are analysed below:

	As of December 31, 2024		For the three months ended March 31, 2024				
			Costs (a)			Revenues (b)	
(€ thousands)	Receivables	Payables	Assets	Services	Other	Services	Other
Parent company							
- CDP Group	-	95	-	23	198	-	-
Total Parent Company	**-**	**95**	**-**	**23**	**198**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	2,972	30	-	(2)	-	159	13
- Metano Sant'Angelo Lodigiano	474	2	-	(2)	-	88	1
- Gesam Reti	81	-	-	-	-	20	2
- Enerpaper	45	290	-	186	-	-	-
- Energie Rete gas	2,007	10,835	-	1,915	462	287	28
Total Companies under joint control and associates	**5,579**	**11,157**	**-**	**2,097**	**462**	**554**	**44**
State-owned or controlled enterprises							
- Eni Group	177,500	40,716	2,701	290	1,090	200,483	826
- Snam Group	413	376	-	37	-	60	11
- Enel Group	49,177	11,625	-	20	78	55,967	769
- Anas Group	353	1,248	-	1	209	-	-
- Ferrovie dello Stato Group	696	56	-	5	133	66	-
- GSE Gestore Servizi Group	1,073	(678)	-	2	14,005	709	-
- Gruppo Poste Italiane	5	150	-	37	-	-	-
- Leonardo Group	33	115	-	-	-	-	-
- Saipem Group	3	27	-	-	-	-	-
Total Companies owned or controlled by the State	**229,253**	**53,635**	**2,701**	**392**	**15,515**	**257,285**	**1,606**
Other related parties							
- Zecca dello Stato	-	12	-	-	-	-	-
- Eur Group	-	4	-	-	2	-	-
- Valvitalia Group	-	488	501	(18)	-	-	-
- CESI - Giacinto Motta	-	22	-	5	-	-	-
- Trevi	-	90	-	-	-	-	-
Total Other related parties	-	616	501	(13)	2	-	-
Total	**234,832**	**65,503**	**3,202**	**2,499**	**16,177**	**257,839**	**1,650**

(a) Include costs for goods and services for investment.
(b) Gross of the regulation components having contra entry in costs.

	As of March 31, 2025		For the three months ended March 31, 2025				
			Costs (a)			Revenues (b)	
(€ thousands)	Receivables	Payables	Assets	Services	Other	Services	Other
Parent company							
- CDP Group	-	120	-	24	4	-	-
Total Parent company	**-**	**120**	**-**	**24**	**4**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	3,154	(42)	-	(1)	-	158	20
- Metano Sant'Angelo Lodigiano	454	2	-	(2)	-	82	9
- Gesam Reti	102	-	-	-	-	20	26
- Enerpaper	45	(1)	-	(13)	-	-	-
- Energie Rete gas	2,150	11,743	48	2,120	452	403	49
Total Companies under joint control and associates	**5,905**	**11,702**	**48**	**2,104**	**452**	**663**	**104**
State-owned or controlled enterprises							
- Eni Group	177,406	46,974	2,887	334	1,456	220,691	826
- Snam Group	326	275	-	46	-	60	(12)
- Enel Group	50,407	12,022	-	-	530	64,410	607
- Anas Group	479	1,125	-	2	247	-	-
- Ferrovie dello Stato Group	569	116	4	-	106	71	-
- GSE Gestore Servizi Group	3,095	(369)	-	11	9,984	668	(36)
- Poste italiane Group	5	84	-	76	-	-	-
- Leonardo Group	33	108	-	22	-	-	-
- Saipem Group	3	22	-	-	-	-	-
Total Companies owned or controlled by the State	**232,323**	**60,357**	**2,891**	**491**	**12,323**	**285,900**	**1,385**
Other related parties							
- Eur Group	-	4	-	-	-	-	-
- Valvitalia Group	-	266	66	-	-	-	-
- CESI - Giacinto Motta	-	22	-	-	-	-	-
- Trevi	-	90	-	(1)	-	-	-
Total Other related parties	-	382	66	(1)	-	-	-
Total	**238,228**	**72,561**	**3,005**	**2,618**	**12,779**	**286,563**	**1,489**

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

Parent company

Commercial relations with the CDP Group are essentially related to fees due to directors.

Companies under joint control and associates

With Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A., the main receivable commercial transactions mainly refer to IT and staff services.

With Enerpaper S.r.l., the payable commercial transactions refer to activities related to Superbonus construction sites managed by the Group.

With Energie Rete Gas S.r.l., the main receivable commercial transactions refer to technical services on the gas network and sale of cryogenic LNG tanks; the main payable transactions refer to services associated with the transport of natural gas by road.

Companies owned or controlled by the State

The main receivable commercial transactions predominantly refer to:

- the distribution of natural gas to the Eni Group and Enel Group;
- IT services and chargebacks of gas supply truck costs related to the Snam Group;
- energy efficiency certificates and net metering/dedicated collection of energy efficiency produced by photovoltaic plants in relation to the GSE Gestore Servizi Group;
- services associated with natural gas distribution in relation to the Ferrovie dello Stato Group and the Anas Group.

The main payable commercial transactions refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group;
- rental expenses and additional charges to lease contracts with the Snam Group;
- acquisition of energy efficiency certificates in relation to the GSE Gestore Servizi Group.

Financial transactions

Financial transactions can be broken down as follows:

	As of December 31, 2024		For the three months ended March 31, 2024	
(€ thousands)	Receivables	Payables	Income	Expense
Parent company				
- CDP Group	1,570	143,944	-	-
Total Parent Company	**1,570**	**143,944**	**-**	**-**
Companies under joint control and associates				
- Energie Rete gas	2,125	-	-	-
Total Companies under joint control and associates	**2,125**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-
Total Companies owned or controlled by the State	-	2,202	-	-
Total	**3,695**	**146,146**	**-**	**-**

	As of March 31, 2025		For the three months ended March 31, 2025	
(€ thousands)	Receivables	Payables	Income	Expense
Parent company				
- CDP Group	1,595	144,613	-	-

Total Parent Company	**1,595**	**144,613**	**-**	**-**
Companies under joint control and associates				
- Energie Rete gas	2,125	-	-	-
Total Companies under joint control and associates	**2,125**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-
Total Companies owned or controlled by the State	-	2,202	-	-
Total	**3,720**	**146,815**	**-**	**-**

Parent company

The main financial transactions conducted with the CDP Group concern portions of bond loans issued by Italgas as part of the EMTN Programme and portions of a mutual investment fund subscribed by Italgas.

Companies under joint control and associates

The main financial transactions with Energie Rete Gas relate to a shareholder loan agreement.

Companies owned or controlled by the State

The main financial transactions conducted with the Ferrovie dello Stato Group, the Anas Group, Eni Group and the Snam Group relate to IFRS16 debt for real estate operating leases.

26) *Significant non-recurring events and transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no significant non-recurring events or transactions took place during the three months ended March 31, 2025.

27) *Positions or transactions arising from atypical and/or unusual transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no atypical and/or unusual positions or transactions took place during the three months ended March 31, 2025.

28) *Significant events after period end*

The significant transactions carried out after March 31, 2025 are summarised below. The Interim Condensed Consolidated Statement of Financial Position have been submitted to the examination of the Company's Board of Directors and its publication was authorised within the terms and in accordance with the procedure prescribed by law. Therefore, this document does not note any events that occurred subsequent to that date.

Extraordinary transactions and area tenders
On April 1, 2025, Italgas completed the acquisition of 99.94% of the share capital of 2i Rete Gas S.p.A. from the sellers F2i SGR S.p.A. and Finavias S.à r.l.. The acquisition, announced to the market on October 5, was completed following the receipt of the Golden Power Authorisations, Foreign Subsidies Regulation approval, and clearance from the Italian Competition Authority. The payment of the consideration at closing amounted to 2,071.9 million euros.
With this transaction, the Italgas Group becomes the leading gas distribution operator in Europe, with over 6,500 employees, 12.9 million customers served in Italy and Greece, 154,000 kilometres of networks, and more than 13 billion cubic metres of gas distributed annually.
On April 16, the share consolidation became effective, aimed at reducing administrative and management costs for the Company, as well as facilitating the post-acquisition reorganisation of the Group. As a result of this share consolidation, Italgas now holds 100% of the share capital of 2i Rete Gas.

Capital operations
On April 10, 2025, the Italgas' Shareholders' Meeting, in an extraordinary session, approved the proposed Option Capital Increase for a total maximum amount of 1,020 million euro, as well as the IGrant 2025-2027 Broad-Based Share Ownership Plan and the Stock Grant Plan, along with the related capital increases to support them.

Other information
On April 14, 2025, Snam and CDP Reti signed a further agreement amending the Italgas Shareholders' Agreement with reference to the procedures for subscribing to Italgas shares in execution of any rights issues and/or capital increases. This modified agreement can be found on the Italgas website in the "Shareholders' agreements" section.

29) *Publication of Interim Condensed Consolidated Statement of Financial Statements*

The Interim Condensed Consolidated Statement were authorised for publication by the Board of Directors of Italgas at its meeting on May 6, 2025. The Board of Directors has authorized the Chairman and the CEO to make such amendments to the Interim Condensed Consolidated Statement as may be necessary or appropriate for the refinement of the form of the document.

30) *Certification of the Officer responsible for the preparation of financial reports*

The Officer responsible for the preparation of financial reports, Gianfranco Maria Amoroso, declares that the accounting information contained in this document corresponds to the documented results, books and accounting records.

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INDEPENDENT AUDITORS' REVIEW REPORT

REPORT ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

To the Board of Directors of
Italgas S.p.A.

Introduction

We have reviewed the accompanying consolidated interim condensed financial statements of Italgas S.p.A. and subsidiaries (the "Italgas Group"), which comprise the interim condensed consolidated statement of financial position as of March 31, 2025 and the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the three-month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial statements of the Italgas Group as at March 31, 2025 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

Other Matter

Deloitte.

The information for the period ended as of March 31, 2024 have not been audited or reviewed.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
May 8, 2025

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Consolidated Financial Statements of the Italgas Group as of and for the year ended December 31, 2024

Consolidated Statement of Financial Position

(€ thousands)	Notes	As of December 31, 2023		As of December 31, 2024	
		Total	*of which, related parties*	Total	*of which, related parties*
ASSETS					
Cash and cash equivalents	(7)	249,963		402,662	
Current financial assets	(8)	4,248	*2,127*	3,592	*2,125*
Trade and other receivables	(9)	853,488	*184,114*	905,092	*234,138*
Inventories	(10)	79,052		57,232	
Current tax receivables	(11)	17,475		-	
Other current financial assets	(20)	18,094		5,878	
Other current non-financial assets	(12)	152,864	*2*	232,559	*288*
Total current assets		**1,375,184**		**1,607,015**	
Property, plant and equipment	(13)	386,040		383,327	
Intangible assets	(14)	8,772,609		8,833,270	
Investments accounted for using the equity method	(15)	131,771		155,715	
Non-current financial assets	(16)	23,778	*3,655*	339,747	*1,570*
Non-current tax receivables	(11)	12,876		17,612	
Other non-current financial assets	(20)	13,708		10,982	
Other non-current non-financial assets	(12)	417,069	*287*	619,322	*406*
Total non-current assets		**9,757,851**		**10,359,975**	
Assets held for sale	(17)	**6,613**		**5,351**	
TOTAL ASSETS		**11,139,648**		**11,972,341**	
LIABILITIES AND EQUITY					
Current financial liabilities	(18)	1,033,434	*636*	980,569	*4,580*
Trade and other payables	(19)	829,862	*65,775*	1,184,609	*64,410*
Current tax liabilities	(11)	20,448		25,562	
Other current non-financial liabilities	(21)	17,393	*222*	14,063	*1,093*
Total current liabilities		**1,901,137**		**2,204,803**	
Non-current financial liabilities	(18)	5,886,922	*1,566*	6,205,299	*141,566*
Provisions for risks and charges	(22)	109,851		92,122	
Provisions for employee benefits	(23)	65,330		61,279	
Deferred tax liabilities	(24)	47,780		48,345	
Other non-current non-financial liabilities	(21)	527,884		566,985	
Total non-current liabilities		**6,637,767**		**6,974,030**	
TOTAL LIABILITIES		**8,538,904**		**9,178,833**	
EQUITY	(25)				
Share capital		1,003,228		1,003,844	
Other reserves		191,529		175,584	
Retained earnings		645,747		799,635	
Profit for the year		439,568		478,854	
Equity attributable to the Owners of the parent company		**2,280,072**		**2,457,917**	
Non-controlling interests		**320,672**		**335,591**	
TOTAL EQUITY		**2,600,744**		**2,793,508**	
TOTAL LIABILITIES AND EQUITY		**11,139,648**		**11,972,341**	

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Income Statement

(€ thousands)	Notes	For the year ended December 31, 2023 Total	For the year ended December 31, 2023 *of which, related parties*	For the year ended December 31, 2024 Total	For the year ended December 31, 2024 *of which, related parties*
Revenues		2,564,193	*45,865*	2,478,644	*744,304*
Other income		74,648	*3,129*	60,792	*6,835*
Total revenues and other income	(27)	**2,638,841**		**2,539,436**	
Costs for raw materials, consumables, supplies and goods		(195,869)	*(14,166)*	(168,459)	*(6,622)*
Costs for services		(792,394)	*(13,300)*	(604,545)	*(10,198)*
Lease expenses		(89,133)	*(1,125)*	(102,496)	*(1,235)*
Personnel costs		(276,800)		(285,133)	
Impairment of trade receivables, net		(124)		822	
Other expenses		(57,718)	*(72,858)*	(60,921)	*(86,154)*
Total costs and other expenses	(28)	**(1,412,038)**		**(1,220,732)**	
Amortisation, depreciation and impairment of assets	(29)	**(545,546)**		**(536,555)**	
Operating result		**681,257**		**782,149**	
Financial expense		(103,642)		(149,566)	*(1,171)*
Financial income		5,490	*1*	28,521	*253*
Gain/(loss) on derivative financial instruments measured at fair value		(77)		379	
Total net financial expense	(30)	**(98,229)**		**(120,666)**	
Share of the profit of investments in associates/joint ventures		1,652	*1,652*	9,945	*9,945*
Other income (expense) from equity investments		1,416	*25*	1,264	
Total net income from equity investments	(31)	**3,068**		**11,209**	
Profit before taxes		**586,096**		**672,692**	
Income taxes	(32)	118,625		165,257	
Profit for the year		**467,471**		**507,435**	
Attributable to:					
Owners of the parent company		439,568		478,854	
Non-controlling interests		27,903		28,581	
Earnings per share (€ per share)	(33)				
- basic and diluted from continuing operations		0.54		0.59	
- total basic and diluted		0.54		0.59	

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Profit for the year	**467,471**	**507,435**
Other comprehensive income		
Components that may be reclassified subsequently to the income statement:		
Fair value gain/(loss) arising from hedging instruments during the period	(21,637)	(13,543)
Tax effect	5,192	3,251
Total components that may be reclassified subsequently to the income statement	**(16,445)**	**(10,292)**
Components that will not be reclassified to the income statement:		
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	222	(626)
Change in fair value of investments measured at FVTOCI	(515)	112
Tax effect	75	142
Total components that will not be reclassified to the income statement	**(218)**	**(372)**
Total other components of comprehensive income, net of tax effect	**(16,663)**	**(10,664)**
Total comprehensive income for the year	**450,808**	**496,771**
Attributable to Owners of the parent company	**423,790**	**467,371**
Attributable to non-controlling interests	**27,018**	**29,400**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of changes in Equity

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained Earnings	Profit for the year	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1,2023 (a) (Note 25)	**1,002,608**	**(323,907)**	**624,449**	**200,246**	**(7,195)**	**38,261**	**(349,839)**	**7,202**	**609**	**12,534**	**496,006**	**407,288**	**2,108,262**	**282,308**	**2,390,570**
2023 profit for the year	-	-	-	-	-	-	-	-	-	-	-	**439,568**	**439,568**	**27,903**	**467,471**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
-Fair value gain/(loss) arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	(15,578)	-	-	-	-	-	-	**(15,578)**	**(867)**	**(16,445)**
Components will not be reclassified to the income statement:															
- Actuarial gains (losses) from remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	171	-	-	-	-	-	-	-	**171**	**(18)**	**153**
- Change in fair value of investments measured at FVTOCI, net of tax effect	-	-	-	-	-	-	-	-	(371)	-	-	-	(371)	-	(371)
Total comprehensive income 2023 (b)	-	-	-	-	**171**	**(15,578)**	-	-	**(371)**	-	-	**439,568**	**423,790**	**27,018**	**450,808**
Transactions with shareholders:															
- Allocation of 2022 profit for the year	-	-	-	400	-	-	-	-	-	-	406,888	(407,288)	-	-	-
- Dividends to Owners of the parent company	-	-	-	-	-	-	-	-	-	-	(257,147)	-	**(257,147)**	-	**(257,147)**
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	**(12,848)**	**(12,848)**
- Change in Stock grant reserve	-	-	-	-	-	-	-	2,215	-	-	-	-	**2,215**	-	**2,215**
Total transactions with shareholders (c)	-	-	-	**400**	-	-	-	**2,215**	-	-	**149,741**	**(407,288)**	**(254,932)**	**(12,848)**	**(267,780)**

Other changes in equity (d)	**620**	**-**	**1,803**	**-**	**-**	**-**	**-**	**-**	**-**	**529**	**-**	**-**	**2,952**	**24,194**	**27,146**
Balance as of December 31, 2023 (e=a+b+c+d) (Note 25)	**1,003,228**	**(323,907)**	**626,252**	**200,646**	**(7,024)**	**22,683**	**(349,839)**	**9,417**	**238**	**13,063**	**645,747**	**439,568**	**2,280,072**	**320,672**	**2,600,744**

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained Earnings	Profit for the year	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2024 (a) (note 25)	**1,003,228**	**(323,907)**	**626,252**	**200,646**	**(7,024)**	**22,683**	**(349,839)**	**9,417**	**238**	**13,063**	**645,747**	**439,568**	**2,280,072**	**320,672**	**2,600,744**
2024 profit for the year	-	-	-	-	-	-	-	-	-	-	-	**478,854**	**478,854**	**28,581**	**507,435**
Components that may be reclassified subsequently to the income statement:															
-Fair value gain/(loss) arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	(11,159)	-	-	-	-	-	-	**(11,159)**	**867**	**(10,292)**
Components will not be reclassified to the income statement:															
- Actuarial gains (losses) from remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	(405)	-	-	-	-	-	-	-	**(405)**	**(48)**	**(453)**
- Change in fair value of investments measured at FVTOCI, net of tax effect	-	-	-	-	-	-	-	-	81	-	-	-	**81**	-	**81**
Total comprehensive	-	-	-	-	**(405)**	**(11,159)**	-	-	**81**	-	-	**478,854**	**467,371**	**29,400**	**496,771**

income 2024 (b)															
Transactions with shareholders:															
- Allocation of 2023 profit for the year	-	-	-	123	-	-	-	-	-	-	439,445	(439,568)	**-**	**-**	**-**
- Dividends to Owners of the parent company	-	-	-	-	-	-	-	-	-	-	(285,557)	-	**(285,557)**	**-**	**(285,557)**
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**(14,179)**	**(14,179)**
- Change in Stock grant reserve	616	-	2,143	-	-	-	-	(1,185)	-	(616)	-	-	**958**	**-**	**958**
- Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**668**	**668**
Total transactions with shareholders (c)	**616**	**-**	**2,143**	**123**	**-**	**-**	**-**	**(1,185)**	**-**	**(616)**	**153,888**	**(439,568)**	**(284,599)**	**(13,511)**	**(298,110)**
Other changes in equity (d)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,927)**	**-**	**-**	**(4,927)**	**(970)**	**(5,897)**
Balance as of December 31, 2024 (e=a+b+c+d) (Note 25)	**1,003,844**	**(323,907)**	**628,395**	**200,769**	**(7,429)**	**11,524**	**(349,839)**	**8,232**	**319**	**7,520**	**799,635**	**478,854**	**2,457,917**	**335,591**	**2,793,508**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flow

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Profit for the year	**467,471**	**507,435**
Adjustments for:		
Amortisation, depreciation and impairment of assets	544,327	536,555
Share of the profit of investments in associates/joint ventures	(1,824)	(9,945)
Other income from equity investments (net of dividends received)	(42)	(1,264)
Stock grant	2,232	(931)
(Gains)/Losses arising from the disposal of non-current assets	38,485	37,868
Financial income	(5,412)	(28,900)
Financial expense	103,337	149,547
Income taxes	118,625	165,257
Change in provisions for employee benefits	(6,715)	(7,094)
Changes in working capital:		
- Inventories	41,305	25,952
- Trade receivables	(511,296)	(191,383)
- Trade payables	(431,738)	(43,114)
- Provisions for risks and charges	(34,378)	(19,955)
- Other assets	502,288	121,761
- Other liabilities	(51,212)	(22,481)
Dividends cashed in	672	961
Financial income collected	4,376	13,646
Financial expense paid	(88,722)	(107,364)
Income taxes paid, net of tax credits reimbursed	(119,107)	(27,836)
Net cash flow from operating activities	**572,672**	**1,098,715**
of which, related parties	*386,300*	*805,594*
Investments:		
- Property, plant and equipment	(24,534)	(33,489)
- Intangible assets	(837,368)	(859,179)
- Business combinations, net of cash acquired	-	51,231
- Equity investments	(78,291)	(15,810)
- Change in financial receivables instrumental to operating activities	-	(16,589)
- Change in payables for investments	60,729	36,967
Disinvestments:		
- Property, plant and equipment	159	3,323
- Intangible assets	21,298	11,158
- Business units	403	-
- Equity investments	-	2,256
- Change in receivables for disinvestments	-	10,998
Net cash flow used in investing activities	**(857,604)**	**(809,134)**
Proceeds from non-current financial debt	537,980	1,167,540
Repayment of non-current financial debt	(164,174)	(982,774)
Increase in current financial debt	8,532	11,672
Proceeds from financial asset	2,127	656
Dividends paid	(270,483)	(299,837)
Repayment of lease liabilities	(31,033)	(34,139)
Net cash flow from/ (used in) financing activities	**82,949**	**(136,882)**

of which, related parties	*(97,338)*	*31,263*
Net cash flow for the year	**(201,983)**	**152,699**
Opening cash and cash equivalents	**451,946**	**249,963**
Closing cash and cash equivalents	**249,963**	**402,662**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Group Information

The Italgas Group, comprising the parent company Italgas S.p.A. and its subsidiaries (collectively referred to "Italgas", "Italgas Group" or "Group"), operates in the regulated activities of natural gas distribution, water services and energy efficiency.

Italgas S.p.A. is a joint stock company incorporated under Italian law and listed on the Milan Stock Exchange, with registered offices in Milan, via Carlo Bo 11.

CDP S.p.A. has "de facto" control over Italgas S.p.A. pursuant to the accounting principle IFRS 10 "Consolidated Financial Statements".

As of December 31, 2024, CDP S.p.A. holds, directly through CDP Reti S.p.A.[4] 25.98% stake in Italgas S.p.A. and, indirectly through Snam S.p.A., a 4.23% stake.

The parent company, Italgas S.p.A., is not subject to direction and coordination activities. Italgas S.p.A. exercises direction and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Italian Civil Code.

1) *Basis of preparation*

The Consolidated Financial Statements have been prepared in accordance with the IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Commission according to the procedure pursuant to Article 6 of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 and pursuant to Article 9 of Legislative Decree no. 38/2005. The IFRS also include the International Accounting Standards ("IAS") as well as the interpretive documents still in force issued by the IFRS Interpretations Committee ("IFRS IC"), including those previously issued by the International Financial Reporting Interpretations Committee ("IFRIC") and, before that, by the Standing Interpretations Committee ("SIC").

In the 2024 Consolidated Financial Statements, the same consolidation principles and valuation criteria as the previous year are applied, except for the international accounting standards that came into effect on January 1, 2024, as detailed in the following section "Accounting principles and interpretations applicable from 2024" of these Consolidated Financial Statements.

The Consolidated Financial Statements are prepared on a going-concern basis, using the historical cost method, considering, where appropriate, value adjustments with the exception of the items which, according to IFRS, must be measured at *fair value*, as described in the valuation criteria.

The Consolidated Financial Statements as of and for the year ended December 31, 2024 were approved and authorized for publication by the Board of Directors of Italgas S.p.A. in the meeting of February 12, 2025. The Italgas S.p.A. Consolidated Financial Statements as of and for the year ended December 31, 2024 are subjected to audit by Deloitte & Touche S.p.A.

The Consolidated Financial Statements are presented in Euro. Amounts in the Consolidated Financial Statements and related Notes, considering their significance, are expressed in thousands of Euro, unless otherwise indicated.

Certain information contained in the Notes to the Consolidated Financial Statements, when extracted from the XHTML format into an XBRL instance document, due to certain technical limitations, may not be reproduced identically to the corresponding information displayed in the Consolidated Financial Statements in XHTML format.

Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board), approved by the European Union (EU) and that came into effect on January 1 2024

The following provisions issued by the IASB (International Accounting Standards Board) came into effect in the European Union on January 1, 2024:

[4] CDP S.p.A. holds 59.10%.

On January 23 2020, IASB published a document named **“Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”** and on October 31, 2022 published an amendment named **“Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants”**. These changes seek to clarify how to classify debts and other short or long-term liabilities. Furthermore, the changes also improve the information an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants).

On September 22, 2022 the IASB issued the document **“Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)”** with amendments that clarify how the seller of an asset, subsequently the lessee of that asset, measures sale and leaseback transactions pursuant to IFRS 15. The Board established that the seller-lessee must measure the Liabilities arising from the leaseback in a way that does not recognise any gain or loss connected to the right to continue to use the asset.

On 25 May 2023, the IASB published the **"Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)"**, which is an amendment to be applied in the case of arrangements involving supplier financing, in order to require additional qualitative and quantitative information to be provided by the financing entity with respect to existing obligations. This information relates to the characteristics of the arrangements, carrying amounts, impacts on the entity's cash flows, etc. Furthermore, the IASB has decided that, in most cases, aggregate information on an entity's supplier financing arrangements meets the information requirements of users of financial statements.

The adoption of these amendments had no effect on the Consolidated Financial Statements of the Group.

Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board) but not yet in effect

On 30 May 2024, the IASB published "**Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7**”. The document clarifies aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary on achieving ESG objectives (i.e. green bonds). In particular, the amendments aim to:

- clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
- determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash at the settlement date if there are certain specific conditions.

With these changes, the IASB has also introduced additional disclosure requirements relating in particular to investments in equity instruments designated as FVOCI. The amendments will apply from financial years beginning from January 1, 2026.

On April 9, 2024, the IASB published the new standard, IFRS 18 **“Presentation and Disclosures in Financial Statements**”, which will replace IAS 1 “Presentation of Financial Statements”, with the aim of improving the way companies disclose in their financial statements.

The main new features of the new standard concern the introduction of defined categories and subtotals in the income statement, the introduction of requirements to improve aggregation and disaggregation, the introduction of management-defined performance indicator (MPMs) disclosures in the notes to the financial statements, and targeted improvements to the cash flow statement by amending IAS 7.

The standard will be effective for financial years beginning on or after January 1, 2027 and early application is permitted.

On July 18, 2024, the IASB published ““**Annual Improvements to IFRS Accounting Standards-Volume 11”**” containing amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The IASB annual improvements are limited to amendments intended to clarify the formulation of one IFRS standard or to correct unwanted consequences related to discrepancies between the requirements of the various standards.

The amendments contained in the above Annual Improvements refer to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards in relation to the accounting or not of hedging instruments by a first-time adopter following the transition to IFRS;

- IFRS 7 Financial Instruments: Disclosures for additional information with reference to the following points:
  - Gain or loss on derecognition
  - Supplementary information on the difference between the *fair value* and the transaction price of an asset
  - Supplementary information on credit risk;
- IFRS 9 Financial Instruments in relation to:
  - Derecognition of lease liabilities
  - Transaction price;
- IFRS 10 Consolidated Financial Statements – Determination of a "De Facto Agent", a party who acts on behalf of another investor, for the purposes of supervision of an affiliate;
- IAS 7 Statement of Cash Flows – Cost Method.

The amendments will be mandatory for financial years starting on or after January 1 2026; early application is permitted. The administrators are currently assessing the possible effects of introducing the new principles.

2) *Financial Statements*

The formats adopted for the preparation of the financial statements are consistent with the provisions of IAS 1 - "Presentation of financial statements" ("IAS 1"). In particular:

- the Consolidated Statement of Financial Position items are broken down into assets and liabilities, and then further into "current or non-current items [5]";
- the Consolidated Income Statement classifies costs by nature, since this is deemed to be the best way of representing the Group's operations and it is in line with international best practice;
- the Consolidated Statement of Comprehensive Income shows the profit or loss in addition to the income and expense recognised directly in equity as expressly provided for by the IFRS;
- the Consolidated Statement of changes in Equity reports the total income (expense) for the financial year, shareholder transactions and the other changes in equity;
- the Consolidated Statement of Cash Flows is prepared using the "indirect" method, adjusting the profit for the year for non-monetary components.

It is believed that these statements adequately represent the Group's situation with regard to its Statement of Financial Position, Income Statement and Statement of Cash Flows.

For a better representation and comparison of the financial statement items, the figures related to the comparative financial year have been suitably reclassified where necessary. More specifically:

- With reference to the Consolidated Statement of Comprehensive Income, "Allocations to/releases from provision for risks and charges" has been reclassified in the "Other expenses", and "Dividends" has been reclassified in "Net income from equity investments";
- With reference to the Consolidated Statement of Cash Flow: (i) "Amortisation and depreciation" and "Net impairment of assets" have been included in the "Amortisation, depreciation and impairment of assets"; (ii) "Dividends" has been included in "Net income from equity investments"; (iii) "Other assets and liabilities" has been split into "Other assets" and "Other liabilities".

With regard to the same Consob Resolution, the balances of receivables/payables and transactions with related parties, described in more detail in the note "Related party transactions", are shown separately in the Consolidated Financial Statements.

3) *Consolidation principles*

[5] The assets and liabilities are classified as current if: (i) their realisation/settlement is expected in the company's normal operating cycle or within twelve months after the financial year-end; (ii) they are composed of cash or cash equivalents which do not have restrictions on their use over the twelve months following the year-end date; (iii) they are mainly held for trading purposes; or (iv) with reference to liabilities, the company does not have the unconditional right to defer settlement of the liability for at least twelve months from the financial year closing date.

The Consolidated Financial Statements include the financial statements of Italgas S.p.A. and those of the entities over which the Company has the right to exercise direct or indirect control, as defined by IFRS 10 – "Consolidated Financial Statements". Specifically, control exists where the controlling entity simultaneously:

- has the power to make decisions concerning the affiliate;
- is entitled to receive a share of or is exposed to the variable profits and losses of the affiliate;
- is able to exercise power over the affiliate in such a way as to affect the amount of its economic returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries, joint ventures, associates and other significant equity investments are indicated separately in the Appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. as of December 31, 2024", which is an integral part of these notes.

All financial statements of consolidated companies close as at 31 December and are presented in Euro.

Companies included in the scope of consolidation

Subsidiaries are fully consolidated on a line-by-line basis ("*full consolidation*") from the date the Company obtains control (either directly or indirectly) and are deconsolidated from the date the Company loses control. In the event of loss of control, the Group derecognises the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and other equity components related to the subsidiary and recognises the *fair value* of any consideration received for the transaction. Any investment held in the previously subsidiary is measured at *fair value* on the date control is lost.

The equity shares and profit or loss attributable to non-controlling interests are separately recorded in specific items of Equity, Income Statement and Statement of Comprehensive Income.

Changes in the equity investments held (either directly or indirectly) by the Company in subsidiaries that do not result in a change in the qualification of the investment as a subsidiary are recorded as equity transactions. The carrying amount of the equity attributable to the owners of the parent company and attributable to non-controlling interests are adjusted to reflect the change in the equity investment. The difference between the carrying amount of non-controlling interests and the *fair value* of the consideration paid or received is recorded directly under equity attributable to owners of the parent company.

Otherwise, the sale of interests that result in the loss of control leads to recognition in the income statement of: (i) any gains or losses calculated as the difference between the consideration received and the corresponding portion of equity sold; (ii) the effect of the revaluation of any remaining equity investment held to align it with its *fair value*; and (iii) any amounts recorded in other components of comprehensive income related to the former subsidiary, for which reversal to the income statement is required. The *fair value* on the date of loss of control of any remaining equity investment held represents the new carrying amount of the equity investment, and, therefore, the value for the subsequent valuation of the equity investment according to the applicable valuation criteria.

All intra-group balances and transactions, including any unrealised gains and losses on intra-group transactions, are eliminated in the preparation of the Consolidated Financial Statements.

Investments in associates and joint ventures

An associate is an affiliate over which the Group holds significant influence, meaning the power to participate in the determination of the financial and operating policies, but without having control or joint control[6]. It is presumed that the investor has significant influence (unless proven otherwise) if it holds, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.
A joint venture is a joint arrangement in which the parties holding joint control have rights to the net assets of the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle.

The economic results and the assets and liabilities of associates and joint ventures are recognised, in the Consolidated Financial Statements, using the equity method, starting from the date the Group holds a significant influence or joint control, respectively, except in cases where they are classified as held for sale.
The Consolidated Financial Statements include the Group's share of profit or loss of subsidiaries recognized using the equity method until the date when significant influence or joint control ceases.

Business combinations

Business combinations are recognized using the acquisition method, as required by IFRS 3 - "Business Combinations". Accordingly, the consideration transferred in a business combination is determined as of the control acquisition date and is equal to the *fair value* of the transferred assets, the liabilities incurred or assumed, as well as any equity instruments issued by the acquirer. Directly attributable costs of the transaction are recognized to the income statement when incurred.

Goodwill arising from the acquisition of control of an equity investment or a business unit represents the excess of the acquisition cost (defined as the sum of the considerations transferred in the business combination) over the *fair value* of identifiable assets, liabilities and contingent liabilities of the acquired entity at the acquisition date. Any residual difference, if negative, is recognised in the income statement as a bargain purchase gain.

Any adjustments to goodwill may be recognised during the measurement period (which cannot exceed one year from the acquisition date) as a result of subsequent changes in the *fair value* of the contingent consideration or the determination of the fair value of assets and liabilities acquired, if these were provisionally recognised at the acquisition date and if such changes are determined as adjustments based on new information regarding facts and circumstances existing at the date of the business combination.

In the case of acquisition of a non-total controlling interest, the goodwill and, correspondingly, the share attributable to non-controlling interests may be determined at the acquisition date either based on the acquired percentage of control (the "*partial goodwill method*") or by measuring the share attributable to non-controlling interests at *fair value* (the "*full goodwill method*"). The choice of the goodwill determination method ("*Partial goodwill method*" or "*Full goodwill method*") is made selectively for each business combination.

If the cases of acquiring control in stages, the acquisition cost is determined by adding the *fair value* of the previously held equity investment in the acquired entity to the amount paid for the additional interest. The difference between the *fair value* of the previously held equity investment, re-measured at the acquisition date, and its carrying amount is recognised in the income statement. Upon the acquisition of the control, any components previously recorded in other comprehensive income are reclassified to the income statement or to another item of equity, if the reversal to the income statement is not required.

Business combinations involving entities under joint control

Business combinations involving companies that are ultimately controlled by the same company or companies before and after the business combination, where such control is not temporary, are classed as "*Business combinations of entities under common control*". These transactions are excluded from the scope of IFRS 3 and are not governed by other IFRS. In the absence of a specific accounting standard, the selection of the accounting principle for such transactions, where significant influence over future cash flows cannot be established, is guided by the principle of prudence, leading to the application of the continuity of values method for the acquired net assets. The assets are recognised at their carrying amount as reflected in the financial statements of the acquired companies before the transaction or, if available, at the values resulting from the consolidated financial statements of the common ultimate

[6] Joint control is the contractual sharing of control pursuant to an agreement, which exists only where the unanimous consent of all the parties that share power is required for decisions relating to significant activities.

parent company. In relation to transfers of business under common control, the receiving entity must recognised the transferred business at its historical carrying amount, increasing its equity by an equal amount. The transferring entity will symmetrically recognise the equity investment in the receiving entity for an amount equal to the increase in the equity of the latter.

This accounting treatment is based on the Preliminary Guidelines on IFRS (OPI 1 Revised) - "Accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements" issued by Assirevi in October 2016.

4) *Material accounting policies*

The most significant accounting policies adopted when preparing the Consolidated Financial Statements are described below.

Property, plant and equipment

Property, plant and equipment are recognised at the purchase or production cost, including directly attributable ancillary costs needed to make the assets available for use.

Property, plant and equipment may not be revalued, even through the application of specific laws.

Costs for improvements, upgrades and transformations that increase the value of property, plant and equipment are recognized as assets when it is probable that they will increase the future expected economic benefits. Replacement costs of identifiable components of complex assets are recognized as assets and depreciated over their useful life. The residual carrying amount of the replaced component is charged to the income statement. Ordinary maintenance and repair expenses are recognized to the income statement in the period when they are incurred.

If impairment indicators are present, the carrying amount of property, plant and equipment is assessed for potential impairment (refer to the section "Impairment of property, plant and equipment and intangible assets with a finite useful life" for further details).

Rights of Use

A contract is, or contains, a lease if it grants an entity the right to control the use of an identified asset for a certain period in exchange for a consideration.

For leases with a term over 12 months, (i) an asset, within the "Property, plant and equipment", as the Right of Use of the asset and (ii) a financial liability, representing the obligation to make the lease payments envisaged by the contract, are recognized to the financial statements at the commencement date, when the asset is made available for use.

The cost of the asset consisting of Right of Use includes:

a) the amount of the initial measurement of the lease liability;
b) lease payments due on or before the commencement date, net of any lease incentives received;
c) initial direct costs incurred;
d) costs for dismantling and restoring the site.

Lease liabilities include the following payments for the right to use the underlying asset over the lease term that remain unpaid as at the commencement date:

a) fixed payments, net of any lease incentives receivable;
b) variable payments due for the lease that depend on an index or rate;
c) amounts payable as residual value guarantees;
d) the exercise price of the purchase option when it is the reasonably certain the option will be exercised;
e) termination penalties when the lease is expected to be terminated.

The discount rate used is the implicit interest rate of the lease for the lease term. If this rate cannot be easily determined, the Group's incremental borrowing rate, considering the frequency and payments under the lease agreement, is used.

After initial recognition, the right-of-use asset is systematically amortised over each period, at the lower of the lease term and the residual useful life of the underlying asset. Amortisation begins on the lease commencement date. In the event of impairment, regardless of the amortisation already recognized, the asset is written down in accordance with the criteria outlined in the Impairment of non-financial assets principle.

Lease term is calculated by considering the "non-cancellable" period, together with periods covered by an extension or early termination option, whose exercise is deemed reasonably certain using information available at the inception date. In significant changes occur in facts and circumstances under the Group's control that would modify the assessment of the reasonable certainty of exercising the options, the Group will reassess the lease term.

As permitted by IFRS 16, the Group has applied the exemptions for short-term leases, i.e. leases with a duration of less than 12 months, and for leases related to assets of low value.

Depreciation of property, plant and equipment

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, defined as the period during which the asset is expected to be usable by the entity. Depreciation begins when the asset is available and ready for use.

The depreciable amount is represented by the carrying amount, reduced by the estimated net realisable value at the end of its useful life, if significant and reasonably determinable.

The table below shows the annual depreciation rates used for the current year, unchanged from the comparative year, except for the "Other plant and equipment" category, whose annual depreciation rate has changed due to the acquisition of assets because of the acquisition of Acqua Campania in the current year:

	Annual depreciation rate (%)
Land and building	
- Industrial buildings	2%
- Civil buildings	3%
Plant and equipment	
- Other plant and equipment	4% - 8.3%
Industrial and commercial equipment	
- Office furniture and machinery	10% - 33.3%
- Vehicles	20% - 25%
Rights of use	Depending on the term of the lease agreements

When an item included in "Property, plant and equipment" consists of several significant components with different useful lives, depreciation is applied to each component separately ("component approach").

Land, even when purchased together with a building, construction in progress, advances and assets held for sale are not depreciated (for more details, refer to section "Assets held for sale").

Depreciation rates are reviewed annually and adjusted if no longer appropriately reflect the expected future benefits. Any changes to the depreciation plan, resulting in a revision of the asset's useful life, its residual value or the method of obtaining economic benefits from the asset is recognised for prospectively.

Assets that can be freely transferred are depreciated over the term of the concession or the asset's useful life, if shorter.

Intangible assets

Intangible assets are assets without identifiable physical substance, but are identifiable, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired for consideration. Intangible assets are recognised at the cost of purchase or internal production, when it is probable that their use will generate future economic benefits and their cost can be reliably determined.

Revaluations are not permitted, even under specific laws.

Development costs are recognised as intangible assets only when the Group can prove the technical feasibility of completing the intangible asset, as well as the ability, intention and availability of resources to complete the asset for use or sale. Research costs are recognised in the income statement.

Intangible assets with a defined useful life are measured at cost, net of accumulated amortisation and impairment losses.

Goodwill and other intangible assets with an indefinite useful life are not amortised but are tested for impairment at each reporting date, as required by IAS 36, to determine if any impairment losses need to be reflected in the financial statements.

Intangible assets are derecognised when the disposal of or when no future economic benefit is expected from their use; the related gain or loss is recognised in the income statement.

Service concession arrangements

Intangible assets include service concession agreements between the public and private sectors for the development, financing, management and maintenance of infrastructures under concession where the grantor: (i) controls or regulates the services provided by the operator through the infrastructure and the applicable price; and (ii) controls, through ownership, entitlement to benefits, or otherwise, any significant residual interest in the infrastructure at the end of the concession. The accounting provisions for the service concession agreements are applicable for the Italgas Group as a public service distributor of natural gas and other gases and the integrated water service or where Italgas Group is committed to providing the public service distribution of natural gas or the public water transport and distribution service at the tariff established in Italy by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA) and in Greece by the Regulatory Authority for Energy Waste and Water (RAEWW or PAAEY, each separately or jointly "Authority"), holding the right to use the infrastructure, controlled by the grantor, to deliver the public service.

The Group applies the intangible asset model as provided by IFRIC 12 for accounting service concession agreements. The intangible asset is recognised at cost both at initial recognition and for subsequent recognition. Construction and improvements activities of network and other services are recognised and measured by applying IFRS 15.

Amortisation of intangible assets

Intangible assets with a defined useful life are amortised systematically over their useful life, defined as the period in which the asset is expected to be usable by the entity. Amortisation begins when the intangible asset is available for use.

The amount to be amortised is the carrying value, reduced by the estimated net realisable value at the end of its useful life if significant and reasonably determined.

The table below shows the annual amortisation rates used for the current year, unchanged from the comparative year:

	Annual amortisation rate (%)
Patent rights and intellectual property rights	20% - 33.3%
Concession expenses	Depending on the term of the agreement
Land and buildings (concession agreements)	
- Industrial buildings	1.67% - 5%
- Other constructions	9% - 10%
Plant and equipment (concession agreements)	
- Network	1.67% - 5%
- Principal and secondary facilities	4% - 6%
- Derivation plants	2% - 10%
Industrial and commercial equipment (concession agreements)	
- Metering and control equipment	6.7% - 20%

Grants

Capital grants granted by public authorities are recognised when there is reasonable certainty that the conditions set by the granting government agencies for their allocation will be met, and they are recognised as a reduction in the purchase price, contribution or production cost of the related assets.

Operating grants are recognised in the income statement on an accrual basis, consistent with the relative costs incurred.

Impairment of non-financial assets

Impairment of property, plant and equipment and intangible assets with a finite useful life

At least annually, property, plant and equipment and intangible assets with a finite useful life are assessed to verify the existence of internal and external indicators of potential impairment.

If these indicators are present, recoverability is tested by comparing the carrying amount with its recoverable amount, as the higher of the *fair value* less *costs to sell* (see section "Fair value measurement") and the value in use.

The assessment is carried out for each individual asset or for the smallest identifiable group of assets which, through continuous use, generate cash inflows largely independent of those of other assets or groups of assets ("*Cash-Generating Units*" or "*CGUs*").

The CGUs identified by the Group's are as follows: Distribution and metering of natural and other gases (regulated activity), Distribution and metering of natural gas abroad (regulated activity), Integrated water service (regulated activity), Other activities (ESCos).

The recoverable amount of non-current non-financial assets that fall under the scope of regulated activities is determined by considering: (i) the amount quantified by the Authority based on the rules that define the tariffs for the provision of the services for which they are intended; (ii) the possible value that the Group expects to recover from their sale or at the end of the concession regulating the service; (iii) the value of the expected cash flows deriving from the use of the asset and, if significant and reasonably determined, from its sale at the end of its useful life, net of any disposal costs; these cash flows are discounted at a rate that reflects the current market conditions for the time value of money and specific risks of the asset not reflected in the estimated cash flows.

Similarly to what happens for the quantification of tariffs, the quantification of the recoverable amount of the assets within the scope of regulated activities is also based on the applicable current regulatory provisions.

The value in use of non-current non-financial assets not within the scope of the regulated activities is determined by discounting the expected cash flows resulting from the use of the asset and, if significant and reasonably determined, from its sale at the end of its useful life, net of any disposal costs. Cash flows are determined based on reasonable, documentable assumptions representing the best estimate of future economic conditions expected to occur during the remaining useful life of the asset, with a greater emphasis on outside information. Discounting is done using a rate reflecting current market conditions for the time value of money and specific risks of the asset not reflected in the estimated cash flows.

If the reasons for impairment no longer exist, assets are revised and the adjustment is recognised to the income statement. The adjustment is made at the lower of the recoverable amount and the carrying amount, gross of any previous impairments, reduced by the depreciation that would have been recognised if an impairment loss had not been recorded for the asset.

Impairment of goodwill, intangible assets with an indefinite useful life and intangible assets under construction

The recoverability of the carrying amount of goodwill, intangible assets with an indefinite useful life and intangible assets under construction is tested at least annually and whenever events occur that suggest a reduction in value. For goodwill, the test is performed at the level of the smallest group based on which the management evaluates, directly or indirectly, the return on investment, including goodwill itself. When the carrying amount of the CGU, including the goodwill allocated to it, exceeds the recoverable amount, the difference is the impairment, which is first allocated to goodwill up to its amount; any excess of the impairment over goodwill is allocated proportionally to the carrying amount of the assets which constitute the CGU. Goodwill impairment losses cannot be reversed.

Investments accounted for using the equity method

Investments in joint ventures and associates are accounted for using the equity method.

Under the equity method, investments in joint ventures and associates are initially recognised at cost and subsequently adjusted to account for: (i) the participant's share of the investee's profits or losses after the acquisition date, and (ii) the participant's share of other comprehensive income of the investee. Dividends paid out by the investee are recognised as a reduction of the carrying amount of the investment. For the application of the equity method, adjustments required for consolidation purposes are considered (see also the "Consolidation principles" section).

In the case of acquiring a joint control in successive stages, the cost of the equity investment is measured as the sum of the *fair value* of the previously held interests and the *fair value* of the consideration transferred at the date the equity investment is qualified as associated (or under joint control). The effect of revaluing the carrying amount of the equity interest held before assuming the joint control (or significant influence) is recognized in the income statement, including any components recognised in other comprehensive income. The sale of equity investments resulting in the loss of joint control or significant influence over the investee results in the recognition in the income statement: (i) any gains or losses calculated as the difference between the consideration received and the corresponding portion of the carrying amount of the disposed interest; (ii) the effect of revaluating any residual equity investment maintained, to align it with the relative *fair value*; and (iii) any amounts recognized in other comprehensive income relating to the equity investee that are required to be reclassified to the income statement. The value of any equity investment maintained, aligned with its *fair value* at the date of loss of joint control or significant influence, represents the new carrying amount and, therefore, the value for subsequent valuation according to the applicable valuation criteria.

If there is objective evidence of impairment, the recoverability of the amount recognised is tested by comparing the carrying amount with the related recoverable value determined using the criteria indicated in the section "Impairment of non-financial assets".

When the reasons for the impairment losses no longer exist, equity investments are revalued up to the amount of the impairment losses entered with the effect posted to the income statement under "Income (expense) from equity investments".

The parent company's share of any losses of the investee, exceeding the carrying amount of the equity investment, is recognised in a special provision to the extent that the parent company is committed to fulfilling its legal or constructive obligations of the investee or, otherwise, covering its losses.

Other minor equity investments

Financial assets representing other minor equity investments, not held for trading, are measured at *fair value* with the effects recognised in the income statement.

Inventories

Inventories, including meters, are recorded at the lower of cost or production cost and net realisable value, which is the amount that the entity expects to receive from their sale in the ordinary course of business.

The cost of inventories is determined using the weighted average cost method.

The value of obsolete and slow-moving inventories is written down in relation to the possibility of use or realisation, through the allocation of a specific obsolescence fund.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, on demand deposits, as well as other short-term financial assets with a maturity of no more than three months, readily convertible into cash and subject to a negligible risk of a change in their value.

They are recorded at their nominal value, which corresponds to the *fair value*.

Financial instruments

Financial instruments refer to any contracts that give rise to a financial asset for one entity and a financial liability or an equity instrument for another entity; they are recognised and measured in accordance with IAS 32 and IFRS 9.

Financial assets - debt instruments

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets representing debt instruments are classified in the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at *fair value* with the effects recognised in the other comprehensive income ("OCI"); (iii) financial assets measured at *fair value* with the effects recognised in the income statement.

Initial recognition is at *fair value*; for trade receivables without a significant financial component, the initial carrying amount is represented by the transaction price.

Following initial recognition, financial assets that generate cash flows representing only payments of capital and interest are measured at amortised cost if held with the aim of collecting the contractual cash flows (so-called "*hold-to-collect*" business model). Based on the amortised cost method, the initial carrying amount is then adjusted to account for principal repayments, any impairment losses and the amortisation of the difference between the repayment amount and the initial carrying amount.

Amortisation is carried out using the effective internal interest rate, which represents the rate that would make equal, at initial recording, the present value of expected cash flows and the initial carrying amount.

Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of any provision for impairment losses.

Financial assets representing debt instruments where the business model provides both the possibility to collect contractual cash flows and realise capital gains through sales (so-called "hold-to-collect-and-sell" business model) are measured at *fair value* with the effects recorded on OCI ("FVTOCI").

In this case, the *fair value* changes of the instrument are recognised in equity under other comprehensive income. The cumulative amount of the *fair value* changes, recognised in the equity reserve for other comprehensive income, is reversed to the income statement upon the derecognition of the instrument. Interest income, calculated using the effective interest rate, exchange rate differences and impairment losses are recognised on the income statement.

A financial asset representing a debt instrument that is not measured at amortised cost or at FVTOCI is measured at *fair value* with the effects recognised in the income statement (FVTPL).

When the purchase or sale of financial assets is executed according to a contract that requires settlement and delivery of the asset within a certain number of days, set by the market control authorities or market agreements (e.g. purchase of securities on regulated markets), the transaction is recognised on the settlement date.

Disposals of financial assets are derecognised from the financial position when the contractual rights to receive the associated cash flows from the financial instrument expire or are transferred to third parties.

Impairment of financial assets

Recoverability of financial assets representing debt instruments, not measured at *fair value* with effects on the income statement, is measured on the basis of the so-called "*expected credit loss*" model.
In particular, expected losses are generally determined based on the product between: (i) the exposure to the counterparty net of the relevant guarantees ("Exposure At Default" or "EAD"); (ii) the probability that the counterparty does not meet its payment obligation ("Probability of Default" or "PD"); (iii) the estimated percentage of credit loss that will not be recovered in the event of default ("Loss Given Default" or "LGD"), defined based on past experience and potential recovery actions (e.g. out-of-court actions, legal disputes, etc.).
In this regard, in order to determine the probability of default of the counterparties, internal ratings already used for concession purposes have been adopted.
For retail customers, who do not have internal ratings, the expected losses are based on a provision matrix, grouping credits, where appropriate, into relevant clusters and applying impairment percentages defined based on past experience, adjusted, when necessary, for forward-looking credit risk information.

Financial liabilities

Financial liabilities, other than derivative instruments, including financial debts, trade payables, other payables and other liabilities, are initially recognised at *fair value* less any transaction-related costs; they are subsequently recognised at amortised cost using the effective interest rate method, as described in "Financial assets" section above.

Financial liabilities are derecognised upon extinguishment or when the obligation specified in the contract is fulfilled, cancelled, or expired.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset in the financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis (i.e. to realise the asset and at the same time extinguish the liability).

Derivative financial instruments and hedge accounting

Derivative financial instruments, including embedded derivatives, are initially measured at *fair value* in line with IFRS 13 and IFRS 9, and any attributable transaction costs are recognised in the Income statement when incurred. After initial recognition, the financial instruments are remeasured at *fair value* at each reporting date (for further details, refer to "Fair value measurement" section).

As part of the risk management strategy and objectives, the qualification of transactions as hedging requires: (i) verification of the existence of an economic relationship between hedged item and hedging instrument, such that their value changes offset each other and this offsetting ability is not impaired by the counterparty's level of credit risk; (ii) the definition of a hedge ratio consistent with the risk management objectives, within the defined risk management strategy, including the appropriate rebalancing actions, if needed. Changes in risk management objectives, the cessation of conditions for hedge qualification, or implementation of rebalancing transactions will result in prospective total or partial discontinuation of the hedge.

When derivatives hedge the *fair value* risk of the hedged items ("*fair value hedge*", including, but not limited to, hedging the variability of the *fair value* of fixed rate asset/liability), derivatives are recognised at *fair value* with the effects recognised in the income statement; consistently, the hedged items are adjusted for *fair value* changes associated with the hedged risk in the income statement, regardless of the normal measurement criteria generally applied to the instrument.

When the derivatives hedge the cash flow risk of the hedged items ("cash flow hedge", including, but not limited to, hedging the variability of cash flows of the asset/liability due to interest rates or exchange rate fluctuations), the changes in *fair value* of the derivatives considered effective are initially recognised in the equity reserve under other comprehensive income and afterwards reclassified in the income statement in line with the economic effects of the hedged transaction. In the case of hedging future transactions involving the recognition of a non-financial asset or liability, the cumulative *fair value* changes of the hedge derivatives recognised in equity are reclassified to adjust the initial carrying amount of the non-financial item hedged (the "*basis adjustment*").

Fair value changes of derivatives that do not meet the hedging criteria, including any ineffective components of hedging derivatives, are recognised in the income statement under "Gain/(loss) on derivative financial instruments measured at fair value".

Embedded derivatives incorporated in financial assets are no longer separated in accounting; in these cases, the entire hybrid instrument is classified based on the general classification criteria for financial asset. Embedded derivatives incorporated in financial liabilities and/or non-financial assets are separated from the main contract and accounted for separately if the embedded instrument: (i) meets the definition of derivative; (ii) as a whole is not measured at *fair value* with the effects recognised in the income statement (FVTPL); (iii) the characteristics and risks of the derivative are not closely related to those of the main contract. The existence of embedded derivatives to separate and measure separately is checked when the company joins the contract and afterwards when there are amendments to the conditions of the contract that bring about significant changes in the cash flows it generates.

Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in a regular transaction between market participants at the measurement date (i.e. exit price).

Fair value of an asset or liability is determined using the valuations that market participants would use in determining the price of the asset or liability. The *fair value* measurement assumes that the asset or liability would be traded on the main market or, failing that, on the most advantageous market accessible to the entity.

The *fair value* of a non-financial asset is determined by considering the market participants' ability to generate economic benefits by using the asset in its highest and best use or selling it to another market participant that would maximise its value. The determination of the highest and best use of the asset is determined from the perspective of market participants, even if the entity intends to use it differently; it is assumed that the entity's current use of a non-financial asset is its highest and best use, unless the market conditions or other factors suggest otherwise.

The *fair-value* measurement of a financial or non-financial liability, or of an equity instrument, considers the quoted price for transferring an identical or similar liability or equity instrument; if such quoted price is not available, the valuation of a corresponding asset held by a market participant as at the measurement date is considered. The *fair value* of the financial instruments considers the credit risk of the counterparty of a financial asset ("Credit Valuation

Adjustment” or “CVA”) and the entity’s own default risk related to a financial liability (“Debit Valuation Adjustment” or “DVA”).

When determining *fair value*, a hierarchy of inputs based on the origin, type and quality of the information used in the calculation is defined. This classification aims to establish a hierarchy in terms of the reliability in *fair value*, prioritizing the use of observable market parameters that reflect assumptions that market participants would use when in measuring the asset/liability. The *fair value* hierarchy includes the following levels:

- level 1: inputs represented by quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible as at the measurement date;
- level 2: inputs, other than quoted prices included in Level 1, that are observable, directly or indirectly, for the assets or liabilities to be measured;
- level 3: unobservable inputs for the asset or liability.

In the absence of available market quotes, *fair value* is determined by using valuation techniques appropriate for each situation, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets held for sale

Non-current assets and current and non-current assets of disposal groups are classified as held for sale, if their carrying amount will be recovered mainly by their sale rather than through their continued use. This condition is regarded as fulfilled when the sale is highly probable, and the asset or discontinued operations are available for immediate sale in their current condition. In the case of a programme for the sale of a subsidiary that results in loss of control, all assets and liabilities of that affiliate are classified as held for sale, regardless of whether a non-controlling investment is maintained following the sale. Checking that the conditions required to classify an item as held for sale requires that the management made subjective assessments and formulate reasonable and realistic assumptions based on the information available.

Assets held for sale, current and non-current assets related to disposal groups and directly associated liabilities are recognised in the Statement of Financial Position separately from other assets and liabilities.

Assets and liabilities falling within a disposal group are measured according to the accounting standards applicable to them right before being classified as held for sale. Afterwards, the assets held for sale are not amortised or depreciated and are measured at the lower between the carrying amount and its *fair value*, less costs to sell (see section “Fair value measurement”).

The classification as “held for sale” of equity investments accounted for using the equity method implies suspended application of this measurement criteria. Therefore, in this case, the carrying amount is equal to the value resulting from the application of the equity method at the date of reclassification.

Any negative difference between the carrying amount of the non-current assets and the *fair value* less costs to sell is recognised to the income statement as an impairment; any subsequent reversal of impairment losses is recognised up to the amount of the previously recognised impairment losses, including those recognised prior to the asset being classified as held for sale.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a specific nature and of certain or probable existence, which, at the end of the year, are uncertain in terms of amount or date of occurrence.

Provisions are recognised when: (i) it is probable that there is a current legal or constructive obligation, arising from a past event; (ii) it is probable that fulfilling the obligation will be onerous; and (iii) the amount of the obligation can be reliably determined. Provisions are recorded at the value that represents the best estimate of the amount that the entity would reasonably pay to extinguish the obligation or transfer it to third parties at the closing date of the financial year. Provisions related to onerous contracts are recorded at the lower of the cost necessary to fulfil the obligation, less the expected economic benefits deriving from the contract, and the cost to terminate the contract.

When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is calculated by discounting, at a rate reflecting the present market evaluations of the time value of money, the expected cash flows in consideration of the risks associated with the obligation; the increase in the provision due to the passing of time is recognised in the income statement under “Financial income (expense)”.

When the liability relates to property, plant and equipment (e.g. site dismantlement and restoration), the provision is recognised against the related asset and the charge to the income statement occurs through depreciation. The costs that Company expects to incur for implementing restructuring programmes are recognised in the period in which the programme is formally defined, and a valid expectation has been generated among the affected parties that the restructuring will take place.

Provisions are periodically updated to reflect changes in cost estimates, selling periods and the discount rate; revisions of provisions are recorded to the same income statement item that previously recognised the provision or, when the liability is related to property, plant and equipment (e.g. site dismantling and restoration), against the related asset, up to the carrying amount; any excess is recognised in the income statement.

The notes to the financial statements describe contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, whose existence will be confirmed only if one or more future uncertain events occur not entirely under the Company’s control; and (ii) current obligations resulting from past events, whose amount cannot be reliably estimated, or whose fulfilment is likely to be not onerous.

Provisions for employee benefits

Post-employment benefits

Post-employment benefits are grouped into “defined-benefit” plans and “defined-contribution” plans.

- Defined-benefit plans

  The liability associated with defined-benefit plans is determined by estimating the present value of the future benefits accrued by the employees during the current year and in previous years, and by calculating the *fair value* of any assets servicing the plan. The present value of the obligations is determined based on actuarial assumptions and is recognised on an accrual basis consistent with the employment period necessary to obtain the benefits.

  Actuarial gains and losses relating to defined-benefit plans arising from changes in actuarial assumptions or experience adjustments are recognised in other comprehensive income when occurred and are not subsequently recognised in the income statement. When a plan is changed, reduced or extinguished, its effects are recognised in the income statement.

  Net financial expense represents the change that the net liability undergoes during the year due to the passing of time. Net interest is determined by applying the discount rate to the liabilities, net of any assets servicing the plan. The net financial expense of defined-benefit plans is recognised in “Financial income (expense)”.

- Defined-contribution plans

  In defined-contribution plans, the Company’s obligation is calculated, limited to the payment of state contributions or to equity or a legally separate entity (fund), based on contributions due.

  Costs arising from defined-contribution plans are expensed as incurred.

Other long-term plans

Obligations relating to other long-term benefits are calculated using actuarial assumptions; the effects arising from the amendments to the actuarial assumptions or the characteristics of the benefits are recognised entirely in the income statement.

Dividends payments

Dividends payments to Company’s shareholders entails the recording of a payable in the financial statements for the period in which distribution was approved by the Company’s Shareholders or, in the case of interim dividends, by the Board of Directors.

Revenues

The Group recognises revenues when it transfers the control of a product or service to a customer.

The recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the price of the transaction; (iv) allocation of the price of the transactions to the performance obligations identified based on the standalone selling price of each good or service; (v) recognition of the revenue when its performance obligation has been met, or when the promised good or service is transferred to the customer; the transfer is considered completed when the customer gains control of the good or service, which can occur over time or at a specific point in time.

Furthermore, in the presence of a third party involved in the supply of goods or services to a customer, the correct recognition of revenues envisaged by IFRS 15 is connected to the fact that the company acts as a principal or as an agent of the counterparty.

Revenue is recognized net of returns, discounts, allowances, and premiums, as well as taxes directly related to the revenue.

Exchanges of goods or services of similar nature and value, as they do not represent sales transactions, do not result in the recognition of revenue and costs.

Revenues from Gas Distribution and Integrated Water Services

For the gas distribution services and integrated water services performed by Italgas Group, the moment of recognition of revenues occurs at the time the service is provided (over time) to customers.

The tariffs (transaction prices) to be applied to customers for the services provided, based on the volumes consumed or the type of service provided, are defined by the Authority based on a predefined amount of annual recognised revenues ("Revenue Cap") by ARERA in Italy and RAEWW in Greece.

In particular, gas distribution and metering services and integrated water services are subject to regulation by ARERA and by RAEWW, which define, among other things, the frameworks for the remuneration of services.

Specifically, the Revenue Cap includes a predefined return on the net invested capital, recognised for regulatory purpose (Regulatory Asset Base or “RAB”), related amortisation/depreciation, and some operating costs.

The distribution of gas to the delivery point and the water service activities are considered a single performance obligation, therefore Revenue Cap is recognised on a straight-line basis, since the services provided are continuous and uniform over time, consisting mainly in the continuous provision of infrastructure.

In the case of natural gas distribution in Italy, the difference between the Revenue cap and the revenue charged to customers for services actually rendered is recorded, if positive, under "Trade and other receivables" and, if negative, under "Trade and other payables," as it will be subject to financial settlement by the Cassa per i Servizi Energetici e Ambienti (“CSEA”). Additionally, with respect to the “Municipalities in Start-Up [7]” in Italy, the recognition of revenue for gas distribution service is based on a prospective evaluation of the expected delivery points at the end of the regulated start-up period as defined by ARERA, where there is considered to be a high probability of not encountering a significant reversal of the accumulated revenue. Revenue is reported net of items related to additional tariff components, above the Italian tariff, intended to cover the general costs of the gas system. The amounts collected/charged by Italgas are passed back in equal amounts to the CSEA.

In relation to natural gas distribution in Greece and integrated water services, the difference (“Recoverable Difference”) between the Revenue cap and the revenue charged to customers for services actually rendered is recorded, if positive, under “Other current and non-current non-financial assets,” and if negative, under “Other current and non-current non-financial liabilities,” since Italgas has met the corresponding performance obligation and is entitled to recover or obliged to return any amounts not charged or excessively charged to customers during the year in subsequent regulatory periods or at the end of the concession.

[7] Locations with year of first supply after 2017.

Revenues from Construction and Infrastructure Improvements

Revenues from construction and infrastructure improvements provided under concession service agreements, gas distribution activities and integrated water services are recognised over-time as work in progress based on the progress of the work, deduced from the total estimated costs incurred. Revenues are determined equal to costs actually incurred.

Revenues from Energy Efficiency Interventions

Within the energy efficiency activities, the Group, through its subsidiary Geoside, deals with the renovation and recovery of residential building heritage, allowing customers to access tax deductions provided by the relevant regulations, such as the so-called Superbonus, introduced by Articles 119 and following of DL 34/2020, as amended, as well as other minor bonuses (e.g., Sismabonus, Ecobonus, etc.).

Revenues are recognized over the contract period ("over-time“), for an amount equal to the sum that the Group expects to receive for the operation based on the progress of the works, deduced from the total estimated costs incurred.

Revenues allocations for partially rendered services are recognized for the amount earned, provided it is possible to reliably determine the stage of completion and there are no significant uncertainties about the amount and existence of the revenue and related costs; otherwise, they are recognised up to the recoverable costs incurred.

Technical assistance, engineering, IT and various services

Regarding technical assistance, engineering, IT and various services, Italgas Group recognises revenues at the time of the delivery of service (point in time) to customers. The services are invoiced to customers based on the contractually agreed prices for regulated activities or the prices defined by the Network Code, concerning ancillary activities to the gas distribution service.

Dividends received

Dividends are recognised at the date of the resolution passed by the Shareholders’ Meeting, unless it is not reasonably certain that the shares will be sold before the ex-dividend date.

Costs

Costs are recognised in the period when they relate to goods and services sold or consumed during the same period or when it is not possible to identify their future use.

Costs sustained for share capital increases are recorded as a reduction of equity, net of taxes.

Energy efficiency certificates

The Energy Efficiency Certificates purchased during the year are entered in the income statement at the cost borne. The relevant contribution that CSEA will pay at the time the certificates are cancelled is booked as a reduction of the cost borne and is calculated based on the repayment price scheduled at year-end. A special risk provision is allocated to cover the future expected charges to fulfil the year’s objective calculated as the difference between the cost to be borne and its cancellation contribution.

Income taxes

Current income taxes are calculated by estimating the taxable income. Receivables and payables for current income taxes are recognised based on the amount which is expected to be paid/recovered to/from the tax authorities under the prevailing tax regulations and rates or those essentially approved at the reporting date.

Regarding Italian corporation tax (“IRES”), Italgas has exercised the option to join the national tax consolidation scheme, to which the consolidated companies Italgas, Italgas Reti, Italgas Newco, Bludigit, Nepta, Geoside, Acqua, Idrolatina and Idrosicilia have officially signed up. The projected payable is recognised under “Current income tax liabilities”.

The regulations governing Italgas Group companies’ participation in the national tax consolidation scheme stipulates that:

- subsidiaries with positive taxable income pay the amount due to Italgas. The taxable income of the subsidiary, used to determine the tax, is adjusted to account for the recovery of negative components that would have been non-deductible without the consolidation scheme (e.g. interest expense), and any negative taxable income relating to the subsidiary's equity investments in consolidated companies;
- subsidiaries with negative taxable income, if and insofar as they have prospective profitability which, without the national tax consolidation scheme, would have enabled them to recognise deferred tax assets related to the negative taxable income on the separate financial statements, receive from their shareholders – in the event that these are companies with a positive taxable income or a negative taxable income with prospective profitability – or from Italgas in other cases, compensation amounting to the lower of the tax saving realised by the Group and the aforementioned deferred tax assets.

Tax receivables and tax payables on Italian regional production tax ("IRAP") are recognised under the item "Current tax liabilities" and "Current tax receivables", respectively.

As for Greece, corporate income tax is calculated according to the tax laws in force in the country.

Deferred tax assets and liabilities are calculated on the timing differences between the values of the assets and liabilities entered in the Statement of Financial Position and the corresponding values recognised for tax purposes, based on the prevailing tax regulations and rates or those essentially approved for future years. Deferred tax assets are recognised when their recovery is considered probable; specifically, the recoverability of deferred tax assets is considered probable when taxable income is expected to be available in the period in which the temporary difference is cancelled, allowing the activation of the tax deduction. Similarly, unused tax receivables and deferred tax assets on tax losses are recognised up to the limit of recoverability; with reference to deferred tax assets, their recoverability is verified at least annually.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at individual company level, if they refer to taxes that can be offset and/or at the level of the consolidating company in the presence of the taxation regime provided by the National Tax Consolidation. The balance of the offsetting, if it results in an asset, is recognised under the item "Deferred tax assets"; if it results in a liability, it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, deferred tax assets and liabilities, and current taxes are also recognised to equity.

In the presence of uncertainties in the application of tax regulations: (i) in cases where it is considered likely that the tax authority will accept the uncertain tax treatment, income taxes (current and/or deferred) to be recognized in the financial statements are determined based on the tax treatment applied or expected to be applied in the tax return; (ii) in cases where it is considered unlikely that the tax authority will accept the uncertain tax treatment, the uncertainty is reflected in the determination of income taxes (current and/or deferred) to be recognized in the financial statements.

Operating segments

The segment reporting was prepared in accordance with the provisions of IFRS 8, therefore, the identification of operating segments and the information presented is defined on the basis of the internal reporting used by management for the purposes of allocating resources to the various segments and analysing their performance.

An operating segment is defined by IFRS 8 as a component of an entity that: (i) engages in revenue- and cost-generating business activities (including revenues and expenses relating to transactions with other components of the same entity); (ii) whose operating results are reviewed periodically at the entity's highest operational decision-making level for the purpose of making decisions about resources to be allocated to the segment and assessing performance; and (iii) for which separate financial statement information is available.

With respect to the 2024 financial year, the reportable segments in accordance with IFRS 8 are:

- Gas distribution;
- Water service;
- Energy efficiency;
- Corporate.

Until 2023, the activities related to the water service business did not constitute an operating segment subject to separate reporting. The change occurred following the first consolidation of Acqua Campania S.p.A. in 2024.

Group mainly operates in Gas distribution and, residually, is active in water service and energy efficiency. Corporate segment refers to services carried out exclusively in support of the other business (i.e.: administrative, tax and legal services, HR management, IT services).

Gas Distribution segment aggregates the activities carried out in Italy and Greece, reflecting the structure of the internal reporting that is periodically analysed by the management to manage and plan the Group's business. The management has, in fact, considered that the gas distribution service in Italy and Greece shares similar characteristics, both from an economic and regulatory perspective, considering the following aspects:

a) nature of the products and services, i.e. gas distribution and metering;

b) nature of the production processes, i.e. the development and maintenance of assets related to the gas distribution service under concession;

c) type or class of customer according to their products or services, i.e. sales companies;

d) methods used to distribute its products or provide its services; i.e. the transport of gas through local pipeline networks;

e) nature of the regulatory environment, i.e. the operation of a regulated business that is essentially based on the return on invested capital and the coverage of costs incurred by the operator. In fact, both regulatory systems guarantee a return on investment and coverage of the management costs regardless of volumes and the WACC formulas. They are entirely similar and essentially able to neutralise differences in risk between the two countries;

Therefore, the gas distribution service in Italy and in Greece are combined in the “Gas distribution” operating segment.

5) *Use of estimates*

The application of generally accepted accounting principles for the preparation of financial statements involves management making accounting estimates based on complex and/or subjective judgements, estimates based on past experience and assumptions regarded as reasonable and realistic on the basis of the information known at the time of the estimate. The use of these accounting estimates has an influence on the carrying amount of assets and liabilities and on the information about potential assets and liabilities at the reporting date, as well as the amount of revenues and costs in the reference period. The actual results may differ from the estimated results owing to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

Details are given below about the main accounting estimates involved in the process of preparing the financial statements and interim reports, since they involve a high degree of recourse to subjective judgements, assumptions and estimates regarding matters that are by nature uncertain. Any change in the conditions forming the basis of the judgements, assumptions and estimates used could have a significant impact on results of subsequent years.

Impairment of non-financial assets	Measurement of tangible and intangible assets, including goodwill, requires recording of these in the financial statements for a value no higher than their recoverable value (so-called *Impairment test*). Recoverable amount is the higher of the *fair value less cost to sell* criteria and the value in use criteria. Having regard to the assets of regulated sectors, the *fair value* may be represented as follows: (i) in relation to gas distribution services in Italy, the estimated value of net invested Capital updated to the reference date attributed to these assets for tariff purposes (RAB - Regulatory Asset Base) by the Authority. RAB is the reference basis for determining the service tariffs and, therefore, the cash flows generated from assets. The RAB value is defined using the revalued historical cost method for Fixed Capital net of capital grants and contributions received from users, and on a flat-rate basis for Working Capital and employee severance pay;

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(ii) in relation to gas distribution services in Greece, the estimated value of net invested capital updated to the reference date attributed to these assets for tariff purposes (RAB – Regulatory Asset Base) by the Authority, including the flat-rate value of the net working capital, where positive;

(iii) in relation to gas distribution services in Italy, the reimbursement value (RV) valid for ATEM (Minimum Territorial Areas) tenders, which is the value to be paid to the operator selling the infrastructure after the tender procedure. In Greece, the reimbursement value is calculated as the value of the RAB at the date of interruption/expiry of the licence, increased by at least 15%;

(iv) for the integrated water service, the estimated value of the Net Invested Capital recognized for tariff purposes by the Authority (CIN) adjusted for tariff adjustments (RC component of the Revenue Cap for the Operator, also called “Recoverable difference“).

Value in use refers to:

(v) the present value of the future cash flows expected to be derived from the asset being measured. These flows are determined in line with the most recent business plan approved by management, which is based not only on developments in the regulations, but also on estimates relating to reference market trends and investment and divestment decisions. In the process of determining the recoverable value, flows are discounted at a discount rate (WACC post-tax) that reflects current market conditions, the time value of money and the specific risks of the asset.

More information on the impairment test carried out by the Company’s management on property, Plant and equipment and on Intangible assets can be found in the “Impairment of non-current non-financial assets” section.

The recoverable value is sensitive to the estimates and assumptions used to determine the total invested capital, cash flows and discount rates applied. Therefore, possible variations in the estimation of the factors on which the calculation of the aforesaid recoverable values is based could result in different measurements.

Analysis of each of the groups of non-financial assets is unique and requires use by the company’s management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.
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<tr><td>Business combinations</td><td>
Recognition of business combination transactions requires determination of the fair value of any assets and liabilities acquired as a result of obtaining control of the business. With the help of independent professionals, the company’s management measured the fair value of assets, liabilities and potential liabilities, on the basis of information on facts and circumstances available at the acquisition date.

Determination of the fair value of assets and liabilities acquired is subject to estimates and measurements by the company’s management. Possible variations in the estimation of the factors on which determination of the fair value is based could generate different measurements.

Analysis of each business combination transaction is unique and requires use by the company’s management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.
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<tr><td>Environmental liabilities</td><td>
The Italgas Italgas Group is subject, in relation to its activities, to numerous laws and regulations on environmental protection at European, national, regional and local level, including the laws which implement international conventions and protocols relating to the activities carried out.
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</table>

	The measurement of future liabilities in connection with reclamation and restoration obligations in relation to sites and/or land on which the company carries out its business is a complex process based on technical and financial assumptions made by the company's management and supported by independent experts where necessary. The restoration cost estimate is discounted using a risk-free rate in accordance with IAS 37. The estimate is made using a principle of prudence based on the known market, legislative and technological conditions at the time of measurement. The estimates are reviewed at each reference date to verify that the amounts recorded are the best reflection of the costs the Group will face. If any significant variations are found, the amounts are adjusted. The key factors for revising cost estimates are the revision of the timeframes for implementing the site reclamation and restoration plan, developments in the technologies and environmental regulations and discount rate trends. Measurement of environmental liabilities recorded in the financial statements considers the environmental legislation currently in force. However, this measurement could be subject to variations, even to a significant extent, in relation to: (i) the possibility of further contamination arising; (ii) the results of current and future refurbishment and the other possible effects arising from the application of the laws in force; (iii) the possible effects of new laws and regulations for environmental protection; (iv) the effects of any technological innovations for environmental cleansing; and (v) the possibility of disputes concerning the environmental liability for specific sites and the difficulty of determining the potential consequences of this, including in relation to the liability of other parties and any indemnity.
Provisions for employee benefits	Defined-benefit plans are accounted for on the basis of uncertain events and actuarial assumptions which include, inter alia, the discount rates, the expected returns on the assets servicing the plans (where they exist), the level of future remuneration, mortality rates, the retirement age and future trends in the healthcare expenses covered. The main assumptions used to quantify defined-benefit plans are determined as follows: (i) the discount and inflation rates representing the base rates at which the obligation to employees might actually be fulfilled are based on the rates which mature on high-quality bonds and on inflation expectations; (ii) the level of future remuneration is determined on the basis of elements such as inflation expectations, productivity, career advancement and seniority; (iii) the future cost of healthcare services is determined on the basis of elements such as present and past trends in healthcare costs, including assumptions regarding the inflationary growth of costs, and changes in the health of the participating employees; and (iv) the demographic assumptions reflect the best estimates of trends in variables such as mortality, turnover, invalidity and others in relation to the population of the participating employees. Differences in the value of net liabilities relating to employee benefit plans, arising due to changes in the actuarial assumptions used and the difference between the actuarial assumptions previously adopted and actual events, occur routinely and are called actuarial gains and losses. Actuarial gains and losses relating to defined-benefit plans are recognised in the statement of comprehensive income. Actuarial assumptions are also used to determine other long-term employee benefit obligations; to this end, the effects arising from changes to the actuarial assumptions or the characteristics of the benefit are fully recognised in the income statement.
Provisions for risks and charges	In addition to the amounts allocated to the provisions for environmental liabilities, Italgas recorded provisions mainly relating to the following in the financial statements: (i) legal and tax disputes; (ii) staff leaving incentives; (iii) expenses related to meeting the Energy Efficiency Certificates targets (EEC) set by the Authority; (iv) provision for contractual risks. Provisions are made to cover the risk of future outlay for the cases set out above. The value of the provisions recorded in the financial statements for such risks reflects the best estimate

	made by the company's management with the support of independent professionals at the preparation date of this document. This estimate involves making assumptions based on factors that may vary over time, which could, therefore, produce a significantly different outcome with respect to the current estimates made by the company's management for the preparation of the Group's financial statements.

6) *Business combination transactions*

As part of the Group's development in the water industry, on January 30, 2024, (acquisition date in which the group gained control) Italgas completed the acquisition of 47.8% interest of Acqua Campania S.p.A. from Vianini Lavori S.p.A. In addition, on April 24, 2024, a further acquisition of 47.9% of the same company held by the Veolia Group was finalised, bringing its total holding to 96.23%.

Acqua Campania is currently the manager of the Western Campania Aqueduct under concession from the Campania Region. It carries out activities of capturing, purifying, adduction and transportation of drinking water destined for water distribution companies for a total user basin of approximately 4 million inhabitants.

Acqua Campania holds 51% of Laboratorio Acqua Campania S.r.l. ("L.A.C."), which performs chemical and microbiological analyses for water quality control.

The analysis of the transaction is given below:

Acquisition of companies

(€ thousands)	**ACQUA CAMPANIA AND L.A.C. Fair values at the acquisition date**
Cash and cash equivalents	65,748
Trade and other receivables	109,589
Inventories	4,132
Tax assets	2,231
Other current assets	21,112
Current assets	**202,812**
Property, plant and equipment	1,698
Intangible assets	35,444
Equity investments	26
Financial assets	10,998
Deferred tax assets	1,196
Other non-current assets	110,003
Non-current assets	**159,365**
TOTAL ASSETS	**362,177**
Current financial liabilities	56,136
Trade and other payables	269,386
Tax liabilities	5
Other current liabilities	1,802
Current liabilities	**327,329**
Provisions for risks and charges	1,542
Provisions for employee benefits	609
Deferred tax liabilities	3,981
Other non-current liabilities	9,401
Non-current liabilities	**15,533**
TOTAL LIABILITIES	**342,862**
VALUE OF NET ASSETS ACQUIRED	**19,315**
PRICE FOR THE NET ASSETS ACQUIRED	**19,315**
of which, paid	**16,823**
of which, to be paid	**2,492**

The values shown in the previous table, as envisaged by IFRS 3:45, were reported in the financial statements ended as of December 31, 2024 on a provisional basis.

7) *Cash and cash equivalents*

Cash and cash equivalents, equal to 402,662 thousand euro (249,963 thousand euro as of December 31, 2023), refer to current account deposits held at banks.

Cash and cash equivalents are not subject to any usage restrictions, except for 43,400 thousand euro (nihil as of December 31, 2023) relating to collections on behalf of the Region Campania for water monitoring activities, which have not yet been paid to the Region Campania at the reference date.

8) *Current financial assets*

Current financial assets amounting to 3,592 thousand euro (4,248 thousand euro as of December 31, 2023) mainly relate to financial receivables from credit institutions, that are convertible in cash in short term.

9) *Trade and other receivables*

Trade and other receivables, amounting to 905,092 thousand euro (853,488 thousand euro as of December 31, 2023) include the following:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Trade receivables	694,330	751,969
Receivables from acquisition/disposal activities	5,278	5,278
Other receivables	153,880	147,845
Trade and other receivables	**853,488**	**905,092**

Trade receivables (751,969 thousand euro as of December 31, 2024 and 694,330 thousand euro as of December 31, 2023) increased by 57,639 thousand euro mainly due to (i) the increase in receivables from the sales companies for the gas distribution service in Italy (134,400 thousand euro) and in Greece (14,175 thousand euro); (ii) from the CSEA for gas equalisation for the gas distribution in Italy (27,236 thousand euro); (iii) from customers of water service arising from the contribution to the Group of Acqua Campania (64,399 thousand euro). These effects were partially offset by the gradual conclusion of the "Superbonus", introduced by Italian Decree Law 34/2020 (or "Decreto Rilancio") and the recognition of the related trade receivables as tax credits by the Italian Revenue Agency (183,831 thousand euro).

Receivables from acquisition/disposal activities (5,278 thousand euro as of December 31, 2024 unchanged as of December 31, 2023) refer to the sale of property, plant and equipment and intangible assets.

Other receivables (147,845 thousand euro as of December 31, 2024 and 153,880 thousand euro as of December 31, 2023) break down as follows:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
IRES receivables for the national tax consolidation regime	5,154	5,154
Receivables expected to be collected from CSEA	94,837	68,152
Receivables from the Public administration	6,824	2,833
Prepayments	35,684	43,386
Receivables from personnel	2,625	2,633
Receivables from ex Casmez users	-	18,668
Sundry other	8,756	7,019
Other receivables	**153,880**	**147,845**

IRES receivables for the national tax consolidation regime (5,154 thousand euro as of December 31, 2024 and unchanged compared with December 31, 2023) mainly relate to receivables from the former parent company, Eni, for IRES refund request, arising from the partial deduction of IRAP for the tax periods 2004 - 2007 (pursuant to Article 6, Decree-Law no. 185 of November 28, 2008, converted into Law no. 2 of January 28 2009) and for tax periods 2007 - 2011 (pursuant to Decree-Law no. 201/2011).

Receivables expected to be collected from CSEA (68,152 thousand euro as of December 31, 2024 and 94,837 thousand euro as of December 31, 2023) mainly refer to additional gas distribution tariff components and premiums relating to safety recoveries of the gas distribution service.

Receivables from public Administrations (2,833 thousand euro as of December 31, 2024 and 6,824 thousand euro as of December 31, 2023) relate to receivables from Municipalities, mainly for the public space occupation fee (the so-called "Canone per l'occupazione di spazi e aree pubbliche" or "COSAP").

Receivables from the customers of the Acquedotto Campano (previously "Casmez" or "Cassa del Mezzogiorno"), amounting to 18,668 thousand euro refer to the metering service (system for accounting potable water consumption) managed in the name and on behalf of the Regione Campania.

With the exception to receivables arising from energy efficiency services provided as part of the so-called Superbonus, the amortised cost method has not been applied to "Trade receivables and other receivables", since the effects arising from its application are immaterial due to the fact that they are related to receivables expected to be collected within the next 12 months and any costs, commissions and any other difference between the initial value and the maturity value are negligible.

Trade and other receivables are reported net of the bad debt provision (18,674 thousand euro as of December 31, 2024 and 16,507 thousand euro as of December 31, 2023). Changes during the current and previous year are shown below:

(€ thousands)	A of 31 December 2022	Acquired through business combination	Provisions	Uses	Other changes	As of December 31, 2023
Trade receivables	15,376	-	124	-	(353)	**15,147**
Other receivables	1,366	-	-	-	(6)	**1,360**
Bad debt provision	**16,742**	**-**	**124**	**-**	**(359)**	**16,507**

(€ thousands)	As of December 31, 2023	Acquired through business combination	Provisions	Uses	Other changes	As of December 31, 2024
Trade receivables	15,147	3,211	257	(1,079)	(225)	**17,311**
Other receivables	1,360	-	-	-	3	**1,363**
Bad debt provision	**16,507**	**3,211**	**257**	**(1,079)**	**(222)**	**18,674**

Bad debt provision reflects estimated losses in connection with the Group's credit portfolio. Impairment is made for expected losses on receivables, estimated both on the basis of past experience with receivables with similar credit risk and on the basis of future expected loss on open positions as at the reference date, as well as careful monitoring of the quality of credit portfolios.

The following table provides the aging of Trade and other receivables:

	As of December 31, 2023			**As of December 31, 2024**		
(€ thousands)	**Trade receivables**	**Other receivables**	**Total**	**Trade receivables**	**Other receivables**	**Total**
Receivables not overdue	664,320	159,158	823,478	684,109	153,123	837,232
Receivables overdue:	30,010	-	30,010	67,860	-	67,860
- from 0 to 3 months	8,202	-	8,202	25,440	-	25,440
- from 3 to 6 months	3,185	-	3,185	3,240	-	3,240
- from 6 to 12 months	5,252	-	5,252	10,323	-	10,323
- over 12 months	13,371	-	13,371	28,857	-	28,857
Trade and other receivables	**694,330**	**159,158**	**853,488**	**751,969**	**153,123**	**905,092**

Receivables overdue, amounting to 67,860 thousand euro, mainly relate to receivables from end users for gas and water supply (61,189 thousand euro) and ESCo service customers (6,662 thousand euro).

Receivables from related parties are described in section "Related party transactions".

Specific information on credit risk is provided in section "Guarantees, commitments and risks - Financial risk management - Credit risk".

10) *Inventories*

Inventories, amounting to 57,232 thousand euro (79,052 thousand euro as of December 31, 2023), are analysed in the table below:

(€ thousands)	As of December 31, 2023			As of December 31, 2024		
	Gross value	Provision for impairment losses	Net value	Gross value	Provision for impairment losses	Net value
Raw materials, consumables, and supplies	89,317	(10,265)	79,052	64,426	(7,194)	57,232
Inventories	**89,317**	**(10,265)**	**79,052**	**64,426**	**(7,194)**	**57,232**

Inventories of Raw materials, consumables and supplies, equal to 57,232 thousand euro as of December 31, 2024 (79,052 thousand euro as of December 31, 2023), mainly include smart meters for 26,973 thousand euro (39,884 thousand euro as of December 31, 2023) and assets arising from contracts for works on behalf of the Campania Region relating to the Western Campania Aqueduct for 1,526 thousand euro (nihil as of December 31, 2023). Inventories are net of provision for obsolete inventories for 7,194 thousand euro (10,265 thousand euro as of December 31, 2023).

Provision for impairment losses, equal to 7,194 thousand euro (10,265 thousand euro as of December 31, 2023), mainly relates to defective or malfunctioning gas meters and it has been reduced by 3,071 thousand euro for the utilizations for the year.

Inventories are not collateralised. Inventories do not secure liabilities, nor are recognised at net realisable value.

11) *Current and non-current tax receivables/liabilities*

Current and non-current tax receivables/liabilities break down as follows:

(€ thousands)	As of December 31, 2023			As of December 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Tax receivables	**17,475**	**12,876**	**30,351**	**-**	**17,612**	**17,612**
- IRES	4,257	12,876	17,133	-	17,612	17,612
- IRAP	9,893	-	9,893	-	-	-
- Foreign Taxes	3,325	-	3,325	-	-	-
Tax liabilities	**20,448**	**-**	**20,448**	**25,562**	**-**	**25,562**
- IRES	8,144	-	8,144	6,449	-	6,449
- IRAP	11,213	-	11,213	14,822	-	14,822
- Foreign Taxes	1,091	-	1,091	4,291	-	4,291

Taxes pertaining to current year are shown in section “Income taxes”.

12) *Other current and non-current non-financial assets*

Other current non-financial assets, amounting to 232,559 thousand euro (152,864 thousand euro as of December 31, 2023) and *other non-current non-financial assets*, amounting to 619,322 thousand euro (417,069 thousand euro as of December 31, 2023), break down as follows:

(€ thousands)	As of December 31, 2023			As of December 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Other regulated activities (*)	43,988	227,802	271,790	53,386	392,928	446,314
Other assets	108,876	189,267	298,143	179,173	226,394	405,567
- Other current taxes	20,013	-	20,013	37,885	-	37,885
- Accrued income and deferrals (*)	8,001	726	8,727	10,468	785	11,253
- Security deposits	-	3,949	3,949	-	3,970	3,970
- Super/Ecobonus (*)	80,862	183,262	264,124	128,910	219,760	348,670
- Other (*)	-	1,330	1,330	1,910	1,879	3,789
Other current and non-current non-financial assets	**152,864**	**417,069**	**569,933**	**232,559**	**619,322**	**851,881**

(*) Please note that, for a better presentation, other assets related to Super/Ecobonus has been included in the line item “Super/Ecobonus”, whereas they were presented in the line item “Other” as of December 31, 2023 for 183.262 thousand euro. In addition, prepayments have been included in the line item “Other regulated activities”, whereas they were presented in the line item “Prepayments” (now " Accrued income and deferrals“) as of December 31, 2023 for 104.802 thousand euro.

Other regulated activities (446,314 thousand euro as of December 31, 2024 and 271,790 thousand euro as of December 31, 2023) include mainly (i) receivables from the gas distribution tariff in Greece (so-called "Recoverable Difference") for 154,972 thousand euro (111,346 thousand euro as of December 31, 2023); (ii) receivables from the water service in Italy (so-called "Tariff Adjustments") for 135,677 thousand euro (563 thousand euro as of December 31, 2023), attributable to the entrance of Acqua Campania into the scope of consolidation in the current year; (iii) receivables from gas distribution in Italy for 111,110 thousand euro (123,000 thousand euro as of December 31, 2023) relating to the tariff recognition by the Authority as a result of the plan to replace traditional meters with electronic ones pursuant to Article 57 of ARERA Resolution no. 367/14 as amended and the recovery of the residual non-depreciated costs (so-called "IRMA") pursuant to DCO 545/2020/R/gas, Resolution no. 570/2019/R/gas and Determination no. 3/2021, and the tariff recognition pursuant to Resolution no. 737/2022/R/gas and Determination no. 1/2023 of October 11, 2023 - DINE of the residual unamortised costs of the smart meters installed in the first roll-out phase of the installation plans provided for by the Gas Smart Meter Directives, which had to be decommissioned earlier than the end of their useful life – this recognition concerned the smart meters decommissioned early, of a class not exceeding G6 produced up to the year 2016 and entered into operation by the year 2018.

Super/Ecobonus receivables (348,670 thousand euro as of December 31, 2024 and 264,124 thousand euro as of December 31, 2023) include receivables recognised by the Italian Revenue Agency, mainly for the energy efficiency interventions falling under the provision of Decree 34/2020, as amended, which can be used to offset taxes payables by the Group. Management has assessed the recoverability of the Super/Ecobonus receivables based on the Group's expected overall tax contribution in the following years in accordance with regulatory requirements and, after its assessments, it is believed that the recoverability of the receivable is adequately guaranteed by the Group's ample tax capacity.

Other current tax assets, amounting to 37,884 thousand euro (20,013 thousand euro as of December 31, 2023) mainly refer to VAT receivables.

It should be noted that the Group has finalised factoring agreements with financial counterparties on the basis of which the Group's receivables can be factored without recourse. In particular, with reference to December 31, 2024 the assignment of VAT receivables and receivables for EECs were finalised for 7.6 million euro and 53.5 million euro, respectively.

13) *Property, plant and equipment*

Property, plant and equipment, amounting to 383,327 thousand euro as of December 31, 2024 (386,040 thousand euro as of December 31, 2023), breaks down as follows:

(€ thousands)	As of December 31, 2023						
	Land	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Work in progress and payments on account**	**Total**
Cost as of 31.12.2022	**16,846**	**512,795**	**38,429**	**167,913**	**73,514**	**8,983**	**818,480**
Right of Use as of 31.12.2022	2,368	57,470	-	52,699	46,539	-	**159,076**
Additions	3	5,718	1,395	2,538	870	14,010	**24,534**
Right of Use Additions	1,627	13,787	-	8,593	13,202	-	**37,209**
Disposals	(42)	(667)	(120)	(624)	(27)	(112)	**(1,592)**
Disposals of Right of Use	-	(2,944)	-	(2,348)	-	-	**(5,292)**
Reclassifications	2	2,882	327	865	-	(3,740)	**336**
Reclassifications of Right of Use	371	(20)	-	-	-	-	**351**
Other changes	-	-	922	-	-	(6,816)	**(5,894)**
Other change in Right of Use	32	-	-	-	(93)	-	**(61)**
Cost as of 31.12.2023	**18,839**	**531,551**	**40,953**	**176,937**	**87,466**	**12,325**	**868,071**
Accumulated depreciation as of 31.12.2022	**(92)**	**(241,612)**	**(20,092)**	**(131,033)**	**(46,514)**	**-**	**(439,343)**
Amortisation of Right of Use as of 31.12.2022	(92)	(24,658)	-	(35,665)	(22,242)	-	**(82,657)**
Depreciation	-	(9,238)	(2,449)	(5,196)	(836)	-	**(17,719)**
Amortisation of Right of Use	(178)	(8,690)	-	(10,950)	(9,873)	-	**(29,691)**
Disposals	-	248	-	591	17	-	**856**
Disposals of Right of Use	-	1,611	-	1,963		-	**3,574**
Other change in Right of Use	(4)	25	-	129	244	-	**394**
Accumulated depreciation as of 31.12.2023	**(274)**	**(257,656)**	**(22,541)**	**(144,496)**	**(56,962)**	**-**	**(481,929)**
Provision for impairment of asset as of 31.12.2022	**-**	**-**	**-**	**-**	**-**	**(111)**	**(111)**
Disposals	-	-	-	-	-	11	**11**
Other changes	-	-	(2)	-	-	-	**(2)**
Provision for impairment of asset at 31.12.2023	**-**	**-**	**(2)**	**-**	**-**	**(100)**	**(102)**
Net balance as of 31.12.2022	**16,754**	**271,183**	**18,337**	**36,880**	**27,000**	**8,872**	**379,026**
Net balance as of 31.12.2023	**18,565**	**273,895**	**18,410**	**32,441**	**30,504**	**12,225**	**386,040**
- of which Right of Use	*4,124*	*36,581*	-	*14,421*	*27,777*	-	***82,903***

	As of December 31, 2024						
(€ thousands)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Work in progress and payments on account**	**Total**
Cost as of 31.12.2023	**18,839**	**531,551**	**40,953**	**176,937**	**87,466**	**12,325**	**868,071**
Right of Use as of 31.12.2023	4,398	68,293	-	58,944	59,648	-	**191,283**
Additions	36	8,439	4,225	5,802	852	14,135	**33,489**
Right of Use additions	707	6,885	-	6,695	7,691	-	**21,978**
Disposals	(163)	(5,668)	(983)	(2,387)	(530)	(4)	**(9,735)**
Disposals of Right of Use	-	(6,746)	-	(4,949)	-	-	**(11,695)**
Reclassifications	5	2,527	29	745	-	(3,306)	**-**
Reclassifications of Right of Use	-	-		1,806	(1,806)	-	**-**
Assets acquired through business combination	-	-	297	11,102	937	106	**12,442**
Right of Use acquired through business combination	-	288		-	-	-	**288**
Cost as of 31.12.2024	**19,424**	**537,276**	**44,521**	**195,751**	**94,610**	**23,256**	**914,838**
Accumulated depreciation as of 31.12.2023	**(274)**	**(257,656)**	**(22,541)**	**(144,496)**	**(56,962)**	**-**	**(481,929)**
Amortisation of Right of Use as of 31.12.2023	(274)	(31,712)		(44,523)	(31,871)	-	**(108,380)**
Depreciation	-	(9,974)	(2,651)	(5,363)	(2,559)	-	**(20,547)**
Amortisation of Right of Use	(553)	(9,678)	-	(9,978)	(12,253)	-	**(32,462)**
Disposals	-	3,643	68	719	1,721	-	**6,151**
Disposals of Right of Use	-	3,659		4,749		-	**8,408**
Assets acquired through business combination	-	-	(297)	(10,735)	-	-	**(11,032)**
Reclassifications	-	-	-	(617)	617	-	**-**
Other change in Right of Use	-	-		(2,517)	2,517	-	**-**
Accumulated depreciation as of 31.12.2024	**(827)**	**(270,006)**	**(25,421)**	**(168,238)**	**(66,919)**	**-**	**(531,411)**
Provision for impairment of asset as of 31.12.2023	**-**	**-**	**(2)**	**-**	**-**	**(100)**	**(102)**
Other changes	-	-	(3)	-	-	5	**2**
Provision for impairment of asset as of 31.12.2024	**-**	**-**	**(5)**	**-**	**-**	**(95)**	**(100)**
Net balance as of 31.12.2023	**18,565**	**273,895**	**18,410**	**32,441**	**30,504**	**12,225**	**386,040**
Net balance as of 31.12.2024	**18,597**	**267,270**	**19,095**	**27,513**	**27,691**	**23,161**	**383,327**
- of which Right of Use	*4,278*	*30,989*	-	*10,227*	*23,926*	-	***69,420***

Additions (55,467 thousand euro) mainly refer to industrial and commercial equipment (5,802 thousand euro), office buildings (8,439 thousand euro), work in progress and payments on account (14,135 thousand euro) and leased assets (21,978 thousand euro).

Depreciation (53,009 thousand euro) refers to economic and technical depreciation determined on the basis of the useful life of the assets or their remaining possible use by the Group. Amortisation related to Right of Use amounted to 32,462 thousand euro.

The provision for impairment of asset for 100 thousand euro mainly relates to a cogeneration plant required for the gas distribution service in Italy.

Rights of use are detailed in the following table:

(€ thousands)	As of December 31, 2023	Depreciation	Assets acquired through business combination	Increases	Decreases	Reclassifications	As of December 31, 2024
Land	**4,124**	**(553)**	**-**	**707**	**-**	**-**	**4,278**
Buildings	**36,581**	**(9,678)**	**288**	**6,885**	**(3,087)**	**-**	**30,989**
- operating properties	36,581	(9,678)	288	6,885	(3,087)	-	30,989
Industrial and commercial equipment	**14,421**	**(9,978)**	**-**	**6,695**	**(200)**	**(711)**	**10,227**
- cars and ICT	14,421	(9,978)	-	6,695	(200)	(711)	10,227
Other assets	**27,777**	**(12,253)**	**-**	**7,691**	**-**	**711**	**23,926**
Rights of use	**82,903**	**(32,462)**	**288**	**21,978**	**(3,287)**	**-**	**69,420**
Interest expense (included in financial expense)	**1,132**	**-**	**-**		**-**	**-**	**1,376**

Land and buildings, equal to 285,867 thousand euro (292,460 thousand euro as of December 31, 2023), mainly include buildings for office use, workshops, warehouses and depots used in the corporate business, of which rights of use for 35,267 thousand euro.

Plant and machinery (19,095 thousand euro as of December 31, 2024 and 18,410 thousand euro as of December 31, 2023) mainly relates to photovoltaic plants and electric car charging points.

Industrial and commercial equipment (27,513 thousand euro as of December 31, 2024 and 32,441 thousand euro as of December 31, 2023) include rights of use for 10,227 thousand euro relating to IT infrastructures and leased vehicles.

During the year, there were no changes in the estimated useful life of assets or in the depreciation rates applied and explained by category in section - "Measurement criteria - Property, plant and equipment".

Property, plant and equipment are not collateralised and there are no restrictions on ownership and property.

Contractual commitments to purchase property, plant and equipment, and to provide services related to the construction thereof, are reported in section "Guarantees, commitments and risks". During the year, no impairment indicators were observed, nor any significant variations to the measurement of the recoverability of the value recognised in the financial statements for Property, plant and equipment.

Property, plant and equipment by operating segment

Property, plant and equipment by operating segment are broken down as follows:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Historical cost	**868,070**	**914,839**
Gas distribution	807,657	836,656
Water service	118	13,875
Energy efficiency	36,006	38,714
Corporate	24,289	25,594
Depreciation, amortisation and impairment of asset	**(482,030)**	**(531,511)**
Gas distribution	(451,811)	(485,393)
Water service	(109)	(11,960)
Energy efficiency	(18,780)	(20,853)
Corporate	(11,330)	(13,305)
Net book value	**386,040**	**383,328**
Gas distribution	355,846	351,263
Water service	9	1,915
Energy efficiency	17,226	17,861
Corporate	12,959	12,289

14) *Intangible assets*

Intangible assets, amounting to 8,833,270 thousand euro as of December 31, 2024 (8,772,609 thousand euro as of December 31, 2023) break down as follows.

	As of December 31, 2023						
	Finite useful life					Indefinite useful life	
(€ thousands)	Service concession arrangements	Industrial patent rights and intellectual property rights	Work in progress and payments on account IFRC 12	Work in progress and payments on account	Other Intangible Assets	Goodwill	Total
Cost as of 31.12.2022	**13,599,743**	**564,772**	**272,693**	**14,721**	**178,281**	**190,463**	**14,820,673**
Additions	620,811	29,677	167,458	21,147	5,786	-	**844,879**
Government grants	-	-	(22,806)	-	-	-	**(22,806)**
Disposals	(151,028)	-	(89)	(110)	(356)	-	**(151,583)**
Reclassifications	187,089	9,791	(185,489)	(9,921)	(1,470)	-	**-**
Other changes	5,894	-	(6,602)	-	370	-	**(338)**
Cost as of 31.12.2023	**14,262,509**	**604,240**	**225,165**	**25,837**	**182,611**	**190,463**	**15,490,825**
Accumulated amortisation as of 31.12.2022	**(5,662,046)**	**(467,907)**	**-**	**-**	**(151,157)**	**-**	**(6,281,110)**
Amortisation	(430,921)	(39,724)	-	-	(4,475)	-	**(475,120)**
Disposals	90,189	-	-	-	92	-	**90,281**
Reclassifications	-	(60)	-	-	60	-	**-**
Other changes	-	-	-	-	(28)	-	**(28)**
Accumulated amortisation as of 31.12.2023	**(6,002,778)**	**(507,691)**	**-**	**-**	**(155,508)**	**-**	**(6,665,977)**
Provision for impairment losses as of 31.12.2022	**(28,047)**	**(10)**	**(846)**	**-**	**(1,292)**	**-**	**(30,195)**
Write-down	(23,016)	-	-	-	-	-	**(23,016)**
Disposals	895	-	77	-	-	-	**972**
Other changes	1,917	-	(1,917)	-	-	-	**-**
Provision for impairment of asset as of 31.12.2023	**(48,251)**	**(10)**	**(2,686)**	**-**	**(1,292)**	**-**	**(52,239)**
Net balance as of 31.12.2022	**7,909,650**	**96,855**	**271,847**	**14,721**	**25,832**	**190,463**	**8,509,368**
Net balance as of 31.12.2023	**8,211,480**	**96,539**	**222,479**	**25,837**	**25,811**	**190,463**	**8,772,609**

(€ thousands)	As of December 31, 2024						
	Finite useful life					Indefinite useful life	
	Service concession arrangements	Industrial patent rights and intellectual property rights	Work in progress and payments on account IFRC 12	Work in progress and payments on account	Other Intangible Assets	Goodwill	Total
Cost as of 31.12.2023	**14,262,509**	**604,240**	**225,165**	**25,837**	**182,611**	**190,463**	**15,490,825**
Additions	638,950	15,500	182,870	14,062	27,305	-	**878,687**
Government grants	-	-	(21,424)	-	-	-	**(21,424)**
Assets acquired through business combination	37,476	5	-	-	-	-	**37,481**
Disposals	(80,340)	(595)	-	-	(45)	-	**(80,980)**
Reclassifications	169,475	36,976	(171,973)	(13,539)	(20,939)	-	**-**
Other changes	(874,964)	-	-	-	-	-	**(874,964)**
Cost as of 31.12.2024	**14,153,106**	**656,126**	**214,638**	**26,360**	**188,932**	**190,463**	**15,429,625**
Accumulated amortisation as of 31.12.2023	**(6,002,778)**	**(507,691)**	**-**	**-**	**(155,508)**	**-**	**(6,665,977)**
Amortisation	(454,151)	(38,305)	-	-	(3,655)	-	**(496,111)**
Assets acquired through business combination	(2,037)	-	-	-	-	-	**(2,037)**
Disposals	31,061	135	-	-	44	-	**31,240**
Reclassifications	3,234	(1,532)	-	-	(1,702)	-	**-**
Other changes	575,364	-	-	-	-	-	**575,364**
Accumulated amortisation as of 31.12.2024	**(5,849,307)**	**(547,393)**	**-**	**-**	**(160,821)**	**-**	**(6,557,521)**
Provision for impairment of asset as of 31.12.2023	**(48,251)**	**(10)**	**(2,686)**	**-**	**(1,292)**	**-**	**(52,239)**
Uses	12,565	-	-	-	-	-	**12,565**
Disposals	839	-	-	-	1	-	**840**
Reclassifications	(238)	-	238	-	-	-	**-**
Provision for impairment of asset as of 31.12.2024	**(35,085)**	**(10)**	**(2,448)**	**-**	**(1,291)**	**-**	**(38,834)**
Net balance as of 31.12.2023	**8,211,480**	**96,539**	**222,479**	**25,837**	**25,811**	**190,463**	**8,772,609**
Net balance as of 31.12.2024	**8,268,714**	**108,723**	**212,190**	**26,360**	**26,820**	**190,463**	**8,833,270**

The additions for 878,687 thousand euro include technical investments made during the year (774,630 thousand euro for, mostly, extension and extraordinary maintenance of the network and replacement of meters), the acquisition finalized on February 1, 2024 of the Belluno ATEM Concession for the management of the natural gas distribution service, with a term of 12 year (47,190 thousand euro) and investment in other intangible assets for 56,610 thousand euro.

Service concession arrangements including the work in progress and payments on account IFRC 12, amounting to 8,480,904 thousand euro (8,433,959 thousand euro as of December 31, 2023), refer to agreements between the public and private sectors ("Service concession arrangements") on the development, financing, management and maintenance of infrastructure under concession by a contracting party. The provisions relating to the service concession agreements are applicable for Italgas in its role as a public service natural gas distributor in Italy and Greece and in water service management, i.e. they are applicable to the agreements under which the operator is committed to providing the public natural gas distribution and water service at the tariff established by the Authority, holding the right to use the infrastructure, which is controlled by the grantor, for the purposes of providing the public service. This item also includes for 121,749 thousand euro the residual value of the intangible asset "licences" measured during the purchase price allocation of the Enaon Group relating to the licences for gas distribution in Greece expiring in 2043.

Other changes to Service concession arrangements, amounting to 299,600 thousand euro (historical cost of 874,964 thousand euro and accumulated amortisation of 575,364 thousand euro) represent the reclassification to "Non-current financial assets" of the residual value of the gas distribution concession in Rome (started into in 2012 and expired in November 2024). The concession established that the operator (Italgas Reti S.p.A.) had the unconditional right to receive such amount at the expiry of the aforementioned concession.

Assets acquired through business combination refer to the business combination transaction of Acqua Campania, which manages the Western Campania Aqueduct under a concession contract[8].

Work in progress and payments on account IFRIC 12 for 212,190 thousand euro (222,479 thousand euro as of December 31, 2023) mainly refers to new networks under construction and digitisation of natural gas distribution networks.

Industrial patent rights and intellectual property rights of 108,723 thousand euro (96,539 thousand euro as of December 31, 2023) mainly concern information systems and applications in support of operating activities.

Other intangible assets of 26,820 thousand euro (25,811 thousand euro as of December 31, 2023) concern mainly the customer lists relating to the acquisition of an ESCo business (10,953 thousand euro).

Intangible assets with an undefined useful life of 190,463 thousand euro (unchanged compared to December 31, 2023) mainly refer to goodwill arising in relation to the process of allocation of prices paid for the companies acquired in previous financial years.

The provision for impairment losses, amounting to 38,834 thousand euro (52,239 thousand euro as of December 31, 2023), mainly relates to service concession arrangements and metering instruments, the reduction of which over the course of the year is linked to the disposals made during the financial year of metering instruments that were not working, in advance of their useful life.

Advanced research and development costs for the period are included in the item Work in progress and include the costs incurred for the development of the meter developed in-house, Nimbus.

Contractual commitments to purchase intangible assets, and to provide services related to the development thereof, are reported in section "Guarantees, commitments and risks".

Impairment test

The carrying amount of property, plant and equipment and intangible assets is periodically revised as per IAS 36, which requires that the existence of impairment indicators be assessed. In the case of goodwill, intangible assets with an indefinite useful life or intangible assets not yet available for use, this assessment is done at least once a year and whenever there is an indication of possible impairment. In 2024, the impairment test was performed for all of the following cash generating units (CGUs):

- Distribution and metering of natural and other gases;
- Distribution and metering of natural gas abroad;
- Integrated water service;
- Other activities (ESCos).

As envisaged by IAS 36, the recoverability of the values recognised is verified by comparing the carrying amount of the net invested capital recognised in the financial statements referring to each CGU, including goodwill where present, with the recoverable amount, determined as the higher of value in use of the asset in its current condition and the value obtainable from selling the asset (*fair value*), less costs of sell.

The goodwill recognised following the business combination is attributable to the CGUs that benefit from the synergies arising from the acquisition, and allocated as follows:

- Distribution and metering of natural and other gases: 66.2 million euro (unchanged from previous year);
- Distribution and metering of natural gas abroad: 115.8 million euro (unchanged from previous year);
- Other activities (ESCo): 8.3 million euro (unchanged from previous year).

With reference to the "Distribution and metering of natural and other gases" CGU, the recoverable value was estimated as the value of the Net invested capital attributed for tariff purposes (RAB – Regulatory Asset Base) by the Authority. The use of the RAB for estimating recoverable amount is a generally accepted method in regulated utility sectors.

No impairment was found as a result of the test carried out.

[8] On November 5, 2024, the Regional Council of Campania – General Department for the Integrated Cycle of Water and Waste and Environmental Authorisations – notified Acqua Campania of the extension of the management of the service under the same conditions envisaged in the existing concession, until the takeover of the new Operator and the material transfer of the assets to it and, in any case, by 31 December 2025.

With reference to the CGU “Distribution and metering of natural gas abroad”, the recoverable amount was estimated according to the value in use method determined on the basis of the Discounted Cash Flow (DCF) method. The expected cash flows for the explicit period 2024-2030 are taken from the 2024-2030 Strategic Plan approved by Italgas’ Board of Directors on October 7, 2024 (“2024-2030 Strategic Plan”) and the terminal value was estimated as equal to the RAB at the end of the plan period increased by 15% (as predicted by the regulation applicable in Greece). Cash flows were discounted at a WACC post-tax of 4.7% (5% as of December 31, 2023).

The main assumptions underlying the expected cash flows for the explicit period concerned: (i) the amount and the timing of the investments for the expansion, digitisation of the distribution network and replacement of traditional meters with smart meters; (ii) the number of re-delivery points to be acquired over the duration of the plan with a compound annual growth rate (CAGR) of 6.4%, and (iii) the assumptions related to the volumes of gas distributed over the duration of the plan (an increase in consumption with a CAGR of +10% was estimated), relevant for the generation of cash, including the timing of the collection of the Recoverable Difference. These assumptions are based on historical data and public reports on the evolution of the gas market and related consumption.

No impairment was found as a result of the test carried out. A sensitivity analysis was conducted on the recovery of 50% of the Recoverable Difference beyond the timeframe of the plan (2030) and this analysis did not detect any impairment either. The recoverable amount is equal to the carrying amount if there’s a 1.3-percentage-point increase in the.WACC post-tax.

With reference to the “Integrated water service” CGU, the recoverable amount was estimated as the value of the net invested capital recognised for tariff purposes by the Authority (NIC) considering the Recoverable Difference (Rc component of the constraint on the operator’s revenues). The use of the tariff NIC including adjustments for estimating the recoverable amount is a generally accepted method in the sector.

The value of the CIN is estimated by updating the latest data approved by the designated authorities with the variations that occurred up to the reference date; the estimate includes the variations of the CIN (increments, disposals, contributions and amortizations) and the revaluation rate.

No impairment was found as a result of the test carried out.

With reference to the “Other activities (ESCos)” CGU, the recoverable value was determined, as value in use, on the basis of the cash flows deriving from the 2024-2030 Strategic Plan approved by management using the Discounted Cash Flow (DCF) method. These cash flows were adjusted as envisaged by IAS 36.44 to eliminate the effects arising from the M&A operations.

Cash flows were discounted at a WACC post-tax of 4.7% and 8.1% (the range as of December 31, 2023 was 5.6% – 9.9%), for photovoltaic activities and energy efficiency services, respectively. The terminal value was estimated for the business of energy efficiency interventions as perpetuity at the end of the plan (2030) considering a growth rate (g) of 2%, in line with expected inflation. For the photovoltaic business portion, flows for the period of the plan were extended along the period of residual life of the plants.

The value in use determined according to the methods described above is higher than the value of the net invested capital of the CGU. Therefore, no impairment losses were found.

The recoverability of the value of the invested capital of the CGU was also confirmed by a sensitivity analysis, providing for a terminal value based on an EBITDA 2030 multiple of 7x. The headroom of approximately 39 million euro referring to the baseline case with TV perpetuity. In order for the *fair value* to be equal to the carrying amount, is necessary an increase in the discount rate of 1.7 percentage-point for energy efficiency services and 10.4 percentage-point for photovoltaic activities.

Intangible assets by operating segment

Intangible assets by operating segment are analysed as follows:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Historical cost	**15,490,824**	**15,429,624**
Gas distribution	15,424,869	15,272,145
Water service	27,781	117,935
Energy efficiency	36,079	36,643
Corporate	2,095	2,901
Depreciation, amortisation and impairment of asset	**(6,718,215)**	**(6,596,354)**
Gas distribution	(6,692,389)	(6,515,969)
Water service	(13,863)	(66,335)
Energy efficiency	(11,402)	(13,007)
Corporate	(561)	(1,043)
Net book value	**8,772,609**	**8,833,270**
Gas distribution	8,732,480	8,756,176
Water service	13,918	51,600
Energy efficiency	24,677	23,636
Corporate	1,534	1,858

15) *Investments accounted for using the equity method*

Investments accounted for using the equity method, amounting to 155,715 thousand euro (131,771 thousand euro as of December 31, 2023) break down as follows:

(€ thousands)	As of 31 December 2022	Investment	Share of the profit of investments in associates/joint ventures (*)	Dividends paid	Other changes	As of December 31, 2023
Umbria Distribuzione Gas S.p.A.	1,397	-	70	-	-	1,467
Metano Sant'Angelo Lodigiano S.p.A.	1,033	-	94	(50)	-	1,077
Gesam Reti S.p.A.	21,130	-	867	(580)	-	21,417
Enerpaper S.r.l.	488	-	-	-	-	488
Gaxa S.p.A.	93	-	(93)	-	-	-
Energie Rete Gas S.r.l.	23,102	-	(1,206)		-	21,896
Siciliacque S.p.A.	-	52,299	529	-	-	52,828
Acqualatina S.p.A.	-	31,488	1,110	-	-	32,598
Investments accounted for using the equity method	**47,243**	**83,787**	**1,371**	**(630)**	**-**	**131,771**

(*) The values reported are integrated with the adjustments made in application of the equity valuation criterion

(€ thousands)	As of December 31, 2023	Investment	Share of the profit of investments in associates/joint ventures (*)	Dividends paid	Other changes	As of December 31, 2024
Umbria Distribuzione Gas SpA	1,467	-	(418)	-	-	1,049
Metano Sant'Angelo Lodigiano S.p.A.	1,077	-	73	(93)	-	1,057
Gesam Reti S.p.A.	21,417	-	1,556	(868)	-	22,105
Enerpaper S.r.l.	488	-	(488)	-	-	-
Energie Rete Gas S.r.l.	21,896	-	(268)	-	-	21,628
Siciliacque S.p.A.	52,828	15,000	4,292	-	(40)	72,080
Acqualatina S.p.A.	32,598	-	5,198	-	-	37,796
Investments accounted for using the equity method	**131,771**	**15,000**	**9,945**	**(961)**	**(40)**	**155,715**

(*) The values reported are integrated with the adjustments made in application of the equity valuation criterion

Equity investments are not collateralised, with the exception of (i) shares in Acqualatina S.p.A., which are encumbered by a pledge in favour of FMS Wertmanagement Service Gmbh to guarantee the project finance granted to the affiliate; (ii) shares held in Siciliacque S.p.A., which are encumbered by a pledge in favour of the financing banks Unicredit S.p.A. and Intesa Sanpaolo S.p.A. to guarantee the non-recourse project finance granted to the affiliate.

The Group verified the recoverable amount for all equity investments held, regardless of the existence of impairment indicators.

With reference to the Gesam Reti S.p.A., Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. equity investments, the recoverable amount was estimated as the value of the net invested capital attributed for tariff purposes (RAB – Regulatory Asset Base) by the Authority net of the net financial position. The use of the RAB for estimating recoverable amount is a generally accepted method in regulated utility sectors. No impairment was found as a result of the test carried out.

The recoverable value of Energie Rete Gas was determined, as value in use, on the basis of the cash flows deriving from the 2025-2040 Plan, developed by the Group's management, using the Discounted Cash Flow (DCF) method. Furthermore, the terminal value was estimated to be equal to the value of the RAB at the end of the plan period, plus 10%. The cash flows were discounted at a rate representative of the weighted average cost of capital (WACC) equal to 4.5%. The value in use determined according to the methods described above was higher than the value of the equity investment. Therefore, no impairment losses were found.

The recoverable amount of the equity investments in Siciliacque S.p.A. and Acqualatina S.p.A. was estimated as the value of the Net Invested Capital attributed for tariff purposes considering the tariff adjustments (Rc component of the constraint on the operator's revenue) net of the net invested position. The use of the tariff NIC including adjustments for estimating the recoverable amount is a generally accepted method in the sector. No impairment was found as a result of the test carried out. It should be noted that the companies operating in the water service have submitted tariff proposals to the competent authorities and are awaiting formal approval.

Consolidated companies, joint ventures, associates and other significant equity investments are indicated separately in the Appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. as of December 31, 2024", which is an integral part of these notes.

Other information on equity investments

In accordance with the provisions of IFRS 12 - "Disclosure of interests in other entities", the economic and financial data for joint ventures and associates are provided below. The aggregated presentation does not obscure relevant information and gives a clearer overview of the equity investments in similar entities.

Equity investments in joint ventures

The IFRS-compliant economic and financial data on equity investments in joint ventures operating in the distribution of natural gas[9] are reported below according to their relevance:

(€ thousands)	As of December 31, 2023	
	Gas distribution	**Gas transmission (*)**
Current assets	8,845	14,577
- of which Cash and Cash equivalents	*4,463*	*164*
Non-current assets	24,018	113,607
Total assets	**32,863**	**128,184**
Current liabilities	(17,010)	(8,084)
- of which Current financial liabilities	*(2,235)*	*(943)*
Non-current liabilities	(10,439)	(85,410)
- of which Non-current financial liabilities	(1,980)	(85,410)
Total liabilities	**(27,449)**	**(93,494)**
Equity	**5,414**	**34,690**
Equity attributable to the Group	2,544	16,998
Other adjustments	-	4,898
Carrying amount	**2,544**	**21,896**

[9] The financial statement figures for joint ventures values refer to the preliminary and/or approved reporting packages.

Revenues	7,732	10,293
Operating costs	(6,520)	(3,758)
Amortisation, depreciation and impairment of asset	(974)	(4,417)
Operating result	**238**	**2,118**
Financial Income (Expense)	(147)	(4,191)
Income taxes	(78)	363
Net profit	**13**	**(1,710)**
Total comprehensive income	**13**	**(1,710)**
Group interest	18	(838)

(*) Includes equity investment in Energie Rete Gas reclassified as of December 31, 2024 from joint ventures to Equity investments in associates.

(€ thousands)	**As of December 31, 2024**
	Gas distribution
Current assets	1,125
- of which Cash and Cash equivalents	*865*
Non-current assets	6,751
Total assets	**7,876**
Current liabilities	(2,895)
- of which Current financial liabilities	*(2,606)*
Non-current liabilities	(2,867)
- of which Non-current financial liabilities	-
Total liabilities	**(5,762)**
Equity	**2,114**
Equity attributable to the Group	1,057
Other adjustments	-
Carrying amount	**1,057**
Revenues	1,619
Operating costs	(909)
Amortisation, depreciation and impairment of asset	(299)
Operating result	**411**
Financial Income (Expense)	(129)
Income taxes	(79)
Net profit	**203**
Total comprehensive income	**203**
Group interest	102

Metano Sant'Angelo Lodigiano S.p.A.

Metano Sant'Angelo Lodigiano S.p.A. operates in the natural gas distribution sector in the municipalities of Sant'Angelo Lodigiano (LO), Villanova del Sillaro, Bargano (LO), Castiraga Vidardo (LO), Marudo (LO) and Villanterio (PV).
The share capital of Metano Sant'Angelo Lodigiano S.p.A. is held by Italgas S.p.A. (50%) and by Comune di Sant'Angelo Lodigiano (50%). The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the private partner (Italgas S.p.A.) and the Public Partner (Municipalities).

Equity investments in associates

Some economic and financial data for each significant associate[10], considered material and accounted for using the equity method as required by IFRS 12 "Disclosure of Interests in Other Entities":

[10] The financial statement figures for associated companies values refer to the preliminary and/or approved reporting packages.

(€ thousands)	As of December 31, 2023		
	Gas distribution	**Water service**	**ESCo companies**
Current assets	7,708	361,387	2,176
- of which Cash and Cash equivalents	-	*35,886*	*192*
Non-current assets	54,983	301,802	423
Total assets	**62,691**	**663,189**	**2,599**
Current liabilities	(10,481)	(264,683)	(1,178)
- of which Current financial liabilities	*(4,350)*	*(4,350)*	*(143)*
Non-current liabilities	(13,681)	(196,876)	(517)
- of which Non-current financial liabilities	*(10,334)*	*(92,687)*	*(397)*
Total liabilities	**(24,162)**	**(461,559)**	**(1,695)**
Equity	**38,529**	**201,630**	**904**
Equity attributable to the Group	16,552	119,824	181
Other adjustments	4,865	(34,398)	307
Carrying amount	**21,417**	**85,426**	**488**
Revenues	14,428	47,351	6,700
Operating costs	(7,370)	(35,089)	(5,646)
Amortisation, depreciation and impairment of asset	(2,983)	(6,710)	(220)
Operating Result	**4,075**	**5,552**	**834**
Financial Income (Expense)	(783)	(1,080)	(28)
Income taxes	(1,197)	(1,618)	(202)
Net profit	**2,095**	**2,854**	**604**
Total comprehensive income	**2,095**	**2,854**	**604**
Group interest	900	1,565	121

(€ thousands)	As of December 31, 2024		
	Gas distribution	**Gas transmission**	**Water service**
Current assets	23,086	25,616	375,205
- of which Cash and Cash equivalents	*5,643*	*4,420*	*63,624*
Non-current assets	71,274	119,880	391,156
Total assets	**94,360**	**145,496**	**766,361**
Current liabilities	(29,378)	(11,128)	(346,260)
- of which Current financial liabilities	(7,238)	(1,721)	(36,139)
Non-current liabilities	(21,977)	(99,932)	(181,517)
- of which Non-current financial liabilities	(10,814)	(99,932)	(88,786)
Total liabilities	**(51,355)**	**(111,060)**	**(527,777)**
Equity	**43,005**	**34,436**	**238,584**
Equity attributable to the Group	18,616	16,874	144,795
Other adjustments	4,538	4,755	(34,918)
Carrying amount	**23,154**	**21,629**	**109,877**
Revenues	21,936	15,859	203,578
Operating costs	(12,381)	(3,693)	(134,534)
Amortisation, depreciation and impairment of asset	(3,979)	(5,316)	(47,257)
Operating Result	**5,576**	**6,850**	**21,787**
Financial Income (Expense)	(723)	(6,405)	827
Income taxes	(1,614)	(929)	(6,049)
Net profit	**3,239**	**(484)**	**16,565**
Total comprehensive income	**3,239**	**(484)**	**16,565**
Group interest	1,378	(237)	9,529

Umbria Distribuzione Gas S.p.A.

Umbria Distribuzione Gas S.p.A. operates in the natural gas distribution segment in Umbria.

The share capital of Umbria Distribuzione Gas S.p.A. is held by Italgas S.p.A. (45%), by A.S.M. Terni S.p.A. (40%) and by Acea S.p.A. (15%).

Umbria Distribuzione Gas manages the natural gas distribution service in the Municipality of Terni, using an integrated system of infrastructure, mostly owned by Terni Reti S.r.l., a wholly owned subsidiary of said Municipality.

Gesam Reti S.p.A.

Gesam Reti S.p.A. operates in the natural gas distribution and network management sector (owned 42.96% by Toscana Energia S.p.A.) in the municipality of Lucca and in another 7 municipalities of the province.

Energie Rete Gas S.r.l.

Energie Rete Gas S.r.l. is a company active in gas transmission through a network of regional methane pipelines located in Valle D'Aosta, Piedmont, Liguria, Tuscany and Sardinia.

The share capital of the company is held by Energetica S.p.A. (51%) and Medea S.p.A. (49%).

Siciliacque S.p.A.

Siciliacque S.p.A. operates in Sicily, under concession, the services of water collection, storage, purification and water adduction at a supra-regional level. It is 75% owned by Idrosicilia S.r.l. and the remaining 25% by the Sicily Region, which exercises control.

Acqualatina S.p.A.

Acqualatina S.p.A. is a joint publicly controlled company operating in the Water Service in the Province of Latina and lower Lazio (Optimal Territorial Areas (OTA) n. 4 Lazio Meridionale or ATO 4). 51% of its capital is held by the municipalities in ATO 4 and the remaining 49% by Idrolatina S.r.l.

Enerpaper S.r.l.

Enerpaper S.r.l. is a company based in Turin, owned 20.01% by Geoside S.p.A., specialised in the production of insulation materials containing cellulose used in high energy efficiency buildings.

16) *Non-current financial assets*

Non-current financial assets, amounting to 339,747 thousand euro (23,778 thousand euro as of December 31, 2023), are broken down as follows:

(€ thousands)	**As of December 31, 2023**	**As of December 31, 2024**
Financial receivables	2,571	319,388
Other equity investments	21,207	20,359
Non-current financial assets	**23,778**	**339,747**

The increase in Financial receivables by 316,817 thousand euro is mainly due to the reclassification from "Service concession arrangements" of the residual value of the gas distribution concession in Rome (started into in 2012 and expired in November 2024) amounting to 299.6 million euro. The concession established that the operator (Italgas Reti S.p.A.) had the unconditional right to receive such amount upon expiry.
Other equity investments for 20,359 thousand euro relates to the *fair value* measurement of the investments in Picarro Inc. (13,996 thousand euro) and Reti Distribuzione S.p.A. (6,293 thousand euro).

17) *Assets held for sale*

Assets held for sale, amounting to 5,351 thousand euro (6,613 thousand euro as of December 31, 2023) are mainly related to the sale to the affiliate Energie Rete Gas of assets falling within the scope of the investment agreement signed with Energetica S.p.A. in 2022.

18) *Current and non-current financial liabilities*

Current financial liabilities, amounting to 980,569 thousand euro (1,033,434 thousand euro as of December 31, 2023) and *non-current financial liabilities*, amounting to 6,205,299 thousand euro (5,886,922 thousand euro as of December 31, 2023), break down as follows:

(€ thousands)	As of December 31, 2023					
	Current liabilities			**Non-current liabilities**		
	Current liabilities	**Current portion of non-current liabilities**	**Total current liabilities**	**Non-current portion due within 5 years**	**Non-current portion due beyond 5 years**	**Total non-current liabilities**
Bank loans	498,656	75,274	573,930	551,610	517,414	1,069,024
Notes	-	426,392	426,392	1,741,112	3,030,803	4,771,915
Lease liabilities (IFRS 16 and IFRC 12)	-	33,112	33,112	43,022	2,961	45,983
Current and non-current financial liabilities	**498,656**	**534,778**	**1,033,434**	**2,335,744**	**3,551,178**	**5,886,922**

(€ thousands)	As of December 31, 2024					
	Current liabilities			**Non-current liabilities**		
	Current liabilities	**Current portion of non-current liabilities**	**Total current liabilities**	**Non-current portion due within 5 years**	**Non-current portion due beyond 5 years**	**Total non-current liabilities**
Bank loans	250,334	70,744	**321,078**	429,099	483,548	**912,647**
Notes	-	569,817	**569,817**	3,111,521	2,136,922	**5,248,443**
Lease liabilities (IFRS 16 and IFRC 12)	24,625	21,649	**46,274**	34,940	9,269	**44,209**
Other shareholders loans	43,376	24	**43,400**	-	-	-
Current and non-current financial liabilities	**318,335**	**662,234**	**980,569**	**3,575,560**	**2,629,739**	**6,205,299**

On February 1, 2024, as part of the EMTN Programme, Italgas issued a note maturing on February 8, 2029, with a nominal value of 650 million euro at an issue price of 98.975% and a fixed annual nominal interest rate of 3.125%. On September 24, 2024, through a reopening of said notes already in circulation, Italgas issued another tranche for a nominal value of 350 million euro and an issue price of 99.683%. The placement was aimed at institutional investors only and the notes are listed on the Luxembourg Stock Exchange.

On October 24, 2024, Italgas' Board of Directors resolved to renew the EMTN Programme, launched in 2016 and already renewed in each previous financial year, for a maximum nominal amount of 10 billion euro.

As required by IAS 7 (§44A), below is the statement showing the reconciliation of the changes in financing liabilities, distinguishing between changes arising from cash flow and other non-monetary changes.

(€ thousands)			Other non-monetary changes			
	As of December 31, 2023	**Cash flow**	**Conversion differences**	**Other changes**	**Business combinations**	**As of December 31, 2024December 31, 2024**
Bank loans	1,642,954	(392,964)	-	(16,265)	-	**1,233,725**
of which current	*573,930*	*(553,776)*	-	*300,924*	-	***321,078***
of which non-current	*1,069,024*	*160,812*	-	*(317,189)*	-	***912,647***
Notes	5,198,307	589,402	-	30,551	-	**5,818,260**
of which current	*426,392*	*(417,326)*	-	*560,751*	-	***569,817***
of which non-current	*4,771,915*	*1,006,728*	-	*(530,200)*	-	***5,248,443***
Lease liabilities (IFRS 16 and IFRIC 12)	79,095	(34,139)	-	20,787	24,740	**90,483**
of which current	*33,112*	*(34,139)*	-	*22,561*	*24,740*	***46,274***
of which non-current	*45,983*	-	-	*(1,774)*	-	***44,209***
Other loans	-	-	-	12,004	31,396	**43,400**
of which current	-	-	-	*12,004*	*31,396*	***43,400***
of which non-current	-	-	-	-	-	**-**
Current and non-current financial liabilities	**6,920,356**	**162,299**	-	**47,077**	**56,136**	**7,185,868**

Current financial liabilities

Current financial liabilities amounting to 980,569 thousand euro (1,033,434 thousand euro as of December 31, 2023) are mainly related to the current portion of non-current liabilities. The decrease of 52,865 thousand euro is attributable to the combined effect of (i) the reduction in bank loans maturing in 2025 compared to 2024, (ii) the increase in the notes and related interest to be paid in 2025, (iii) the increase in financial liabilities (pursuant to IFRS 16 and IFRIC 12) and other loans mainly associated with the first-time consolidation of Acqua Campania.

There are no current financial liabilities in currencies other than Euro.

Non-current financial liabilities

Non-current financial liabilities amount to 6,205,299 thousand euro (5,886,922 thousand euro as of December 31, 2023).

Net of lease liabilities, the increase is mainly attributable to the note issued in implementation of the EMTN Programme on February 1, 2024 and subsequent reopening, concluded on September 24, 2024 for a total 1,000 million euro, partially offset by the short-term reclassification of the EMTN notes maturing in 2025.

The breakdown of the notes for 5,818,260 thousand euro, with the issuing company, year of issue, currency, average interest rate and due date, is provided in the following table.

Notes issued by Italgas S.p.A

(€ thousands)

Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as of 31.12.2024	Interest accrual	Balance as of 31.12.2024	Rate (%)	Due date (year)
Euro Medium Term Notes									
ITALGAS S.p.A.	2017	euro	750,000	(2,082)	747,918	11,553	759,471	1.63%	2027
ITALGAS S.p.A.	2017	euro	750,000	(2,239)	747,761	11,587	759,348	1.63%	2029
ITALGAS S.p.A.	2019	euro	600,000	(4,524)	595,476	3,609	599,085	0.88%	2030
ITALGAS S.p.A.	2019	euro	500,000	(3,269)	496,731	273	497,004	1.00%	2031
ITALGAS S.p.A.	2020	euro	500,000	(676)	499,324	649	499,973	0.25%	2025
ITALGAS S.p.A.	2021	euro	500,000	(3,622)	496,378	-	496,378	0.00%	2028
ITALGAS S.p.A.	2021	euro	500,000	(5,096)	494,904	2,178	497,082	0.50%	2033
ITALGAS S.p.A.	2023	euro	500,000	(6,685)	493,315	11,638	504,953	4.13%	2032
ITALGAS S.p.A.	2024	euro	1,000,000	(9,033)	990,967	27,918	1,018,885	3.13%	2029
Total			**5,600,000**	**(37,226)**	**5,562,774**	**69,405**	**5,632,179**		

Notes issued by the subsidiary Enaon

(€ thousands)

Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as of 31.12.2024	Interest accrual	Balance as of 31.12.2024	Rate (%)	Due date (year)
ENAON S.A.	2022	euro	130,000	(693)	129,307	279	129,586	1,70% + 3M Euribor	2029
ENAON S.A.	2022	euro	24,500	(5,192)	19,308	53	19,361	1,90% + 3M Euribor	2034
ENAON S.A.	2022	euro	38,000	(947)	37,053	81	37,134	1,90% + 3M Euribor	2034
Total			**192,500**	**(6,832)**	**185,668**	**413**	**186,081**		

The breakdown of bank loans, amounting to 1,233,725 thousand euro is provided in the table below.

(€ thousands)

Type	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as of 31.12.2024	Interest accrual	Balance as of 31.12.2024	Rate (%)	Due date (year)
ITALGAS S.p.A. - EIB	2017	euro	312,000	(102)	311,898	394	312,292	0,35+Euribor 6M	15.12.2037
ITALGAS S.p.A. - EIB	2015	euro	90,933	(19)	90,914	577	91,491	0,14+Euribor 6M	22.10.2035
ITALGAS S.p.A. - EIB	2016	euro	200,000	(74)	199,926	565	200,491	0,47+Euribor 6M	30.11.2032
ITALGAS S.p.A. - EIB	2022	euro	150,000	(11)	149,989	214	150,203	3.180%	15.12.2037
ITALGAS S.p.A. - EIB	2023	euro	12,000	(95)	11,905	174	12,079	2.770%	04.07.2042
ITALGAS S.p.A. - EIB	2024	euro	36,000	-	36,000	92	36,092	0,829+Euribor 6M	05.12.2044
TOSCANA ENERGIA S.p.A - EIB	2016	euro	53,209	-	53,209	-	53,209	1.050%	30.06.2031
ITALGAS S.p.A. - TL MEDIOBANCA	2024	euro	125,000	(180)	124,820	-	124,820	0,65+Euribor 6M	18.10.2027
ITALGAS S.p.A. - TL INTESA SANPAOLO	2022	euro	250,000	(31)	249,969	-	249,969	0,60+Euribor 3M	20.05.2025
ITALGAS S.p.A. - RCF	2024	euro		(764)	(764)	2,660	1,896		05.03.2027
GEOSIDE - FIN LT INTESA SANPAOLO	2021	euro	444	-	444	7	451	0.830%	23.12.2025
Loans due to other banks			732		732		732		
Total			**1,230,318**	**(1,276)**	**1,229,042**	**4,683**	**1,233,725**		

There are no non-current financial liabilities in currencies other than Euro.

There were no breaches of loan agreements as at the reporting date.

Other shareholders loans amounting to 43,400 thousand euro refer to amounts due for collections to be transferred in relation to the metering service carried out in the name and on behalf of the Regione Campania.

There were no breaches of loan agreements as at the reporting date. For more information, see "Financial covenants and negative pledge contractual clauses" below.

Breakdown of total financial liabilities by interest rate type

As at December 31, 2024, fixed-rate debt accounted for 85.4% of total financial liabilities (91.9% as of December 31, 2023), while floating-rate debt stood at 14.6% (8.1% as of December 31, 2023). The reduction in fixed-rate liabilities was mainly due to the maturity in December 2024 of a fixed-rate derivative on an EIB loan, an effect partially offset by the notes issued in 2024 (with a total nominal value of 1 billion euro), which refinanced the repayment of the notes that matured in March (381.3 million euro) as well as certain bank loans.

Financial covenant and negative pledge contractual clauses

As at December 31, 2024 Italgas had unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions. As at December 31, 2024, there are no loan agreements containing financial covenants, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenants.

In particular, the loan agreement with the EIB requires compliance with financial covenants, such as the ratio between (i) net financial position (calculated on an aggregate basis for the entire Italgas Group) and EBITDA, as defined in the contractual documentation, (ii) the sum of FFO and financial charges and the sum of repayments of the principal portion of financial debt over the last 12 months, as defined in the contractual documentation, and (iii) net financial position and RAB, as defined in the contractual documentation. As at December 31, 2024, these financial covenants were respected.

Some of the loan agreements 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.

Furthermore, limited to the EIB loans subscribed by the Italgas Group, the lender has the option to request additional guarantees if the credit rating assigned to Italgas is below BBB- (Fitch Ratings Limited) or Baa3 (Moody's) or in the event of the loss of any rating. If these additional guarantees are not deemed satisfactory, the European Investment Bank would have the right to request the immediate early repayment of the loans it has provided.

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas and Toscana Energia failure to comply and could trigger the early repayment of the relative loan.

As at December 31, 2024, these covenants and commitments were respected.

Notes issued by Italgas mainly referred to securities issued under the Euro Medium Term Notes programme. The covenants established for the programme's securities are typical of international market practice and consist of, inter alia, negative pledge and pari passu clauses.

Breakdown of net financial debt

A *Breakdown of net financial debt* with evidence of related party transactions is shown in the table below.

(€ thousands)	**As of December 31, 2023**	**As of December 31, 2024**
A. Cash	248,911	401,610
B. Cash equivalents	1,052	1,052
C. Other current financial assets	22,342	9,470
D. Liquidity (A+B+C)	**272,305**	**412,132**
E. Current financial debt	498,656	318,335
F. Current portion of non-current financial debt	534,778	662,234
G. Current financial debt (E+F)	**1,033,434**	**980,569**
of which, related parties	*636*	*4,580*
H. Net current financial debt (G-D)	**761,129**	**568,437**
I. Non-current financial debt (excluding the current portion and debt instruments)	1,101,299	945,874
J. Debt instruments	4,771,915	5,248,443
K. Trade and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	**5,873,214**	**6,194,317**
of which, related parties	*1,566*	*141,566*
M. Net financial debt (H+L)	**6,634,343**	**6,762,754**

(*) Including IFRS 16 and IFRIC 12 financial debts of which 44,209 thousand euro non-current (45,983 thousand euro as of December 31, 2023), 21,649 thousand euro current portions of non-current financial debts (33,112 thousand euro as of December 31, 2023) and 24,625 thousand euro current portions of IFRIC 12 financial debts.

Cash, amounting to 402,662 thousand euro, is held in current accounts and fixed-term deposits that can be immediately liquidated with leading banks. With the exception of 43,400 thousand euro, cash and cash equivalents are not subject to any usage restrictions.

Net financial debt does not include payables for dividends resolved and yet to be distributed and payables for investing activity for contractually agreed earn-out.

19) *Trade and other payables*

Trade and other payables, amounting to 1,184,609 thousand euro (829,862 thousand euro as of December 31, 2023), comprise the following:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Trade payables	278,312	249,659
Payments on account and prepayments	4,402	5,345
Other payables	547,148	929,605
Trade and other payables	**829,862**	**1,184,609**

Trade payables of 249,659 thousand euro (278,312 thousand euro as of December 31, 2023) relate to payables to suppliers for the purchase of goods and services. The reduction of 28,652 thousand euro is mainly due to the progressive decrease in works pertaining to the energy efficiency activities linked to the Super/Ecobonus.

Other payables (929,605 thousand euro as of December 31, 2024 and 547,148 thousand euro as of December 31, 2023) break down as follows:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Payables - shareholders for dividends	3,090	5,776
Payables for investment activities	375,723	412,689
Payables to the Campania Region for ACO concession	-	241,566
Payables to the public administration	85,634	105,822
Payables to CSEA	21,037	92,300
Payables to personnel	31,456	32,304
Payables to social security institutions	15,807	17,949
Payables to consultants and professionals	9,494	5,187
Sundry other	4,907	16,012
Other payables	**547,148**	**929,605**

Payables for investment activities equal to 412,689 thousand euro (375,723 thousand euro as of December 31, 2023) mainly relate to payables to suppliers for technical activities.

Payables to the Campania Region for ACO concession, amounting to 241,566 thousand euro, relate to the fee for the concession to manage the Acquedotto della Campania Occidentale (ACO) and the system for metering (for drinking water consumption), arising from the entry of Acqua Campania S.p.A. into the consolidation area.

Payables to the public administration (105,822 thousand euro as of December 31, 2024 and 85,634 thousand euro as of December 31, 2023) primarily involve payables to municipalities for concession fees for the gas distribution business.

Payables to the CSEA (92,300 thousand euro as of December 31, 2024 and 21,037 thousand euro as of December 31, 2023) mainly relate to several ancillary components of tariffs for the gas distribution service to be paid to the Fund (RE, RS, UG1 and GS) [11]for the remaining amount.

Amortised cost method was not applied considering that the effects arising from its application are irrelevant, because they are due within the next 12 months and any costs, commissions and any other difference between the initial value and the maturity value are negligible.

[11] These components refer to: (i) RE - Variable portion to cover the expenses for calculating and implementing energy savings and the development of renewable energy sources in the natural gas sector; (ii) RS - Variable portion as coverage for expenses for gas services quality; (iii) UG1 - Variable portion to cover any imbalances in the equalisation system and to cover any adjustments; and (iv) GS - Variable portion to cover the tariff compensation system for economically disadvantaged customers.

20) *Other current and non-current financial assets/liabilities*

Other current and non-current financial assets/liabilities December 31, 2024are analysed below:

(€ thousands)	As of December 31, 2023			As of December 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Other assets	**18,094**	**13,708**	**31,802**	**5,878**	**10,982**	**16,860**
Derivative financial instruments Cash flow hedge	-	-	-	-	-	-
- Fair value interest rate hedging instruments	17,228	13,255	30,483	4,727	10,436	15,163
Derivative financial instruments for foreign exchange risk	-	-	-	-	-	-
- Fair value instruments for foreign exchange risk	866	453	1,319	1,151	546	1,697
Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Other current and non-current assets for 16,860 thousand euro (31,802 thousand euro as of December 31, 2023) is mainly related to the *fair value* of derivative financial instruments to hedge the risk of fluctuations in interest rates accounting for according to IFRS 9 in hedge accounting.

On 12 December 2016 Italgas entered into an EIB loan for 300 million euro, expiring on November 30, 2032. The loan involves the payment of half-yearly coupons at a variable rate of Euribor 6M + spread 0.47%. On July 24, 2019 Italgas also entered into an Interest Rate Swap (IRS), effective from July 24, 2019, expiring in 2029 and with the same coupon frequency as the loans.

The IRS characteristics are summarised below:

	Date stipulated	Amount	ITG rate	Bank rate	Coupon	Expiration date
IRS derivative	24.07.2019	200,000,000	(0.06)%	var EUR 6m	half-yearly	30.11.2029

The derivatives stipulated to hedge the interest rate are booked according to the rules of hedge accounting. The effectiveness testing carried out as of December 31, 2024 did not show any impacts on the income statement in terms of ineffectiveness.

The item also contains, for 1,453 thousand euro, the *fair value* of the instruments for foreign exchange risk to hedge future payment flows in USD on Picarro invoices (for a total hedged amount of 5,980 thousand dollars). The Group did not apply hedge accounting under IFRS 9 for instruments to hedge payment flows in USD, as it is for operational hedging only.

	Date stipulated	Initial amount USD hedging	Residual value as of 31.12.2024 USD	Foreign exchange rate on the subscription date	Expiry date (last hedge)
Foreign exchange risk derivative	15.01.2021	16,300,000.00	3,640,000.00	1.2131	31.07.2026
Foreign exchange risk derivative	20.05.2024	2,340,000.00	2,340,000.00	1.1161	15.07.2027

21) *Other current and non-current non-financial liabilities*

Other current non-financial liabilities, amounting to 14,063 thousand euro (17,393 thousand euro as of December 31, 2023) and other non-current non-financial liabilities, amounting to 566,985 thousand euro (527,884 thousand euro as of December 31, 2023), are broken down as follows:

(€ thousands)	As of December 31, 2023			As of December 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Other tax liabilities	9,746	-	9,746	13,630	-	13,630
Other liabilities related to connection fees	-	522,331	522,331	-	527,667	527,667
Other liabilities for works prepayments	-	-	-	-	16,317	16,317
Liabilities for security deposits	-	5,553	5,553		15,689	15,689
Sundry other	7,647	-	7,647	433	7,312	7,745
Other current and non-current non-financial liabilities	**17,393**	**527,884**	**545,277**	**14,063**	**566,985**	**581,048**

Current Other tax liabilities of 13,630 thousand euro mainly refer to payables to the tax authorities for IRPEF withholdings for employees.

Other non-current non-financial liabilities, amounting to 566,985 thousand euro, mainly refer to gas connection contributions (526,916 thousand euro), water connection contributions (751 thousand euro), to liabilities for works prepayments for 16,317 thousand euro related to Acquedotto della Campania Occidentale (ACO) and liabilities for security deposits for 15,689 thousand euro.

22) *Provisions for risks and charges*

Provisions for risks and charges, amounting to 92,122 thousand euro as of December 31, 2024 (109,851 thousand euro as of December 31, 2023), comprise the following:

	As of December 31, 2023						
December 31, 2023(€ thousand)	Opening balance	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	75,048	-	336	(13,714)	(3,554)	-	58,116
Provisions for site decommissioning risks and charges	3,933	-	658	(186)	-	520	4,925
Risk provision for litigation	11,250	3,922	-	(2,283)	(2,816)	(50)	10,023
Provisions for other risks - energy efficiency certificates	3,421	1,585	-	(404)	-	-	4,602
Provision for retirement risks	14,677	-	-	(2,058)	(500)	-	12,119
Provision for operational restoration of metering instruments	12,847	-	-	(12,847)	-	-	-
Other personnel risk provisions	2,807	485	-	(599)	-	-	2,693
Risk provision for tax disputes	283	92	-	(152)	-	-	223
Other provisions	20,011	2,955	-	(5,604)	(212)	-	17,150
Provisions for risks and charges	**144,277**	**9,039**	**994**	**(37,847)**	**(7,082)**	**470**	**109,851**

	As of December 31, 2024						
December 31, 2024(€ thousand)	Opening balance	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	58,116	-	446	(15,596)	(70)	-	42,896
Provisions for site decommissioning risks and charges	4,925	-	238	(186)	-	-	4,977
Risk provision for litigation	10,023	3,264	-	(3,335)	(1,845)	-	8,107
Provisions for other risks - energy efficiency certificates	4,602	216	-	(1,617)	(158)	1,291	4,334
Provision for retirement risks	12,119	-	-	(1,481)	-	(85)	10,553
Other personnel risk provisions	2,693	541	-	(571)	(78)	-	2,585
Risk provision for tax disputes	223	70	-	(10)	-	-	283
Other provisions	17,150	1,910	-	(653)	(1,561)	1,541	18,387
Provisions for risks and charges	**109,851**	**6,001**	**684**	**(23,449)**	**(3,712)**	**2,747**	**92,122**

Provision for environmental risks and charges of 42,896 thousand euro (58,116 thousand euro as of December 31, 2023) mainly included costs for environmental soil reclamation, pursuant to Law no. 471/1999, as subsequently amended, primarily for the disposal of solid waste, in relation to the gas distribution business. The decrease, of 15,220 thousand euro, is mainly due to uses in view of period expenses (15,596 thousand euro).

Discounting was carried out using a rates curve representative of the risk-free rate.

Risk provision for litigation (8,107 thousand euro as of December 31, 2024 and 10,023 thousand euro as of December 31, 2023) included costs which the Group has estimated it will incur for existing lawsuits. For further information, please see subsection "Disputes and other measures".

Provision for other risk - energy efficiency certificates (EEC), for 4,334 thousand euro (4,602 thousand euro as of December 31, 2023), represents the Group's estimated liability for fulfilling the obligations to deliver Energy Efficiency Certificates (TEE) arising from gas distribution activities in Italy.

Risk provision for early retirement of 10,553 thousand euro (12,119 thousand euro as of December 31, 2023) involves personnel incentive and mobility schemes.

Other provisions amounting to 18,387 thousand euro (17,150 thousand euro as of December 31, 2023) mainly refer to the estimated costs for various types of litigation in relation to the gas distribution service.

The effects on provisions of risks and charges arising from a reasonably possible change to the discount rate used at year-end are shown below. The sensitivity analysis on the discounting rates shows the change in value of the actuarial liabilities obtained with the year-end assessment data, by changing the discounting rate, without prejudice to other hypotheses.

(€ thousands)	% change in discounting rates	
Effect on net obligation at 31.12.2024	**10% reduction**	**10% increase**
Provision for site decommissioning risks and charges	156	(150)
Provisions for environmental risks and charges	858	(832)

23) *Provisions for employee benefits*

Provisions for employee benefits, amounting to 61,279 thousand euro as of December 31, 2024 (65,330 thousand euro as of December 31, 2023) comprise the following:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Employee severance pay (TFR)	46,233	43,153
Supplementary healthcare provision for company executives of Eni (FISDE)	6,556	6,179
Gas Fund	8,487	8,200
Other provisions for employee benefits	4,054	3,747
Provisions for employee benefits	**65,330**	**61,279**

Employee severance fund (TFR) (43,153 thousand euro as of December 31, 2024 and 46,233 thousand euro as of December 31, 2023), governed by Article 2120 of the Italian Civil Code, represents the estimated liability determined on the basis of actuarial procedures for the amount to be paid to employees at the time that the employment is terminated. The principal amount of the benefit is equal to the sum of portions of the allocation calculated on compensation items paid during the employment and revalued until the time that such relationship is terminated. Due to the legislative changes introduced from January 12007 for companies with more than 50 employees, a significant part of severance pay to be accrued is classified as a defined-contribution plan since the company's only obligation is to pay the contributions to the pension funds or to INPS.

The supplementary healthcare provision (FISDE) (6,179 thousand euro as of December 31, 2024 and 6,556 thousand euro as of December 31, 2023) includes the estimate of costs (determined on an actuarial basis) related to contributions benefiting current[12] and retired executives.

FISDE provides financial supplementary healthcare benefits to Eni Group[13] executives and retired executives whose most recent contract of employment was as an executive with the Eni Group. FISDE is funded through the payment of: (i) contributions from member companies; (ii) contributions from individual members for themselves and their immediate family; and (iii) ad hoc contributions for specific benefits. The amount of the liability and the healthcare cost are determined on the basis, as an approximation of the estimated healthcare expenses paid by the fund, of the contributions paid by the company in favor of pensioners.

The Gas Fund (8,200 thousand euro as of December 31, 2024 and 8,487 thousand euro as of December 31, 2023) relates to the estimate, made on an actuarial basis, of the charges sustained by the employer due to the elimination, as of 1 December 2015, of the fund pursuant to Law no. 125 of August 6, 2015. In particular, Articles 9-decies and 9-undecies of the Law stipulate that the employer must cover: (i) an extraordinary contribution to cover expenses related to supplementary pension benefits in place at the time of the elimination of the Gas Fund for the years 2015 to 2020[14];

[12] For executives in service, contributions are calculated from the year in which the employee retires and refer to the years of service provided.

[13] The fund provides the same benefits for Italgas Group executives.

[14] Article 9-quinquiesdecies also stipulates that "... If monitoring shows that the extraordinary contribution pursuant to Article 9-decies is insufficient to cover the relative expenses, a decree issued by the Ministry of Labour and Social Policy, in concert with the Ministry of Economic Development and the Ministry of Economy and Finance, provides for the redetermination of the extraordinary contribution, the criteria for redistribution of the contribution between employers and the time periods and procedures for payment of the extraordinary INPS contribution".

and (ii) a contribution in favor of those registered or in voluntary continuation of the contribution, that as of November 30, 2015 were not entitled to supplementary pension benefits from the eliminated Gas Fund, of 1% for each year of registration in the supplementary fund, multiplied by the social security tax base relating to the same supplementary fund for 2014, to be allocated through the employer or the supplementary pension scheme.

At present, the criteria, procedures and time periods for payment of the extraordinary contribution have not yet been announced. Employee selection of where the amounts would be allocated (supplementary pension scheme or to the employer) were concluded, pursuant to the law, on February 14 2016.

The other provisions for employee benefits (3,747 thousand euro as of December 31, 2024 and 4,045 thousand euro as of December 31, 2023) relate to seniority bonuses and the long-term incentive plans (LTI).

Long-term incentive plans (IAS 19) envisage, after three years of assignment, the disbursement of a variable monetary benefit linked to a corporate performance parameter, not linked to the share price. Obtaining the benefit depends on the achievement of certain future performance levels and is conditional on the beneficiary remaining with the Company for the three-year period following the allocation (the “vesting period”). This benefit is allocated pro rata over the three-year period depending on the final performance parameters.

Seniority bonuses are benefits paid upon reaching a minimum service period at the Company and are paid in kind.

Deferred cash incentive plans, long-term cash incentive plans and seniority bonuses are classified as other long-term benefits pursuant to IAS 19.

The composition of and changes in provisions for employee benefits, determined by applying actuarial methods, are as follows[15]:

(€ thousands)	As of December 31, 2023					As of December 31, 2024				
	Employee severance fund	**FISDE**	**Gas Fund**	**Other provisions**	**Total**	**Employee severance fund**	**FISDE**	**Gas Fund**	**Other provisions**	**Total**
Current value of the obligation at the start of the year	**49,824**	**6,543**	**9,942**	**3,608**	**69,917**	**46,233**	**6,556**	**8,487**	**4,054**	**65,330**
Current cost	160	165	-	751	1,076	1,208	165	-	1,493	2,866
Cost for interest	1,625	249	363	82	2,319	1,250	209	321	93	1,873
Revaluations / (Impairment):	(358)	(401)	168	(22)	(613)	184	(751)	999	(280)	152
- Actuarial (Gains) / Losses resulting from changes in the demographic assumptions	91	-	-	-	91	157	(119)	658	1	697
- Actuarial (Gains) / Losses resulting from changes in the financial assumptions	557	6,556	82	398	7,593	464	(535)	(71)	14	(128)
- Actuarial (Gains) / Losses from past experience adjustments	(593)	(6,957)	86	2	(7,462)	(1,398)	(97)	410	(25)	(1,110)
- Other changes	(413)	-	-	(422)	(835)	961	-	2	(270)	693
Paid benefits	(5,303)		(1,986)	(365)	(7,654)	(5,724)	-	(1,609)	(1,613)	(8,946)
Effect of transfers	285	-	-	-	285	2	-	2	-	4
Current value of the obligation at the end of the year	**46,233**	**6,556**	**8,487**	**4,054**	**65,330**	**43,153**	**6,179**	**8,200**	**3,747**	**61,279**

15 The table also provides a reconciliation of liabilities recorded for provisions for employee benefits.

The main actuarial assumptions used to determine liabilities at the end of the year and to calculate the cost for the following year are indicated in the table below.

	As of December 31, 2023				As of December 31, 2024			
	Employee severance fund	**FISDE**	**Gas Fund**	**Other provisions**	**Employee severance fund**	**FISDE**	**Gas Fund**	**Other provisions**
Discount rate (%)	2.98	3.17	2.97	3.40	2.67	3.26	2.63	2.83
Inflation rate (%) (*)	1.80	N/A	N/A	2.00	1.60	1.70	N/A	1.80

(*) With reference to the other provisions, the rate refers only to the seniority bonuses

The discount rate adopted was determined by considering the yields on corporate bonds issued by Eurozone companies with AA ratings.

The employee benefit plans recognised by Italgas are subject, in particular, to interest rate risk, in the sense that a change in the discount rate could result in a significant change in the liability.

The table below illustrates the effects of a reasonably possible change[16] in the discount rate at the end of the year. The sensitivity of the discount rate represents the change in the value of the actuarial liability obtained using the end-of-year valuation data, changing the discount rate by a certain number of basis points, without any change in the other assumptions.

	Discount rate			
(€ thousands)	**reduction**		**increase**	
	%	**amount**	**%**	**amount**
Employment severance pay	2.17	759	3.17	(723)
FISDE	2.76	225	3.76	(207)
Gas Fund	2.13	176	3.13	(170)
Other provisions for employee benefits	2.33	108	3.33	(73)
Effect on net obligation at 31.12.2024		**1,268**		**(1,173)**

The maturity profile of the obligations for employee benefit plans is shown in the following table:

(€ thousands)	As of December 31, 2023					As of December 31, 2024				
	Employee severance fund	**FISDE**	**Gas Fund**	**Other provisions**	**Total**	**Employee severance fund**	**FISDE**	**Gas Fund**	**Other provisions**	**Total**
Within the next year	9,643	334	515	1,949	12,441	10,865	346	1,341	2,006	14,558
Within five years	19,856	1,171	4,731	2,105	27,863	19,988	1,139	5,267	1,111	27,505
Beyond five and up to ten years	16,601	1,080	3,241	-	20,922	9,233	1,050	1,523	554	12,360
Beyond ten years	133	3,971	-	-	4,104	3,067	3,644	69	76	6,856
Provisions for employee benefits	**46,233**	**6,556**	**8,487**	**4,054**	**65,330**	**43,153**	**6,179**	**8,200**	**3,747**	**61,279**

24) *Deferred tax liabilities*

Deferred tax liabilities of 48,345 thousand euro (47,780 thousand euro as of December 31, 2023) are stated net of offsetable deferred tax assets and are analysed in the tables below:

December 31, 2023 (€ thousands)	**As of 31 December 2022**	**Business combination**	**Provisions**	**Uses**	**Other changes**	**As of December 31, 2023**
Deferred tax liabilities	358,878	-	547	(18,869)	(5,087)	335,469
Deferred tax assets	(267,245)	-	(44,364)	26,722	(2,802)	(287,689)
Total	**91,633**	**-**	**(43,817)**	**7,853**	**(7,889)**	**47,780**

16 With reference to the FISDE, any changes relating to mortality do not have significant effects on the liability.

(€ thousands)	As of December 31, 2023	Business combination	Provisions	Uses	Other changes	As of December 31, 2024
Deferred tax liabilities	335,469	3,981	9,278	(17,566)	(2,612)	328,550
Deferred tax assets	(287,689)	(1,196)	(25,826)	26,836	7,670	(280,205)
Total	**47,780**	**2,785**	**(16,548)**	**9,270**	**5,058**	**48,345**

There are no deferred taxes which cannot be offset.

Deferred tax liabilities and deferred tax assets break down as follows, based on the most significant temporary differences:

December 31, 2023(€ thousands)	As of December 31, 2023								
	Opening balance	Business combination	Provisions	Uses	Impacts recorded in equity	Other changes	Closing balance	*of which: IRES*	*of which: IRAP*
Deferred tax liabilities	**358,878**	**-**	**547**	**(18,869)**	**(117)**	**(4,970)**	**335,469**	***284,894***	***50,575***
Amortisation and depreciation exclusively for tax purposes	174,923	-	24	(8,170)	-	-	166,777	*140,724*	*26,053*
Revaluations of property, plant and equipment	80,819	-	248	(7,423)	-	-	73,644	*61,607*	*12,037*
Capital gains subject to deferred taxation	6,687	-	-	(2,073)	-	-	4,614	*4,614*	-
Employee benefits	12,197	-	-	41	-	(38)	12,200	*12,200*	-
Capitalisation of financial expense	2,212	-	-	(122)	-	-	2,090	*1,761*	*329*
Impairment losses on receivables in excess of tax deductibility	316	-	205	(403)	-	180	298	*298*	-
Other temporary differences	81,724	-	70	(719)	(117)	(5,112)	75,846	*63,690*	*12,156*
Deferred tax assets	**(267,245)**	**-**	**(44,364)**	**26,722**	**(4,766)**	**1,964**	**(287,689)**	***(275,140)***	***(12,549)***
Provisions for risks and charges and other non-deductible provisions	(31,829)	-	(10,400)	11,443	-	-	(30,786)	*(30,786)*	-
Non-repayable and contractual grants	(52,746)	-	-	2,722	-	-	(50,024)	*(43,187)*	*(6,837)*
Non-deductible amortisation and depreciation	(150,993)	-	(22,480)	2,464	-	-	(171,009)	*(170,352)*	*(657)*
Employee benefits	(5,486)	-	(23)	(560)	-	-	(6,069)	*(4,915)*	*(1,154)*
Other temporary differences	(26,191)	-	(11,461)	10,653	(4,766)	1,964	(29,801)	*(25,900)*	*(3,901)*
Net deferred tax liabilities	**91,633**	**-**	**(43,817)**	**7,853**	**(4,883)**	**(3,006)**	**47,780**	***9,754***	***38,026***

December 31, 2024(€ thousands)	As of December 31, 2024								
	Opening balance	Business combination	Provisions	Uses	Impacts recorded in equity	Other changes	Closing balance	*of which: IRES*	*of which: IRAP*
Deferred tax liabilities	**335,469**	**3,981**	**9,278**	**(17,566)**	**(8,417)**	**5,805**	**328,550**	***301,441***	***27,109***
Amortisation and depreciation exclusively for tax purposes	166,777	-	5,411	(7,895)	-	3,667	167,960	*158,930*	*9,030*
Revaluations of property, plant and equipment	73,644	-	-	(5,243)	-	42,359	110,760	*94,205*	*16,555*
Capital gains subject to deferred taxation	4,614	-	-	(2,075)	-	117	2,656	*2,656*	-
Employee benefits	12,200	8	-	(38)	1	(10,942)	1,229	*1,229*	-
Capitalisation of financial expense	2,090	-	-	(123)	-		1,967	*1,674*	*293*
Impairment losses on receivables in excess of tax deductibility	298	-	374	(99)	-	995	1,568	*1,564*	*4*
Other temporary differences (*)	75,846	3,973	3,493	(2,093)	(8,418)	(30,391)	42,410	*41,183*	*1,227*
Deferred tax assets	**(287,689)**	**(1,196)**	**(25,826)**	**26,836**	**4,996**	**2,674**	**(280,205)**	***(262,765)***	***(17,440)***

Provisions for risks and charges and other non-deductible provisions	(30,786)	(260)	(1,589)	11,100	-	(12,601)	(34,136)	*(29,543)*	*(4,593)*
Non-repayable and contractual grants	(50,024)	-	-	2,684	-	(28,933)	(76,273)	*(65,903)*	*(10,370)*
Non-deductible amortisation and depreciation	(171,009)	(450)	(22,773)	8,852	-	36,345	(149,035)	*(148,184)*	*(851)*
Employee benefits	(6,069)	(6)	(1,185)	632	249	(3,024)	(9,403)	*(8,043)*	*(1,360)*
Other temporary differences (**)	(29,801)	(480)	(279)	3,568	4,747	10,887	(11,358)	*(11,092)*	*(266)*
Net deferred tax liabilities	**47,780**	**2,785**	**(16,548)**	**9,270**	**(3,421)**	**8,479**	**48,345**	**38,676**	**9,669**

(*) Other temporary differences related to deferred tax liabilities show additional variations attributable to the reclassification of 27,022 thousand euro.

(**) Other temporary differences related to deferred tax assets show additional variations attributable to the reclassification of 2,010 thousand euro.

Deferred tax assets and deferred tax liabilities are classified as non-current.

Group has booked deferred tax assets on the timing differences as at December 31, 2024, as far as it believes it is likely they will be recovered. As at December 31, 2024, based on the industrial plan, the company's management has assessed the recoverability of deferred tax assets on tax losses attributable to the Enaon Group as reasonably certain.

Section "Income taxes" provides information about taxes for the year.

25) *Equity*

Equity, amounting to 2,793,508 thousand euro as of December 31, 2023 (2,600,744 thousand euro as of December 31, 2023) breaks down as follows:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Equity attributable to the Owners of the parent company	**2,280,072**	**2,457,917**
Share capital	1,003,228	1,003,844
Legal reserve	200,646	200,769
Share premium reserve	626,252	628,395
Reserve Cash flow hedge on derivative contracts	22,683	11,524
First-time consolidation reserve	(323,907)	(323,907)
Reserve for business combinations under common control	(349,839)	(349,839)
Stock grant reserve	9,417	8,232
OCI Fair value valuation reserve for equity investments	238	319
Other reserves	13,063	7,520
Retained earnings	645,747	799,635
OCI Reserve for remeasurement of defined-benefit plans for employees	(7,024)	(7,429)
Profit for the year	439,568	478,854
Equity attributable to non-controlling interests	**320,672**	**335,591**
Total Equity	**2,600,744**	**2,793,508**

Share capital

Share capital as of December 31, 2024 consisted of 811,242,309 shares without nominal value (809,768,354 as of December 31, 2023), with a total value of 1,003,844 thousand euro (1,003,228 thousand euro as of December 31, 2023)

On April 20, 2021, the Italgas Shareholders' Meeting approved the 2021-2023 Co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the previously mentioned 2021-2023 Co-investment Plan for a maximum nominal amount of 5,580,000.00 euro, by means of the issuance of up to 4,500,000 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.

On March 12, 2024, in execution of the 2021-2023 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of April 20, 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 euro, taken from retained earnings reserves.

On 6 May 2024, the Italgas Shareholders' Meeting approved the 2024-2025 Co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the previously mentioned 2024-2025 Co-investment Plan for a maximum nominal amount of 3,720,000 euro, 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.

Legal reserve

The *Legal reserve* as of December 31, 2024 stood at 200,769 thousand euro. The increase of 123 thousand euro relates to the resolution of the Shareholders' Meeting of 6 May 2024.

Share premium reserve

The *Share premium reserve*, which totalled 628,395 thousand euro (626,252 thousand euro as of December 31, 2023), was created after the equity investment in Italgas Reti S.p.A. was acquired. The increase of 2,143 thousand euro relates to the implementation of the Co-Investment Plan.

OCI Reserve Cash Flow Hedge on derivative contracts

The *OCI Reserve Cash Flow Hedge on derivative contracts*, amounting to 11,524 thousand euro (22,683 thousand euro as of December 31, 2023), includes the *fair value* of the IRS derivative net of the related tax effect. The reserve changes with the accounting of cash flows deriving from instruments which, for the purposes of IFRS 9, are designated as "cash flow hedging instruments". The related tax effect is reported in the "tax effect" item of the "Components reclassifiable to the income statement" in the Statement of comprehensive income.

First-time consolidation reserve

The *First-time consolidation reserve*, negative for 323,907 thousand euro, was determined during the first-time consolidation (year 2016) following the sale by Snam S.p.A. to Italgas S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A. (include the difference between the purchase cost of the equity investment of Italgas Reti and the related equity pertaining to the group).

Reserve for business combinations under common control

The *Reserve for business combinations under common control*, negative for 349,839 thousand euro, relates to the acquisition by Snam S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A. I in 2016.

To this regard it should be specified that the natural gas distribution activities were acquired through three simultaneous transactions (transfer, sale and demerger) of the equity investment held by Snam S.p.A. in Italgas Reti S.p.A. in favour of Italgas S.p.A. This transaction led to the deconsolidation of the natural gas distribution sector for Snam, and the acquisition of the equity investment in Italgas Reti and, at consolidated level, of the net assets of the gas distribution sector for Italgas S.p.A. The reader is reminded that the shareholder of reference of Snam, CDP, is simultaneously the shareholder of reference of Italgas. The exposure described above reflects an approach based on the continuity of carrying amount (as regards Snam) since the transaction represents an "aggregation of corporate entities or activities under common control" within the scope of the broader group of which Italgas is part. The companies taking part in the business combination (Snam, Italgas and Italgas Reti) remained subject to control because of the transactions and therefore they were fully consolidated by the same subject (CDP) pursuant to the IFRS 10.

Stock grant reserve

The *Stock grant reserve*, amounting to 8,232 thousand euro (9,098 thousand euro as of December 31, 2024), includes the valuation pursuant to IFRS 2 of the co-investment plans approved by the Italgas S.p.A. Shareholders' Meeting.

Italgas Shareholders' Meeting held on April 20, 2021 approved the 2021-2023 co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 co-investment Plan for a maximum nominal amount of 5,580,000.00 euro, by means of the issuance of up to 4,500,000 new ordinary shares to be assigned free of charge, by means of assignment pursuant to 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. In connection with this plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2021 Remuneration Policy, rights to receive 254,765 Italgas shares for the 2021-2023 co-investment plan. The unitary *fair value* per share is 5.55 euro.

On May 6, 2024, the Italgas Shareholders' Meeting 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 maximum nominal amount of 3,720,000 euro, 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.

OCI Fair value valuation reserve for equity investments

The *OCI Fair value valuation reserve for equity investments* for 319 thousand euro as of December 31, 2024 (238 thousand euro as of December 31, 2023) includes the change in fair value, net of tax effects, of non-controlling interests which on initial recognition were designated as accounted for at FVTOCI (*fair value* recognised through other comprehensive income). For more details, see the note "Non-current financial assets".

Other reserves

The *Other reserves* relate to the effects deriving from the valuation of equity investments.

OCI Reserve for remeasurement of defined-benefit plans for employees

The negative *Reserve for remeasurement of defined-benefit plans for employees* for 7,429 thousand euro as of December 31, 2024 and (negative for 7,024 as of December 31, 2023) included actuarial losses, net of the related tax recognised under other components of comprehensive income pursuant to IAS 19. The changes in the reserve during the course of the year are shown below:

(€ thousands)	**Gross reserve**	**Tax effect**	**Net reserve**
Reserve as of 31 December 2022	**(10,018)**	**2,823**	**(7,195)**
Changes of the year 2023	245	(74)	**171**
Reserve as of December 31, 2023	**(9,773)**	**2,749**	**(7,024)**
Changes of the year 2024	(533)	128	**(405)**
Reserve as of December 31, 2024	**(10,306)**	**2,877**	**(7,429)**

Equity attributable to non-controlling interests

The *Equity attributable to non-controlling interests* is broken down below:

(€ thousands)	**Equity attributable to non-controlling interests as of December 31, 2023**	**Equity attributable to non-controlling interests as of December 31, 2024**	**Net income attributable to non-controlling interests as of December 31, 2023**	**Net income attributable to non-controlling interests as of December 31, 2024**
Toscana Energia S.p.A.	206,862	215,934	18,394	21,831
Medea S.p.A.	60,989	62,858	1,272	3,326
Geoside S.p.A.	19,627	18,859	5,479	(758)
Italgas Newco subconsolidated	29,913	33,882	2,870	3,981
Immogas S.r.l.	2,488	2,396	(116)	(92)
Idrosicilia S.p.A.	793	761	4	34
Acqua Campania S.p.A.	-	652	-	232
LAC S.r.l.	-	249	-	27
Total	**320,672**	**335,591**	**27,903**	**28,581**

Dividends

In its meeting of February 12, 2025, the Board of Directors proposed to the Shareholders' Meeting the distribution of an ordinary dividend of 0.406 euro per share. The dividend will be paid out as of May 21, 2025, with an ex-coupon date of May 19, 2025 and a record date of May 20, 2025.

Reconciliation statement of the result for the year and of the equity of Italgas S.p.A. with the result for the year and of the equity of the Group.

(€ thousands)	Profit 2024	Equity as of December 31, 2024
Financial statements Italgas S.p.A.	**422,455**	**1,961,862**
Profit of the companies included in the consolidation	512,740	
Difference between carrying amount of investments consolidated companies and equity of the financial statements, including the result	-	546,287
Adjustments consolidation:		
Dividends net of the tax effect	(431,598)	-
Income from valuation of equity investments with the equity method and other income from equity investments	9,384	61,741
Other consolidation adjustments net of the tax effect	(5,547)	223,619
Attributable to non-controlling interests	(28,580)	(335,592)
Adjustments consolidation	**56,399**	**496,055**
Consolidated financial statements - attributable to the Owners of the parent company	**478,854**	**2,457,917**

26) *Guarantees, commitments and risks*

Guarantees, commitments and risks, amounting to 2,015,158 thousand euro as of December 31, 2023 (1,982,007 thousand euro as of December 31, 2023) comprise:

(€ thousands)	As of December 31, 2023	As of December 31, 2024
Bank guarantees given in the interest of Group companies	**445,703**	**505,240**
Financial commitments and risks:	**1,536,304**	**1,509,918**
Commitments	**1,219,646**	**1,275,737**
Commitments for the purchase of goods and services	1,219,646	1,275,737
Risks	**316,658**	**234,181**
- for compensation and litigation	316,658	234,181
Total Guarantees, commitments and risks	**1,982,007**	**2,015,158**

Guarantees

Guarantees of 505,240 thousand euros (445,703 thousand euro as of December 31, 2023) refer mainly to guarantees issued with regard to sureties and other guarantees issued in the favor of subsidiaries.

In addition, it should be noted that as part of the transaction for the acquisition of ERG's share capital and the sale of assets, Medea issued two guarantees of 66 million euro on the loan obtained by ERG in preparation for the transaction.

Commitments

As of December 31, 2024, *Commitments* amounted to 1,275,737 thousand euro (1,219,646 thousand euro as of December 31, 2023). Commitments with suppliers to purchase property, plant and equipment and provide services relating to the purchase of property, plant and equipment and intangible assets under construction amounted to 1,275,737 thousand euro.

In addition, the residual commitments made by the Italgas Group with the Contracting Authorities for the implementation of investments arising from the awarding of gas distribution service area tenders amount to approximately 783.7 million euro. Furthermore, the Italgas Group made commitments with the Municipalities with existing non-expired concessions, including new methane gasifications, and concessions assigned on the basis of Italian Legislative Decree no. 164/2000, known as the "Letta Decree", for over 36.7 million euro.

In Greece, with Decision E-173/2024 published in the Official Gazette of the Greek government B' 6152/07.11.2024, a Development Programme was approved for the company Enaon EDA for the natural gas distribution networks in the regions of Attica, Thessaloniki, Thessalia and remainder of Greece for the 2024-2028 period for a total of 732.4 million euro in investments. As of December 31, 2024, the residual investment commitment of the programme amounted to approximately 612 million euro. In accordance with the time frames envisaged by Greek regulation, the process to define the Development Programme for the 2025-2029 period is ongoing.

The investments will be predominantly allocated to the development and upgrading of the gas distribution network in Italy and Greece.

Other unvalued commitments

The acquisition of the equity investment of Enerco Distribuzione by the subsidiary Italgas Reti, which took place in 2017, is subject to an ownership price adjustment (so-called “earn-out”) clause.

The acquisition of the “Alessandria 4 ATEM” business unit by the subsidiary Italgas Reti, which took place in 2020, is subject to a price adjustment (so-called “earn-out”) clause if the Alessandria 4 ATEM tender is awarded within 10 years of the signing date and if the contracting authority in the aforesaid tender procedure recognises a higher reimbursement value than the pro-forma value under the agreement, for the same year of reference.

On 27 December 2022, Alia Servizi Ambientali S.p.A. (“Alia”), Toscana Energia and Italgas signed a contract concerning, among other things, “put and call” options, on the basis of which Italgas is entitled to purchase 30,134,618 shares held in Toscana Energia by Alia, amounting to approximately 20.6099% of the share capital of Toscana Energia (“Alia’s TE Shares” and “Toscana Energia Call Option”) and Alia is entitled to sell Alia’s TE Shares to Italgas.

In accordance with the terms and conditions set out by the contract, on January 14, 2025 Italgas exercised the Toscana Energia Call Option by sending the relative notice to Alia. The envisaged contractual price to purchase Alia’s TE shares is to be determined as the “fair market value” at the date of execution of the Toscana Energia Call Option, calculated by an international financial institution named jointly by the parties.

As part of the investment agreement signed on July 26, 2022, and subsequently amended, between Energetica S.p.A. and Medea S.p.A. related to the entry of the latter into the share capital of Energie Rete Gas S.r.l. (“ERG”) for a 49% stake through the contribution, and subsequent sale, to ERG of assets and activities of Medea relating to gas transmission (the “Medea ERG Transaction”), the Parties, inter alia, agreed to restore the legal situation prior to the Medea ERG Transaction if ERG does not obtain, by 31 December 2025, (i) recognition, from the competent ministry, among the infrastructure and/or regional transmission services of natural gas, and (ii) recognition, under the tariff regulatory profile, as regional transport service.

The acquisition in 2023 of the business unit to which the concessions held in Italy in the water sector belonged is subject to an ownership price adjustment (so-called “earn-out”) clause, to be determined for four years according to annual measurements based on net takings on certain receivables by the associated companies Siciliacque and Acqualatina.

On October 5, 2024, a purchase and sale agreement was signed by Italgas as the purchaser, and by F2i SGR S.p.A., in the name and on behalf of the F2i Terzo Fondo per le Infrastrutture, and Finavias S.à r.l., as sellers. The agreement regulates the terms and conditions of the acquisition of 99.94% of the share capital of 2i Rete Gas S.p.A. The contractual consideration for the purchase amounts to 2,060 million euros for 100% of the share capital of 2i Rete Gas, in addition to interest accrued on the offered price by the Locked Box Date (i.e., December 31, 2023) at the closing date with an interest rate indicated in the contract (the so-called ticking fee), deducted by any leakages and interest accrued on them from the date on which the leakages occurred until the closing date.

The completion of the acquisition of 2i Rete Gas is subject to the fulfilment (or the waiver, if possible) of certain conditions precedent. According to the relevant contract, the completion of the acquisition of 2i Rete Gas is subject to the fulfillment (or waiver, where provided in the Purchase agreement) by May 31, 2025 (expiry date or Longstop date) of regulatory authorisations, such as those to be obtained from the Italian Antitrust and the Italian Prime Minister's Office, as well as the Foreign Subsidies Regulation (FSR) authorization provided for under Regulation (EU) 2022/2560..

Risks

Risks concerning compensation and litigation (234,181 thousand euro) relate to possible claims for compensation arising from ongoing litigation, with a low probability that the pertinent economic risk will arise.

FINANCIAL RISK MANAGEMENT

Foreword

Italgas has established the Enterprise Risk Management (ERM) unit, which reports directly to the CFO and oversees the integrated process of managing corporate risk for all Group companies. The main objectives of the ERM are to define a homogeneous and transversal risk assessment model, to identify priority risks and to guarantee the consolidation of mitigation actions and the development of a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and existing international best practices (COSO Framework and ISO 31000).

The ERM unit operates as part of the wider Italgas' Internal Control and Risk Management System.

The main corporate financial risks identified, monitored and, where specified below, managed by Italgas are as follows:

- risk arising from exposure to fluctuations in interest rates;
- credit risk arising from the possibility of counterparty default;
- liquidity risk arising from not having sufficient funds to meet short-term financial commitments;
- rating risk;
- debt covenant and default risk.

There follows a description of Italgas' policies and principles for the management and control of the risks arising from the financial instruments listed above. In accordance with IFRS 7 - "Financial instruments: Additional information", there are also descriptions of the nature and size of the risks resulting from such instruments.

Information on other risks affecting the business (operational risk and risks specific to the segment in which Italgas operates) can be found in the "Elements of risk and uncertainty" section of the Directors' Report.

Interest rate risk

Fluctuations in *Interest rates* affect the market value of Italgas' financial assets and liabilities and its net financial expense.

An increase in interest rates, not implemented – in full or in part – in the regulatory WACC, could have negative effects on the assets and on the economic and financial situation of the Italgas Group for the variable component of the debt in place and for future loans.

At full performance, Italgas aims to maintain a debt ratio between a fixed rate and floating rate to minimise the risk of rising interest rates. As of December 31, 2024 the financial debt at floating rate was 14.6% and at fixed rate was 85.4%. Please refer to the paragraph "Short-term and long-term financial liabilities" for further details.

Below are the impacts on equity and the net period result as at December 31, 2024 of a hypothetical positive and negative variation of 10 basis points (bps) of the interest rates effectively applied during the year.

(€ thousands)	**Result of the income statement**		**Other items of the statement of comprehensive income**	
	interest +10 bps	**interest -10 bps**	**interest +10 bps**	**interest -10 bps**
Variable-rate loans not hedged				
Effect of change in interest rate	(615)	615		
Variable-rate loans converted into fixed-rate loans by means of IRSs				
Effect of change in interest rate on the fair value of the hedge derivative contracts - effective portion of hedge			3,787	(3,490)
Impacts gross of the tax effect				
Tax effect	166	(166)	(1,022)	942
Impacts net of the tax effect	**(449)**	**449**	**2,765**	**(2,548)**

Credit risk

Credit risk is the exposure to potential losses arising from counterparties failing to fulfil their obligations. Default or delayed payment of amounts owed may have a negative impact on the Italgas financial results and financial situation.

The rules for customer access to the gas distribution service in Italy are established by the relevant regulatory Authority and set out in the Network Codes, namely, in documents that establish, for each type of service, the rules regulating the rights and obligations of the parties involved in the process of providing said services and contain contractual conditions that reduce the risk of non-compliance by customers, such as the provision of bank or insurance guarantees on first request.

In addition to this, in order to manage credit risk, the Group has established procedures for monitoring and assessing its customer portfolio. The reference markets are the Italian and Greek markets.

In the energy efficiency sector activities, credit risk is mitigated by the use of incentive instruments (mainly the Superbonus) – the latter in any case being influenced by the risk of managing the obligations that allow for the tax recognition of the credits – which guarantee the financial hedging of significant portions of the amounts of the interventions. In this context, the contracts entered into by the Group provide for clauses that guarantee the possibility of recourse against customers in the event that the incentive cannot be obtained/withdrawn. Recourse against customers, however, implies continued exposure to credit risk.

As at December 31, 2024 there were no significant credit risks. Note that on average: (i) in Italy, 97.4% of trade receivables relating to gas distribution are settled by the due date and 99% within the next 4 days; (ii) in Greece, an average of 95.0% of trade receivables relating to gas distribution are settled by the due date and almost all within the next 4 days, confirming the strong reliability of the customers.

It cannot be ruled out that Italgas could incur liabilities and/or losses due to its customers' failure to fulfil their payment obligations.

Please refer to note "Trade and other receivables" for the breakdown of receivable by due date bracket.

Liquidity risk

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the company's future as a going concern.

Also on the basis of the investment plans in place and the transactions contemplated in the short term, Italgas does not expect any significant negative impact on liquidity risk considering that: (i) the Company has liquidity deposited with primary credit institutions for an amount of 402.7 million euro as of December 31, 2024, and (ii) as at December 31, 2023, Italgas had a Euro Medium Term Notes (EMTN) programme in place for a maximum total nominal value of 10 billion, of which €5.6 billion drawn, (iii) on March 8, 2024, Italgas entered into a 600 million euro Sustainability Linked Revolving Credit Facility with a pool of leading financial institutions with a maximum maturity of 5 years, (iv) on October 5, 2024, Italgas signed a loan agreement ("Bridge Loan") by virtue of which certain financial institutions and, in particular, J.P. Morgan Chase Bank, N.A. – Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company – Milan Branch, Citibank N.A. – Milan Branch, Morgan Stanley Bank AG and Société Générale – Milan Branch, agreed to grant a long-term credit line "Bridge Credit Facility") denominated in Euro and in the amount of 2,000 million euro. The Bridge Credit Facility should be used for the acquisition of 2i Rete Gas.

Italgas aims, in financial terms, at establishing a financial structure that, in line with its business objectives, ensures a level adequate for the group in terms of the duration and composition of the debt. The achievement of this financial structure will take place through the monitoring of certain key parameters, such as the ratio between debt and the RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed rate and floating rate debt and the ratio between bank credit granted and bank credit used.

Although the Italgas Group has relationships with diversified counterparties with a high credit standing, based on a policy of managing and continuously monitoring their active credit risk, the default of an active counterparty or the difficulty of selling off assets on the market could have a negative impact on the Italgas Group's financial position and performance.

Future payments for financial liabilities, trade and other payables

The table below shows the repayment plan contractually established in relation to the financial payables, liabilities for leased assets and IFRIC12, including interest payments, trade and other payables:

(€ thousands)			Due date					
	Balance as of 31.12.2023	**Balance as of 31.12.2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**Beyond**
Financial liabilities								
Bank loans	1,144,298	983,391	70,744	65,705	202,724	79,790	80,880	483,548
Notes	5,198,307	5,818,260	569,817	-	747,918	496,378	1,867,225	2,136,922
Current liabilities	498,656	250,334	250,334	-	-	-	-	-
Interest on notes	-	-	108,218	89,130	89,130	76,905	76,905	87,230
Interest on bank loans	-	-	26,820	28,457	24,572	18,813	16,431	58,670
Lease liabilities (IFRS 16 and IFRC 12)	79,095	90,483	46,274	14,635	10,432	6,100	3,772	9,270
Interest of lease liabilities (IFRS 16 and IFRC 12)	-	-	1,376	24	23	15	9	15
Other shareholders loans		43,400	43,400	-	-	-	-	-
Trade and other payables	829,862	1,184,609	1,184,609	-	-	-	-	-
Total	**7,750,218**	**8,370,477**	**2,301,592**	**197,951**	**1,074,799**	**678,001**	**2,045,222**	**2,775,655**

As for the sensitivity on the interest rate, any changes in interest rates do not lead to significant effects in consideration of the fact that 85.4% of the Group’s financial debt is at fixed rate.
Please refer to note “Trade and other receivables” for the breakdown of receivable by due date bracket.

Rating risk

Among the factors that define the risk perceived by the market, creditworthiness, assigned to Italgas by rating agencies, plays a decisive role since it influences the ability to access sources of financing and the related economic conditions. A worsening of this creditworthiness could, therefore, limit access to the capital market and/or increase the cost of financing sources, with consequent negative effects on the Group's financial position and performance

On October 9, 2024, the rating agency Fitch confirmed the long-term credit rating of Italgas S.p.A as BBB+, with Stable outlook.

On October 10, 2024, the rating agency Moody’s confirmed the Baa2 long-term credit rating, with Stable outlook.

Based on the methodologies adopted by the rating agencies, the downgrade of one notch in the Italian Republic’s current rating could trigger a downward adjustment in Italgas’ current rating, which in turn could have an impact on the cost of future debt.

Debt covenant and default risk

As at December 31, 2024 there are no loan agreements containing financial covenants and / or secured by collateral, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenants[17]. 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 December 31, 2024, these commitments were respected.

Notes issued by Italgas as at December 31, 2024 as part of the Euro Medium Term Notes programme provide for compliance with covenants that reflect international market practices regarding, inter alia, negative pledge and pari passu clauses.

[17] The contracts contain a clause whereby, in the event of a significant reduction in EBITDA resulting from the loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as of December 31, 2024 have been respected.

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas' failure to comply and could trigger the early repayment of the related loan.

With reference to the EIB, the related contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required.

The Group monitors these cases closely in the context of financial management and business performance.

Market value of financial instruments

Below is the classification of financial assets and liabilities measured at *fair value* in the Statement of Financial Position in accordance with the *fair value* hierarchy defined on the basis of the significance of the inputs used in the measurement process. More specifically, in accordance with the characteristics of the inputs used for measurement, the *fair value* hierarchy comprises the following levels:

a) level 1: listed prices (unadjusted) on active markets for identical financial assets or liabilities;

b) level 2: measurements made on the basis of inputs differing from the quoted prices referred to in the previous point, which, for the assets/liabilities submitted for measurement, are directly (prices) or indirectly (price derivatives) observable;

c) level 3: inputs not based on observable market data.

In connection with the above, classification of the assets and liabilities measured at *fair value* in the Statement of Financial Position according to *fair value* concerned the IRS and exchange rate derivative instruments (16,860 thousand euro as of December 31, 2024 and 31,802 thousand euro as of December 31, 2023) classified level 2 and recorded under in Note 20 "Other current and non-current financial assets/liabilities".

Equity investments measured at *fair value* in Note 16 "Non-current financial assets" (20,359 thousand euro as of December 31, 2024 and 21,207 thousand euro as of December 31, 2023) decreased for 848 thousand euro. The change in value includes the acquisition of an additional stake in Picarro (325 thousand euro), the effect on the income statement regarding the valuation of Reti Distribuzione (1,264 thousand euro) and the effect on OCI of the valuation of Picarro (81 thousand euro) and fall under the level 3 *fair value* category.

Other information on financial instruments

With reference to the categories established by IFRS 9 "Financial instruments", the carrying amount of financial instruments and their relative effects on results and on equity can be analysed as follows:

(€ thousands)	Carrying amount		Income / expense recognised to income statement		Income / expense recognised to equity (a)	
	Balance as of 31.12.2023	Balance as of 31.12.2024	Balance as of 31.12.2023	Balance as of 31.12.2024	Balance as of 31.12.2023	Balance as of 31.12.2024
Financial instruments measured at amortised cost						
- Cash	249,963	402,662	-	-	-	-
- Current financial assets	4,248	3,592	-	-	-	-
- Trade and other receivables	853,488	893,667	-	-	-	-
- Non-current financial assets	13,708	10,982	-	-	-	-
- Other current and non-current non-financial assets	569,933	863,306	-	-	-	-
- Trade and other payables	829,862	1,184,609	-	-	-	-
- Financial payables (b)	6,920,356	7,185,868	(94,289)	(122,362)	-	-
- Other current and non-current non-financial liabilities	545,277	581,048	-	-	-	-
- Financial instruments measured at fair value						
- Other investments	21,207	20,359	-	-	(371)	468
- Financial assets (liabilities) for hedge derivative contracts	31,802	16,775	-	-	30,483	15,163

(a) Net of tax effect
(b) The effects on the income statement are recognized under the item "Financial income/(charges)"

The table below provides a comparison between the book value of financial assets and liabilities and their respective fair value.

(€ thousands)	Balance as of 31.12.2023		Balance as of 31.12.2024	
	Carrying amount	Market value	Carrying amount	Market value
Financial instruments measured at amortised cost				
- Non-current financial debt	5,934,309	5,497,477	6,187,329	5,775,157

The carrying amount of trade receivables, other receivables and financial payables is close to the related *fair value* measurement, given the short period of time between when the receivable or the financial payable arises and its due date.

Disputes and other measures

Italgas is involved in civil, administrative and criminal cases and legal actions related to its normal business activities. According to the information currently available and considering the existing risks, Italgas believes that these proceedings and actions will not have material adverse effects on its Consolidated Financial Statements.

Below is a summary of the most significant proceedings; no provisions have been made pursuant to IAS 37 for these proceedings in the financial statements, as the company deems that the risk of an adverse outcome is possible, but not likely, or the amount of the allocation cannot be reliably estimated.

Civil dispute

Italgas Reti S.p.A. / Municipality of Rome – Rome Civil Court

The Municipality of Rome, where Italgas Reti carries out the gas distribution service on the basis of a specific service contract, after a series of discussions aiming at reaching an agreement for the adjustment of timetable for the implementation of the business plan, charged Italgas Reti with contractual breaches given by alleged delays in the execution of the plan itself. In rejecting the claims of the Municipality of Rome, Italgas Reti had already filed an appeal with the Lazio Regional Administrative Court on January 11, 2019 for cancellation of the notice with which the Municipality of Rome had starting the procedure to apply default penalties. Subsequently, on 19 December 2019, the Municipality of Rome notified Italgas Reti of a managerial resolution in which it quantified the amount allegedly owed by Italgas Reti by way of penalty for the alleged failure to timely implement the Business Plan at 91,853,392.79 euro, and reserved the right to enforce the bank guarantee issued to guarantee the proper performance of the aforesaid contract. On January 20, 2020, Italgas Reti contested the aforementioned managerial resolution at the Lazio Regional Administrative Court and submitted, as a precautionary measure, a petition to suspend the effect of the measure, disputing, among other things, (i) the invalidity due to vagueness of the penalty clause, (ii) non-existence and/or in any case non-chargeability of Italgas Reti for the breaches challenged by the Municipality of Rome, (iii) waiver by the Municipality to promptly apply the penalty clause, (iv) violation of the procedure to apply the penalty clause.
The Regional Administrative Court of Lazio, however, expressed some doubts as to the applicability of its jurisdiction. In light of these circumstances, the lodging of an appeal before the Court of Cassation was proposed for the prior settlement of jurisdiction.
During the chamber proceedings of April 22, 2020, the Regional Administrative Court with Order no. 4140/2020 acknowledged the proposal for prior settlement of jurisdiction and suspended the proceedings and, considering itself to be without jurisdiction, declared the precautionary application inadmissible. On May 13, 2020, Italgas Reti challenged this order before the Council of State, which upheld the precautionary appeal filed by Italgas Reti, suspending the effectiveness of the first instance order until the definition of the merits.
On 12 January 12, 2021, following the aforesaid jurisdictional ruling, the Court of Cassation declared the Jurisdiction of the Ordinary Court. Therefore, on February 11, 2021, Italgas Reti resumed the proceedings before the Civil Court of Rome.
In addition, on June 5, 2020, Italgas Reti lodged an appeal with the Regional Administrative Court of Lazio, by which it requested that the Municipality of Rome be ordered to pay Italgas Reti compensation of the total amount of 106,290,396.25 euro resulting from the failure of the Municipality of Rome to comply with the concession contract. Subsequently, consistent with the previous judgement, the Regional Administrative Court reaffirmed the jurisdiction of the Ordinary Court and Italgas Reti resumed the judgement before the Ordinary Court of Rome, asking for a joining

with the judgement concerning the penalties applied by Municipality of Rome. The evidentiary hearing for both court cases, which have been combined, has been set for July 11, 2023. Following the hearing, the judge ordered an Expert's Report (CTU) to be carried out in the course of 2024. At the hearing on 11 December 2024, the judge invited the parties to come to a settlement agreement on the dispute, adjourned – in the absence of a settlement – the hearing to February 18, 2025 for closing arguments.
Lastly, it should also be noted that on November 17, 2021, Italgas Reti obtained an order from the Court of Rome suspending the effects of the penalty quantification measure and preventing the Municipality of Rome from enforcing the surety given in relation to the penalty payment claims.
Also on the basis of an external legal opinion, the Company, at present, does not believe that the risk of losing the dispute it's more likely than not.

Municipality of Venice / Italgas Reti S.p.A. – Court of Venice

On April 24, 2019, the Municipality of Venice served, at the Court of Venice, a writ of summons, aimed at the verification and consequent payment by Italgas Reti of 59,006,552.03 euro as a consideration for use of the portion of the network subject to free acquisition for the period between June 1, 2010 and December 31, 2018 as well as the sums due for the same reason for the period after 31 December 2018 and until the final judgement.
Italgas Reti disputed the payment request brought by the Municipality, requesting the rejection of the claims on the basis of the fact that: a) the Municipality had received the network as a free transfer, thus without any financial outlay to be remunerated; b) no legislative reference exists that makes it possible to tie the determination of the fee for use of the network to the tariffs defined by ARERA; c) the fee for use of the assets of the so-called Block A had been included in the fee agreed with a later additional deed. In the alternative, Italgas Reti requested: a) the redetermination of the "appropriate" fee that Italgas Reti would have to pay to the Municipality in the period between January 1, 2013 and 31 December 2018 since, as a result of the Letta Decree, the concession had expired by law on 31 December 2012; b) that the Municipality be ordered to return the amount paid by Italgas Reti in the period between 1 January 1, 2013 and 31 December 2018 but not due to the Municipality (as the difference between the fee paid and the sum of the fees due), namely both the concession fee as well as that related to the use of Block A, as redetermined by the judge.
Having carried out the introductory procedural steps, by order of April 26, 2021, the judge ordered Italgas Reti to produce relevant documentation and consequently scheduled the hearing for May 31, 2022 for examination of the documentation. On May 31, 2022, the Municipality requested that Italgas Reti be ordered to supplement the documentation produced. Italgas Reti opposed the request for supplementation formulated by the Municipality and requested, principally, the postponement of the case for the clarification of the conclusions or, alternatively, the granting of a time limit to possibly counter respond. At the outcome of the hearing, the Judge requested additional documentation and adjourned the hearing to 17 January 17, 2023. On the date of this document, the Municipality insisted on the admission of a technical expert's report, while Italgas Reti requested that the hearing for clarification of the conclusions be postponed.
At this stage, the judge decided to order an Expert's Report (CTU). At the Date of the Registration Document, the expert's operations had begun. The next hearing, for examination of the CTU, is set for April 24, 2025.
Supported by a technical and economic appraisal issued by an expert and on the basis of an external legal opinion, the Company does not believe that the risk of losing the dispute it's more likely than not.

Municipality of Cavallino Treporti / Italgas Reti S.p.A. – Court of Venice

Following the judgement of the Council of State on the acquisition, free of charge, of the assets included in Block A, the Municipality of Cavallino-Treporti brought a civil proceeding before the Court of Venice in order to recover the sums that it deemed due for the use by Italgas Reti of the Block A assets. The first hearing, set for 17 December 2020, was adjourned to April 1, 2021 and, lastly, until April 22, 2021 for the admission of evidence in support of the respective defense arguments, and subsequently until January 13, 2022 for the final hearing. With judgement delivered on June 27, 2022, the Court of Venice rejected the case of the Municipality of Cavallino-Treporti.
The Municipality of Cavallino-Treporti filed an appeal before the Court of Appeals of Venice. With judgement of April 22, 2024, the Court of Appeals of Venice, albeit raising several doubts on the jurisdiction, rejected the appeal of the Municipality of Cavallino-Treporti.
The Municipality of Cavallino-Treporti then lodged a Court of Cassation appeal against the judgement of the Court of Appeals of Venice, Italgas Reti filed an appearance and, at this stage, a date for the hearing is currently pending. The amount of the claim is 4,699,129.00 euro.

Italgas manages the public natural gas distribution service in the aforementioned Municipality under the terms of the same concession agreements in place with the Municipality of Venice. This is due to the fact that the Municipality of Cavallino-Treporti was established in 1999 as a spin-off portion of the geographic area already falling within the Municipality of Venice.
Supported by an external legal opinion, the Company does not, at present, believe that the risk of losing the dispute it's more likely than not.

Publiservizi S.p.A. / Italgas S.p.A. – Florence Court

On July 25, 2019, a writ of summons was served on the Issuer by Publiservizi, on its own behalf and as agent of other Municipalities with stakes in Toscana Energia, which claimed the alleged violation of a shareholders' agreement signed on June 28, 2018 between Italgas S.p.A. and Publiservizi, thus requesting that Italgas be ordered to acquire a 3% stake in Toscana Energia S.p.A. (for the price of 70,000,000.00 euro indicated in the tender notice of July 20, 2018) or, in any case, to fulfil the aforementioned shareholders' agreement and, in the alternative, to pay Publiservizi an amount of 59,800,000.00 euro by way of compensation for damages for breach or, alternatively, by way of enrichment without just cause.
Following the exchange of introductory documents, by order of April 30, 2021, the Judge ruled that the case could be settled at that stage and therefore scheduled the hearing for specification of the pleadings for September 13, 2023. With judgement delivered on June 11, 2024, the Court of Florence fully rejected the requests of the writ of summons of Publiservizi. On January 13, 2025, Publiservizi (now Alia) lodged an appeal before the Court of Appeals of Florence against the judgement of the Court of Florence of June 11, 2024.

Criminal dispute

The main criminal disputes in which the Group is involved are set out below.

Italgas Reti S.p.A. – Ravanusa Event

The Public Prosecutor's Office at the Court of Agrigento opened an investigation into an explosion that occurred in the town of Ravanusa on 11 December 2021. The event caused a total of 9 victims and the collapse of and damage to several buildings. On 31 December 2021, the Public Prosecutor's Office at the Court of Agrigento served a notice of indictment on ten Italgas Reti employees, to allow for the execution of technical assessments that could not be repeated in joint consultation.
These assessments found the rupture of the steel pipe laid along Via Trilussa in 1988 by Siciliana Gas S.p.A. (company subject to a merger by incorporation into Società Italiana per il gas S.p.A. in 2008, which in turn became Italgas Reti on November 7, 2016). In addition, further laboratory investigations were carried out on odorising gas and soil samples taken near the site of the event in the days following the explosion and the presence of the odorising molecule was confirmed.
An extension of the preliminary investigation was requested and granted in July 2022, and a subsequent extension request for a further six months was notified in February 2023.
On May 16, 2023, the Public Prosecutor's Office requested the dismissal of the proceedings against all Italgas Reti's defendants, while it issued a notice of conclusion of the preliminary investigation pursuant to Article 415-bis of the Italian Code of Criminal Procedure against individuals of Siciliana Gas S.p.A and the company that had laid the pipeline. It should be noted that the natural person of Siciliana Gas S.p.A. involved in the proceeding did not transfer to Italgas Reti as part of the aforementioned merger by incorporation of Siciliana Gas S.p.A. into Società Italiana per il gas S.p.A.
Following the opposition to the request for dismissal filed by the injured parties, hearings were held before the Court of Preliminary Investigations on October 17, 2023, 5 December 2023, February 27, 2024, April 30, 2024 and May 31, 2024.
Following the hearings, the judge for preliminary investigations ordered further investigations, specifically aimed at studying the inspection and maintenance activities on the network, assigning the Public Prosecutor's Office a term of six months to complete them. The resulting determinations of the Public Prosecutor's Office are pending. On May 31, 2024, the judge for preliminary investigations also ordered the committal for trial of the representatives of Siciliana Gas S.p.A. and of the construction company.
In this proceeding, Italgas Reti appeared as the "civilly liable" party (i.e. the party assuming civil liability on behalf of the representative of Siciliana Gas S.p.A., subsequently merged into Italgas Reti) in the context of the claim opened with the insurance companies for the orderly handling of the claims under the third-party liability policy. At the trial

hearing on 12 December 2024, the defense of the Siciliana Gas representative requested an abbreviated trial subject to the expert examination, on which the judge reserved his decision, adjourning the hearing to February 6, 2025.
Italgas Reti, after having granted its willingness to the Municipality of Ravanusa to carry out a project for the removal of the rubble resulting from the explosion, completed the work in 2023.

Informative priorities ESMA 2024

In October 2024, the European Securities and Markets Authority (ESMA) published the document “Public Statement: European Common Enforcement Priorities for 2024”, which contained the annual recommendations for reporting purposes of the Consolidated Financial Statement in accordance with IFRS.

ESMA encourages companies, auditors and supervisory bodies to carefully consider the recommendations contained in the Public Statement when preparing, reviewing and supervising the 2024 annual financial statements, in light of their relevance and materiality on operations and the budget.

In particular, the enforcement topics in terms of statement of cash flow for the 2024 financial statements are related to:

- Liquidity within financial reporting;
- Covenants;
- Accounting policies, judgements and significant estimates
- Classification of subsidiaries, jointly controlled companies and significant influence;
- Revenues from contracts with customers.

An additional aspect highlighted in the Statement concerns the connections between financial reporting and sustainability reporting (for the latter, ESMA provides further specific recommendations in the document).

Though these connections do not represent enforcement priorities for 2024, ESMA considers them to be additional focus points for an improvement in the business reporting process, for impacts on specific sectors or on particular activities of the company, for future reporting requirements.

As for priorities related to financial reports pursuant to IFRS, ESMA identified the topics described below.

The Group has considered these issues for the purposes of preparing the Consolidated Financial Statements as of and for the year ended December 31, 2024:

Climate-related risks and impairment

The Group, through ERM, monitors risks related to climate-change issues, which are divided into physical risks, directly due to weather-climate variations, and transition risks, linked to society's socio-economic reaction to climate change.

The identified physical risks are the increased frequency of extreme natural events in the areas where Italgas operates and the rise in average temperatures in the same areas. Italgas constantly monitors the integrity of its infrastructure and adopts new technologies to reduce environmental impact, identify critical issues in advance, and avoid negative impacts on the service level.

The transition risks, on the other hand, are represented by: (i) changes in the regulatory and legislative context regarding greenhouse gases with the aim of limiting emissions, (ii) technological evolution, (iii) uncertainty about the role of natural gas in the future energy mix. To mitigate these risks, Italgas invests in innovative technologies (Picarro Surveyor, Power to Gas), in transforming the network into a digital infrastructure ready for the distribution of gases other than methane (such as hydrogen, biomethane, and e-gas), and in projects in the water and energy efficiency sectors. Additionally, Italgas pursues specific objectives for reducing greenhouse gas emissions, also through energy efficiency projects.

The rise in temperatures and transition risks could have, among other things, a negative impact on the number of active delivery points served and on revenues for the component related to covering operating costs. However, this risk is mitigated by Resolution 570/19 and Determination 4/2023, with which ARERA introduces a revenue adjustment mechanism aimed at compensating for the consequences of the reduction in delivery points in individual locations.

Finally, with reference to the risk related to gas demand, it is noted that under the tariff system currently applied to natural gas distribution services, revenue hedging mechanisms are envisaged.

For these reasons, it is believed that, also considering the specific business and sectors in which it operates, the Group currently has limited exposure to the impacts that possible climate risks could have on the valuation of non-current assets and other assets, including receivables, recorded in the financial statements.

Similarly, due to the systematic monitoring of its assets and the areas on which they are located, the Italgas Group is able to identify in advance possible situations that could generate the emergence of potential liabilities related to climate risks.

International Tax Reform – Pillar Two Model Rules

Legislative Decree no. 209 of 27 December 2023, transposing Council Directive (EU) no. 2022/2523 on "Global Minimum Tax" (also known as "Pillar Two"), introduced a reference regulation in Italy to guarantee a minimum level of taxation for multinational and national groups of businesses, applicable from January 1, 2024. Council Directive (EU) no. 2022/2523 was also adopted in Greece with Law 5100/2024.

The new provisions apply to undertakings operating in Italy and Greece belonging to multinational or national groups with consolidated annual revenues of 750 million euro or higher, calculated as an average in at least two of the four financial years immediately prior to the reporting year. The objective of the legislation is to ensure that such undertakings are subject to an effective minimum tax rate of 15%, with possible tax supplements required in jurisdictions that do not reach this level.

The regulation in question applies to Italgas S.p.A. and its subsidiaries since they form part of the CDP Group. Cassa Depositi e Prestiti S.p.A., as ultimate parent entity ("UPE"), is responsible for carrying out the minimum tax calculations based on the data provided by the subsidiaries.

At the approval date of these financial statements, Cassa Depositi e Prestiti S.p.A. has not yet finalised the calculations. However, on the basis of preliminary estimates and analyses that Italgas and the CDP Group have made for the jurisdictions where Italgas and its subsidiaries operate (Italy and Greece), no liabilities for supplementary tax of a significant amount were found.

Public funds received in Italy

With reference to the new rules introduced by Law no. 124 of August 4, 2017 "Annual competition law", under Article 1, paragraphs 125-129, please note that the following grants from public authorities relating to the construction of gas networks in Italy were collected in 2024.

Beneficiary	Grantor			Type of transaction	Amount €
	Designation Company name	Tax code	VAT Number		
ITALGAS RETI S.P.A.	BENESTARE	81000530808	81000530808	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	278,365.00
ITALGAS RETI S.P.A.	CAMINI	81000690800	81000690800	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	71,505.00
ITALGAS RETI S.P.A.	FOSSATO	00296630791	00296630791	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	134,424.00
ITALGAS RETI S.P.A.	NOCERA TERINESE	00297930796	00297930796	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	529,422.00
ITALGAS RETI S.P.A.	RIACE	81000670802	81000670802	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	49,905.00
ITALGAS RETI S.P.A.	TIRIOLO	00297960791	00297960791	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	105,602.00

ITALGAS RETI S.P.A.	AUTORITÀ DI REGOLAZIONE PER ENERGIA RETI E AMBIENTE	97190020152	97190020152	Innovative project development – 3D ASSET	534,912.00
ITALGAS RETI S.P.A.	AUTORITÀ DI REGOLAZIONE PER ENERGIA RETI E AMBIENTE	97190020152	97190020152	Innovative project development – REVERSE FLOW	428,604.00
TOSCANA ENERGIA S.P.A.	BAGNO A RIPOLI	1329130486	1329130486	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	8,472.67
TOSCANA ENERGIA S.P.A.	FIGLINE/INCISA	6396970482	6396970482	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	10,236.00
TOSCANA ENERGIA S.P.A.	AZIENDA OSPEDALIERO UNIVERSITARIA PISANA	1310860505	1310860505	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	67,910.00
MEDEA S.P.A.	CONSORZIO INTERCOMUNALE DI SALVAGUARDIA AMBIENTALE	91005820922	02413680923	Plant account grants - Del. 54/28 11.22.2005 Art. 5 of autonomous region of Sardinia	6,803,489.27
MEDEA S.P.A.	COMUNE DI SANT'ANNA ARRESI	81001910926	01351570922	Plant account grants - Del. 54/28 11.22.2005 Art. 5 of autonomous region of Sardinia	1,157,622.80
TOTAL					**10,180,469.74**

27) *Total revenues and other income*

The breakdown of *Total revenues and other income* is shown in the following table.

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Revenues	2,564,193	2,478,644
Other income	74,648	60,792
Total revenues and other income	**2,638,841**	**2,539,436**

Group revenues are generated in Italy and Greece.

An analysis of revenue by operating segment is provided in Note 34 “Information by operating segment”.

Revenues from related parties are described in Note 36 “Related party transactions”.

Revenues

Revenues, amounting to 2,478,644 thousand euro (2,564,193 thousand euro for the year ended December 31, 2023), are analysed in the table below:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Gas distribution	1,422,281	1,536,573
Revenues for infrastructure construction and improvements (IFRIC 12)	787,136	746,503
Technical assistance, engineering, IT and various services	47,199	53,109
Energy efficiency interventions	281,866	31,869
Integrated water service	8,435	96,125
Gas sales	1,748	-
Other ESCo revenues	13,499	14,358
Sale of other products	2,029	107
Revenues	**2,564,193**	**2,478,644**

Revenues refer primarily to the consideration for the natural gas distribution service and other gas regulated revenues (1,536,573 thousand euro for the year ended December 31, 2024 and 1,422,281 thousand euro for the year ended December 31, 2023) and revenues deriving from the construction and upgrading of gas and water distribution infrastructure connected with concession agreements pursuant to IFRIC 12 (746,503 thousand euro for the year ended December 31, 2024 and 787,136 thousand euro for the year ended December 31, 2023).

Gas distribution revenues in Italy are reported net of the following items, involving tariff components in addition to the tariff applied to cover gas system expenses of a general nature. The amounts in question are paid, where positive, or charged, where negative, for an equal amount, to the CSEA.

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
RE-RS-UG1 fees	9,022	180,998
UG3 fees	(2)	43,364
Gas Bonus and GS fees	(292,661)	(56,262)
UG2 fees	(727,529)	(32,640)
Total	**(1,011,170)**	**135,460**

The additional fees of the distribution service (135,460 thousand euro for the year ended December 31, 2024 and negative for 1,011,170 thousand euro for the year ended December 31, 2023) mainly relate to the following components: (i) RE, to cover the expenses burdening the Fund for calculating and implementing energy savings and the development of renewable energy sources in the gas sector; (ii) RS, to cover expenses burdening the Account for gas services quality; (iii) UG1, to cover any imbalances in and adjustments to the equalisation system; (iv) UG2, to cover the costs of retail sales marketing; (v) UG3int, to cover expenses connected to the interruption of services; (vi) UG3ui, to cover expenses connected to any imbalances in specific equalisation mechanism balances for the Default Distribution Service Provider (FDD) as well as the expenses for payment delays incurred by Suppliers of Last Instance (FUI), limited to end customers for which the supply cannot be suspended; (vii) UG3ft, to cover the arrears paid to temporary providers on the transport system; (viii) GS, to cover the tariff compensation system for economically disadvantaged customers.

Gas distribution revenue (1,536,573 thousand euro for the year ended December 31, 2024 and 1,422,281 thousand euro for the year ended December 31, 2023) refers to natural gas distribution on behalf of all commercial operators requesting access to the networks of the distribution companies and include the effects arising from (i) the implementation of Resolution no. 737/2022/R/gas in terms of recognition of the residual value of smart meters of a class not exceeding G6 produced up to the year 2016 and commissioned by the year 2018, (ii) the higher revenues associated with the contribution pursuant to Article 57 of ARERA Resolution no. 570/2019/R/gas relating to the replacement of traditional meters with electronic smart meters and the recovery of non-depreciation (so-called IRMA) pursuant to Consultation Document DCO 545/2020/R/gas, Resolution no. 570/2019/R/gas, Resolution no. 287/2021 and Determination no. 3/2021.

Gas distribution revenue was also reduced as a result of the effects of (i) Resolution no. 207/2024/R/gas, which retroactively, for the 2011-2016 period, did not recognise the costs previously approved for the natural gas metering services related to the smart reading/remote management systems and concentrators (9.9 million euro), (ii) Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, relating to the tariff recognition of capital costs in start-up locations starting from the 2018 financial year in which Italgas Reti did not reach the ceiling (re-delivery point density per km of network) expected in the years following the first gas supply (4.6 million euro relating to the 2018-2023 period, 0.9 million euro relating to 2024).

Italgas has acted to challenge these resolutions.

Revenues from energy efficiency measures (31,869 thousand euro for the year ended December 31, 2024 and 281,866 thousand euro for the year ended December 31, 2023) decreased mainly due to the expiration of the so-called "Superbonus" boost (Decree Law 34/2020; or "Relaunch Decree"). In this context, the Group ESCo is now focused on the development of industrial efficiency projects and the integration of the offer for the residential sector.

Revenues from integrated water service for 96,125 thousand euro for the year ended December 31, 2024 (8,435 thousand euro for the year ended December 31, 2023) are related to water capture, supply, transport, distribution and sale in Campania.

Other income

Other income, amounting to 60,792 thousand euro for the year ended December 31, 2024 (74,648 thousand euro for the year ended December 31, 2023), can be broken down as follows:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Income from gas distribution service safety recovery incentives	27,179	2,436
Plant safety assessment pursuant to ARERA Resolution no. 40/04	1,778	1,541
Other income from regulated activities	8,472	9,721
Release of connection contributions relating to the year	19,184	18,999
Capital gains from sale of assets	1,210	1,892
Sundry management refunds and chargebacks	9,062	18,148
Contractual penalties receivable	885	418
Income from real estate investments	230	287
Revenues from seconded personnel	357	1,215
Sundry other	6,291	6,135
Other income	**74,648**	**60,792**

Income from gas distribution service safety recovery incentives, in the amount of 2,436 thousand euro, relates to refunds paid by the Authority associated with achieving quality and technical standards relating to the natural gas distribution service. The reduction essentially refers to the effects of Resolution no. 490/2024/R/gas, which cancelled the gas distribution service safety premiums for the year 2020, and therefore the non-recognition of approximately 24.0 million euro. Italgas does not agree with the contents of Resolution no. 490/2024/R/gas and has taken action to enforce its rights and interests in the relevant offices.

Refunds and operating chargebacks include 18,148 thousand euro of reimbursements from suppliers related to faulty meters under warranty.

Revenues from capital gains from sale of assets, in the amount of 1,892 thousand euro for the year ended December 31, 2024, mainly refer to the sale of buildings and cryogenic LNG tanks.

28) *Total costs and other expenses*

The breakdown of *Total costs and other expenses*, amounting 1,220,732 thousand euro for the year ended December 31, 2024 (1,412,036 thousand euro for the year ended December 31, 2023), is shown in the following table:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Costs for raw materials, consumables, supplies and goods	195,869	168,459
Costs for services	794,466	606,581
Lease expense	89,133	102,496
Personnel costs	279,587	291,004
Impairment of trade receivables, net	124	(822)
Other expenses	57,717	60,921
To be deducted:		
Increases for own work	**(4,860)**	**(7,907)**
- of which costs for services	(2,073)	(2,036)
- of which labour costs	(2,787)	(5,871)
Total costs and other expenses	**1,412,036**	**1,220,732**

Costs for raw materials, consumables, supplies and goods

Costs for raw materials, consumables, supplies and goods, amounting to 168,459 thousand euro (195,870 for the year ended December 31, 2023), comprise the following:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Inventories	182,473	137,045
Purchase of gas	3,307	3,472
Purchase of water	2,720	195
Motive power and water lifting	1,279	22,704
Purchase of fuel	4,697	4,046
Consumables	1,394	997
Costs for raw materials, consumables, supplies and goods	**195,870**	**168,459**

Inventories refer in particular to the acquisition of meters and gas pipes. it also includes 2,248 thousand euro in materials related to services delivered to the Campania Region.

The purchase of water decreased by 2,525 thousand euro predominantly following the first-time consolidation of Acqua Campania.

Motive power and water lifting amounting to 22,704 thousand euro (1,279 thousand euro for the year ended December 31, 2023) increased following the entry into the scope of consolidation of Acqua Campania.

Purchase costs for raw materials, consumables, supplies and goods include costs relating to the construction and upgrading of gas distribution and water service infrastructure amounting to 127,284 thousand euro (159,872 thousand euro for the year ended December 31, 2023), recorded in accordance with IFRIC 12.

Costs for services

Costs for services of 604,545 thousand euro (792,394 thousand euro for the year ended December 31, 2023) relate to:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Project management and plant maintenance	620,170	414,957
Consultancy and professional services	70,181	67,110
Costs for personnel services	18,803	20,259
IT and telecommunications services	47,737	43,538
Electricity, water and other (utility) services	6,474	4,884
Insurance	6,849	6,840
Cleaning, security service and guard services	4,095	4,281
Advertising and entertainment	5,060	5,334
Costs for seconded personnel	1,510	698
Works performed on behalf of the Campania Region	-	13,832
Other services	38,864	40,374
Use of risk provision	(25,276)	(15,526)
Costs for services, before deductions for increases for own work	**794,467**	**606,581**
To be deducted:		
Increases for own work	(2,073)	(2,036)
Costs for services	**792,394**	**604,545**

Costs for services include costs relating to the construction and upgrading of gas distribution and water distribution infrastructure amounting to 478,116 thousand euro (501,283 thousand euro for the year ended December 31, 2023) recognised pursuant to IFRIC 12.

Costs for project management and plant maintenance (414,957 thousand euro for the year ended December 31, 2024 and 620,170 thousand euro for the year ended December 31, 2023) essentially relate to the extension and maintenance of gas distribution plants, as well as work carried out on buildings for energy efficiency purposes. The reduction of 205,213 thousand euro is mainly due to the progressive conclusion of "Superbonus" works (DL no. 34/2020, also known as the "Relaunch Decree").

Lease expenses, of 102,496 thousand euro (89,139 thousand euro for the year ended December 31, 2023), regard:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Patent, license and concession fees	78,221	85,242
Leases and rentals	10,934	17,254
Use of risk and charges provision	(23)	-
Lease expenses	**89,132**	**102,496**

Fees, patents and licences (85,242 thousand euro for the year ended December 31, 2024 and 78,221 thousand euro for the year ended December 31, 2023) refer primarily to fees recognised to contracting parties for the running of natural gas distribution activities under concession.

Leases and rentals include costs relating to the construction and upgrading of gas distribution infrastructure amounting to 16,425 thousand euro (10,172 thousand euro for the year ended December 31, 2023) recognised in accordance with IFRIC 12.

Personnel costs

Personnel costs, totalling 285,133 thousand euro (276,800 thousand euro for the year ended December 31, 2023), breaks down as follows:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Wages and salaries	198,722	209,744
Social charges	57,854	60,684
Employee benefits	17,982	16,659
Other expenses	5,029	3,917
Personnel costs, before deductions for increases for own work	**279,587**	**291,004**
To be deducted:		
Increases for own work	(2,787)	(5,871)
Personnel costs	**276,800**	**285,133**

The item includes costs relating to the construction and upgrading of gas distribution infrastructure amounting to 118,104 thousand euro (113,673 thousand euro for the year ended December 31, 2023) recognised pursuant to IFRIC 12.

Employee benefits (16,659 thousand euro for the year ended December 31, 2024 and 17,982 thousand euro for the year ended December 31, 2023) mainly regard the employee severance pay accrued, to be paid to pension funds or to INPS.

Other expenses of 3,917 thousand euro (5,029 thousand euro for the year ended December 31, 2023), in particular refer to charges for the incentive plan for senior executives (co-investment plan).

For Stock Grant plans for Company employees, the *fair value* of the option, determined at the time it is granted (calculated on the basis of the "Black-Scholes" economic and actuarial method) is posted to the income statement as a cost throughout the vesting period, with a corresponding balancing item in a reserve under equity.

More details are provided in the "Provisions for employee benefits" note.

Average number of employees

The average number of payroll employees of the consolidated entities, broken down by status, is as follows:

Professional qualification	For the year ended December 31, 2023	For the year ended December 31, 2024
Executives	75	82
Middle Managers	381	431
Employees	2,471	2,513
Manual workers	1,329	1,312
Average number of employees	**4,256**	**4,338**

The average number of employees is calculated on the basis of the monthly number of employees for each category. The increase stems mainly from the entry of Acqua Campania into the scope of consolidation.

There were 4,330 employees on average.

Remuneration due to key management personnel

The remuneration due to persons with powers and responsibilities for the planning, management and control of the Company, i.e. executive and non-executive directors, general managers and executives with strategic responsibilities ("key management personnel"), in office for the year ended December 31, 2024, amounted to 10,302 thousand and breaks down as follows:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Wages and salaries	7,979	8,081
Post-employment benefits	759	755
Other long-term benefits	1,406	1,466
Remuneration due to key management personnel	**10,144**	**10,302**

Remuneration due to Directors and Statutory Auditors

Remuneration due to Directors, except for the Chairperson and the CEO who form part of the key management personnel as explained in the foregoing paragraph, amounted to 2,584 thousand euro and remuneration due to Statutory Auditors amounted to 721 thousand euro (Article 2427, no. 16 of the Italian Civil Code). This remuneration includes emoluments and any other amounts relating to pay, pensions and healthcare due for the performance of duties as a director or statutory auditor giving rise to a cost for the Company, even if not subject to personal income taxes.

Other expenses, 60,921 thousand euro (57,718 thousand euro for the year ended December 31, 2023), are analysed below:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Other penalties	3,069	6,887
Indirect taxes, local taxes	6,625	5,697
Allocations to/releases from provision for risks and charges	1,118	673
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	40,302	39,760
Sundry other	6,604	7,904
Other expenses	**57,718**	**60,921**

Other penalties for 6,887 thousand euro (3,069 thousand euro for the year ended December 31, 2023) mainly refer to the gas distribution sector.

Net allocations to provisions for risks and charges totalled 673 thousand euro (1,118 thousand euro for the year ended December 31, 2023). For more details on the changes during the financial year, please refer to the note "Provisions for risks and charges".

The capital losses from the disposal/recovery of fixed assets (39,760 thousand euro for the year ended December 31, 2024 and 40,302 thousand euro for the year ended December 31, 2023) mainly relate to the replacement of meters, as well as pipes and connections.

Operating costs relating to the construction and upgrading of gas distribution and water service infrastructure connected with concession agreements pursuant to what is set forth in IFRIC 12, amount to 746,504 thousand euro and are broken down as follows:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Costs for raw materials, consumables, supplies and goods	159,872	127,284
Costs for services	501,283	478,116
Costs for the use of third-party assets	10,172	16,425
Personnel costs	113,673	118,104
Other expenses	2,136	6,575
Total costs and other expenses	**787,136**	**746,504**

29) *Amortisation, depreciation and impairment of assets*

Amortisation, depreciation and impairment of assets, totalling 536,555 thousand euro (545,546 thousand euro for the year ended December 31, 2023), breaks down as follows:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Amortisation and depreciation	**522,530**	**549,120**
- Property, plant and equipment	17,719	20,547
- Right of Use pursuant to IFRS 16	29,691	32,462
- Intangible assets	475,120	496,111
Impairment	**23,016**	**(12,565)**
- Use of provision	-	(12,565)
- Impairment of intangible assets	23,016	-
Amortisation, depreciation and impairment of asset	**545,546**	**536,555**

Impairment of assets, amounting to a net use of 12,565 thousand euro (a net impairment of 23,016 thousand euro for the year ended December 31, 2023) refer to the use of provision for impairment of assets related to faulty gas smart meters.

30) *Net financial expense*

Net financial expense, amounting to 120,666 thousand euro (98,229 thousand euro for the year ended December 31, 2023), comprises:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Total financial expense	**(94,289)**	**(122,362)**
Financial expense	(100,009)	(139,862)
Financial income	5,720	17,500
Total other financial income	**(3,863)**	**1,317**
Other financial expenses	(3,633)	(9,704)
Other financial income	(230)	11,021
Gain/(loss) on derivatives measured at fair value	**(77)**	**379**
Net financial expense	**(98,229)**	**(120,666)**

Below is the breakdown of financial expenses, financial income and other financial expenses and income:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Net financial expense	**(94,289)**	**(122,362)**
Borrowing costs:	**(100,009)**	**(139,862)**
- Interest expense on notes	(70,312)	(108,218)
- Commission expense on bank loans and credit lines	(8,860)	(4,824)
- Interest expense on credit line and loan expense due to banks and other lenders	(20,837)	(26,820)
Financial expense capitalised		
Income on financial receivables:	**5,720**	**17,500**
- Interest income and other income on financial receivables non-held for operations	5,720	17,500
Total net financial expense:	**(3,863)**	**1,317**
- Capitalised financial expense	1,424	1,293
- Financial income (expense) connected with the passing of time (accretion discount) (*)	(3,590)	(2,769)
- Expense for Right of Use pursuant to IFRS 16	(1,132)	(1,376)
- Other expenses	(334)	(6,852)
- Other income	(231)	11,021
Gain/(loss) on derivatives measured at fair value	**(77)**	**379**
Net financial expense	**(98,229)**	**(120,666)**

(*) The item relates to the increase in the provisions for risks and charges and provisions for employee benefits that are specified, at a discounted value, in the notes “Provisions for risks and charges” and “Provisions for employee benefits”.

31) *Total net income from equity investments*

Net income from equity investments, totalling 11,209 thousand euro (3,068 thousand for the year ended December 31, 2023), breaks down as follows:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Share of the profit of investments in associates/joint ventures	**1,652**	**9,945**
Income from share of the profit of equity investments in associates/joint ventures	1,652	9,945
Other income from equity investments	**1,416**	**1,264**
Dividends	25	-
Other income from equity investments	1,391	1,264
Net income from equity investments	**3,068**	**11,209**

Details of capital gains and capital losses accounted for using the equity method can be found in the note "Investments accounted for using the equity method".

Other income from equity investments refers to the contribution deriving from equity investments in other companies (Distribution Networks).

32) *Income taxes*

Income taxes for the year, amounting to 165,257 thousand euro (118,626 thousand euro for the year ended December 31, 2023) comprise:

(€ thousands)	For the year ended December 31, 2023			
	IRES	IRAP	FOREIGN	Total
Current taxes	**123,374**	**23,902**	**5,309**	**152,585**
Current taxes for the year	149,410	29,088	5,309	183,807
Patent box	(32,860)	(6,539)	-	(39,399)
Adjustments for current taxes pertaining to previous years	6,824	1,353	-	8,177
Deferred and prepaid taxes	**(40,048)**	**(2,332)**	**8,421**	**(33,959)**
Deferred taxes	(15,988)	(1,643)	8,129	(9,502)
Prepaid taxes	24,060	689	(292)	24,457
Income taxes	**83,326**	**21,570**	**13,730**	**118,626**

(€ thousands)	For the year ended December 31, 2024			
	IRES	IRAP	FOREIGN	Total
Current taxes	**130,893**	**29,400**	**3,667**	**163,960**
Current taxes for the year	156,056	33,292	3,667	193,015
Patent box	(18,311)	(3,639)	-	(21,950)
Adjustments for current taxes pertaining to previous years	(6,852)	(253)	-	(7,105)
Deferred and prepaid taxes	**(12,261)**	**727**	**12,831**	**1,297**
Deferred taxes	(13,412)	(1,186)	12,831	(1,767)
Prepaid taxes	(1,151)	(1,913)	-	(3,064)
Income taxes	**118,632**	**30,127**	**16,498**	**165,257**

Income taxes include current taxes of 163,960 thousand euro (152,585 thousand euro for the year ended December 31, 2023) and net deferred taxes of 1,297 thousand euro.

Current taxes (IRES and IRAP) consider the patent box benefit – pursuant to Article 1, subsections 37 to 45, Law no. 190/2014, as amended – resulting in an estimated tax benefit of 21,951 thousand euro (39,399 thousand euro for the year ended December 31, 2023).

The rates applied and provided for by the Italian tax regulations for current taxes are 24% for IRES and 4.2% for IRAP. The rate applied and provided for by the Greek tax regulations for current taxes is 22%.

The reconciliation of the theoretical tax charge, calculated by applying the corporation tax (IRES) rate in force in Italy of 24%, with the actual tax charge for the year can be broken down as follows:

(€ thousands)	For the year ended December 31, 2023		For the year ended December 31, 2024	
	Tax rate	**Balance**	**Tax rate**	**Balance**
IRES and FOREIGN				
Profit before Tax		586,097		672,691
IRES tax calculated based on the theoretical tax rate	**24.00%**	**140,663**	**24.00%**	**161,446**
Tax effect on:				
- Income from equity investments	0.7%	3,880	0.8%	5,179
- Patent box	(5.6)%	(32,860)	(2.7)%	(18,311)
- Current taxes for previous years	0.0%	140	(1.0)%	(6,852)
- “Super Iper amortisation and depreciation” tax benefit	(1.5)%	(8,738)	(1.3)%	(8,594)
- Other permanent differences	(1.0)%	(6,029)	0.3%	2,262
IRES taxes for the year through profit or loss	**16.6%**	**97,056**	**20.1%**	**135,130**

(€ thousands)	For the year ended December 31, 2023		For the year ended December 31, 2024	
	Tax rate	**Balance**	**Tax rate**	**Balance**
IRAP				
Operating profit for IRAP		603,239		782,147
IRAP tax calculated based on the theoretical tax rate	**4.2%**	**25,336**	**4.2%**	**32,850**
Tax effect on:				
- Taxes for previous years	0.2%	1,353	0.0%	(253)
- Patent box	(1.1)%	(6,539)	(0.5)%	(3,639)
- Regional IRAP adjustments	0.5%	2,777	0.6%	4,201
- Other permanent differences	(0.2)%	(1,357)	0.2%	(3,032)
IRAP taxes for the year through profit or loss	**3.6%**	**21,570**	**4.5%**	**30,127**

An analysis of deferred tax assets and liabilities grouped based on the nature of the significant temporary differences that generated them can be found in the note “Deferred tax liabilities”.

Taxes related to components of comprehensive income

Current and deferred taxes related to other components of comprehensive income can be broken down as follows:

(€ thousands)	For the year ended December 31, 2023			For the year ended December 31, 2024		
	Gross value	**Tax impact**	**Net tax value**	**Gross value**	**Tax impact**	**Net tax value**
Remeasurement of defined-benefit plans for employees	48	(13)	**35**	(629)	176	**(453)**
Change in fair value of investments measured at FVTOCI	(489)	117	**(372)**	106	(25)	**81**
Fair value gain/(loss) arising from hedging instruments during the period	(19,860)	4,766	**(15,094)**	(15,321)	3,677	**(11,644)**
Other components f comprehensive income	**(20,301)**	**4,870**	**(15,431)**	**(15,844)**	**3,828**	**(12,016)**
Deferred tax assets		**4,870**			**3,828**	

33) *Earnings per share*

The *earnings per basic share*, equal to 0.59 euro (0.54 euro for the year ended December 31, 2023), was calculated by dividing the net profit attributable to Italgas equal to 478,854 thousand euro (439,568 thousand euro for the year ended December 31, 2023) by the weighted average number of Italgas shares during the year equal to 811,242,309 shares (810,745,220 shares for the year ended December 31, 2023).

The diluted earnings per share is calculated by dividing the net profit attributable to Italgas, equal to 478,854 thousand euro, by the weighted average number of shares during the period, excluding any treasury shares, increased by the number of shares that could potentially be added to those as a result of the assignment or disposal of treasury shares in the portfolio for stock grant plans. The diluted earnings per share, calculated also considering the co-investment plan, was 0.59 euro per share (0.54 euro per share for the year ended December 31, 2023).

34) *Information by operating segment*

In accordance with IFRS 8 "Operating Segments", the Group's identified segments as at December 31, 2024 are as follows:

- Gas distribution;
- Water service;
- Energy efficiency;
- Corporate.

The Gas Distribution operating segment aggregates the activities carried out in Italy and Greece.

Until 2023, the activities related to the water service business did not constitute an operating segment subject to separate reporting. The change occurred following the first consolidation of Acqua Campania S.p.A. in 2024.
Operating result is the key profit measure used by Group Management to assess performance and allocate resources to the Group's operating segments, as well as to analyze operating trends, perform analytical comparisons and benchmark performance between periods and among the segments. Operating result is defined as profit or loss before income taxes plus net financial expenses and net income from equity investments.
Investments in property, plant and equipment and Investments in intangible assets are the key measure used by the Group Management to allocate resources to the Group's operating segments.
The following tables summarize selected financial information by segment for the years ended 31 December, 2024 and 2023.

	For the year ended December 31, 2023				
(€ thousands)	Gas distribution	Water service	Energy efficiency	Corporate	Total
Total revenues and other income	**2,344,941**	**11,010**	**299,909**	**82,747**	**2,738,607**
to be deducted: inter-sector other revenues	*(17,017)*	*(15)*	*(1,742)*	*(80,992)*	***(99,766)***
Total revenues and other income from third parties	**2,327,924**	**10,995**	**298,167**	**1,755**	**2,638,841**
Operating result	**636,925**	**(737)**	**51,208**	**(6,139)**	**681,257**
Total net financial expense	-	-	-	-	(98,229)
Total net income from equity investments	-	-	-	-	3,068
Profit before taxes	-	-	-	-	**586,096**
Investments in property, plant and equipment	53,074	9	3,283	5,377	61,743
Investments in intangible assets	840,357	3,404	1,118	-	844,879
Total investments in property, plant and equipment and intangible assets	**893,431**	**3,413**	**4,401**	**5,377**	**906,622**

	For the year ended December 31, 2024				
(€ thousands)	Gas distribution	Water service	Energy efficiency	Corporate	Total
Total revenues and other revenues	**2,408,448**	**99,093**	**48,608**	**85,293**	**2,641,442**
to be deducted: inter-sector other revenues	(16,707)	(47)	(2,022)	(83,230)	(102,006)
Total revenues and other revenues and income from third parties	**2,391,741**	**99,046**	**46,586**	**2,063**	**2,539,436**
Operating result	**773,734**	**12,262**	**407**	**(4,254)**	**782,149**
Total net financial expense	-	-	-	-	(120,666)
Total net income from equity investments	-	-	-	-	11,209
Profit before taxes	-	-	-	-	**672,692**
Investments in property, plant and equipment	46,477	2,751	3,770	2,469	55,467
Investments in intangible assets (*)	851,102	26,958	577	50	878,687
Total investments in property, plant and equipment and intangible assets	**897,579**	**29,709**	**4,347**	**2,519**	**934,154**

(*) The item includes, for the gas distribution sector, the amount of 47,190 thousand euros relating to the acquisition completed as of February 1, 2024 of the Belluno ATEM concession for the management of natural gas distribution service, with a term of 12 years.

35) *Information by geographical area*

In accordance with Subsection 33 of IFRS 8, total revenues and other income, non-current assets and investments by geographic area are shown below:

(€ thousands) **As of and for the year ended December 31, 2023**	**Italy**	**Greece**
Total revenues and other income	2,384,087	254,754
Non-current assets	8,579,093	1,178,758
Investments in tangible and intangible assets	799,726	106,734

(€ thousands) **As of and for the year ended December 31, 2024**	**Italy**	**Greece**	**Non-EU countries**
Total revenues and other income	2,258,800	279,196	1,440
Non-current assets	9,061,549	1,287,444	-
Investments in tangible and intangible assets	765,979	120,984	-

36) *Related party transactions*

Considering the equity investment of CDP S.p.A. in Italgas S.p.A., pursuant to international accounting standard IFRS 10 – Consolidated Financial Statements, Italgas' related parties are represented, as well as by the subsidiaries, associates and joint ventures of Italgas, by the parent company CDP S.p.A. and its subsidiaries, including those under joint control, and associates, as well as by the subsidiaries, including under joint control, and associates of the Ministry of Economy and Finance (MEF), and in any case any other related parties pursuant to IAS 24. Members of the Board of Directors, Statutory Auditors and Key Managers of Italgas and of the companies that, even jointly, control Italgas, as well as their family members and the entities controlled by them, even jointly, are also regarded as related parties.

As explained in detail below, related-party transactions involve the trading of goods and the provision of regulated services in the gas sector. Transactions between Italgas and related parties are part of ordinary business operations and are generally settled at arm's length, i.e. at the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group.

Pursuant to the provisions of the applicable legislations, the Company has adopted internal procedures to ensure that transactions carried out by the Company or its subsidiaries with related parties are transparent and correct in their substance and procedure. In particular, Italgas has adopted the compliance standard "Transactions involving the interests of Directors and Statutory Auditors with Related Parties" ("RPT Procedure"), which is available on the company's website. The RPT Procedure defines, among other things, the methods for maintaining and updating the database of Italgas' related parties, the thresholds applicable for related-party transactions of negligible value, of lesser and greater importance, and the procedure for investigating and approving such transactions.

Italgas is not subject to management and coordination activities. Italgas exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Civil Code.

The amounts involved in commercial, financial and other transactions with the above-mentioned related parties, are shown below. The nature of the most significant transactions is also stated.

With reference in particular to the balances exposed towards the Eni Group and Enel Group, the underlying relations refer to the natural gas distribution service business, according to the terms of the Network Code, defined by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA). The Network Code regulates the non-discriminatory conditions, including tariffs, applicable to all distribution users.

Commercial and other transactions

Commercial and other transactions are analysed below:

(€ thousands)	As of December 31, 2023		For the year ended December 31, 2023				
			Costs (a)			Revenues (b)	
	Receivables	Payables	Assets	Services	Other	Services	Other
Parent company							
- CDP Group	-	209	-	94	21	-	-
Total Parent Company	**-**	**209**	**-**	**94**	**21**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	4,552	21	-	(32)	-	2,749	236
- Metano Sant'Angelo Lodigiano	732	(2)	-	(7)	-	426	92
- Gesam Reti	61	-	-	-	-	58	6
- Enerpaper	329	2,879	-	6,548	-	-	-
- Energie Rete Gas	1,541	5,863	-	4,160	1,755	1,352	38
Total Companies under joint control and associates	**7,215**	**8,761**	**-**	**10,669**	**1,755**	**4,585**	**372**
Companies owned or controlled by the State							
- Eni Group	130,542	41,681	6,845	727	2,024	64,497	4,522
- Snam Group	410	477	-	161	1	240	(96)
- Enel Group	42,291	9,384	(6)	327	611	(28,124)	(3,196)
- Anas Group	839	1,201	-	9	410	-	1,063
- Ferrovie dello Stato Group	904	38	-	4	700	65	772
- GSE Gestore Servizi Group	956	1,043	-	45	68,433	4,601	20
- Poste italiane Group	2	171	-	224	-	-	-
- Leonardo Group	28	157	-	129	-	-	105
- Saipem Group	3	27	-	-	-	-	3
Total Companies owned or controlled by the State	**175,975**	**54,179**	**6,839**	**1,626**	**72,179**	**41,279**	**3,193**
Other related parties							
- Zecca dello Stato	-	-	-	-	-	1	-
- Acqua Campania	-	1,378	2,689	-	-	-	-
- Eur Group	-	4	-	-	2	-	-
- Valvitalia Group	-	1,112	4,637	37	-	-	-
- Gruppo SMAT	-	-	-	-	-	-	2
- Autovie Venete	-	-	-	-	6	-	-
- Oper Fiber	-	-	-	-	-	-	6
- Dispositivi protezione individuale	1	11	1	14	14	-	-
- Monte Titoli	-	11	-	17	-	-	-
- Borsa Italiana	-	-	-	193	-	-	-
- Zurig Investment Life	-	1	-	1	-	-	-
- Ferrovienord	-	-	-	-	6	-	-
- Petrolig	15	-	-	-	-	-	-
- LT S.r.l.	306	1	-	380	-	-	-
- CESI - Giacinto Motta	-	21	-	19	-	-	-
- Assicurazioni Generali	891	-	-	-	-	-	(444)
- Valdarno	-	22	-	-	-	-	-
- Trevi	-	287	-	250	-	-	-
Total Other related parties	**1,213**	**2,848**	**7,327**	**911**	**28**	**1**	**(436)**
Total	**184,403**	**65,997**	**14,166**	**13,300**	**73,983**	**45,865**	**3,129**

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

(€ thousands)	As of December 31, 2024		For the year ended December 31, 2024				
			Costs (a)			Revenues (b)	
	Receivables	Payables	Assets	Services	Other	Services	Other
Parent company							
- CDP Group	-	95	1	100	195	-	-
Total Parent company	**-**	**95**	**1**	**100**	**195**	**-**	**-**
Companies under joint control and associates							
- Umbria Distribuzione Gas	2,972	30	-	(31)	-	839	86
- Metano Sant'Angelo Lodigiano	474	2	-	(8)	-	340	106
- Gesam Reti	81	-	-	-	-	78	6
- Enerpaper	45	290	-	403	-	-	-
- Energie Rete Gas	2,007	10,835	92	7,876	1,579	1,322	367
Total Companies under joint control and associates	**5,579**	**11,157**	**92**	**8,240**	**1,579**	**2,579**	**565**
Companies owned or controlled by the State							
- Eni Group	177,500	40,716	4,468	704	2,402	570,429	3,723
- Snam Group	413	376	-	156	167	240	111
- Enel Group	49,177	11,625	(3)	150	1,342	167,987	2,928
- Anas Group	353	1,248	12	7	525	-	699
- Ferrovie dello Stato Group	696	56	-	33	710	245	176
- GSE Gestore Servizi Group	1,073	(678)	-	60	80,466	2,823	(1,372)
- Poste italiane Group	5	150	-	277	-	-	-
- Leonardo Group	33	115	-	186	-	1	5
- Rai Group	-	-	-	-	1	-	-
- Saipem Group	3	27	-	-	-	-	-
Total Companies owned or controlled by the State	**229,253**	**53,635**	**4,477**	**1,573**	**85,613**	**741,725**	**6,270**
Other related parties							
- Zecca dello Stato	-	12	12	-	-	-	-
- Eur Group	-	4	-	-	2	-	-
- Valvitalia Group	-	488	2,040	(3)	-	-	-
- CESI - Giacinto Motta	-	22	-	11	-	-	-
- Trevi	-	90	-	277	-	-	-
Total Other related parties	**-**	**616**	**2,052**	**285**	**2**	**-**	**-**
Total	**234,832**	**65,503**	**6,622**	**10,198**	**87,389**	**744,304**	**6,835**

[a] Include costs for goods and services for investment.

[b] Gross of the regulation components having contra entry in costs.

Parent company

Commercial relations with the CDP Group are essentially related to fees due to directors.

Companies under joint control and associates

With Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A., the main receivable commercial transactions mainly refer to IT and staff services.

With Enerpaper S.r.l., the payable commercial transactions refer to activities related to Superbonus construction sites managed by the Group.

With Energie Rete Gas S.r.l., the main receivable commercial transactions refer to technical services on the gas network and sale of cryogenic LNG tanks; the main payable transactions refer to services associated with the transport of natural gas by road.

Companies owned or controlled by the State

The main receivable commercial transactions predominantly refer to:

- the distribution of natural gas to the Eni Group and Enel Group;
- IT services and chargebacks of gas supply truck costs related to the Snam Group;

- energy efficiency certificates and net metering/dedicated collection of energy efficiency produced by photovoltaic plants in relation to the GSE Gestore Servizi Group;
- services associated with natural gas distribution in relation to the Ferrovie dello Stato Group and the Anas Group.

The main payable commercial transactions refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group;
- rental expenses and additional charges to lease contracts with the Snam Group;
- acquisition of energy efficiency certificates in relation to the GSE Gestore Servizi Group

Financial transactions

Financial transactions can be broken down as follows:

(€ thousands)	As of December 31, 2023		For the year ended December 31, 2023	
	Receivables	**Payables**	**Income**	**Expense**
Parent company				
- CDP Group	1,075	-	1	-
Total Parent Company	**1,075**	**-**	**1**	**-**
Companies under joint control and associates				
- Energie Rete gas	2,126	-	-	-
Total Companies under joint control and associates	**2,126**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-
Total State-owned or controlled enterprises	**-**	**2,202**	**-**	**-**
Other related parties				
- Acqua Campania	2,581	-	-	-
Total Other related parties	**2,581**	**-**	**-**	**-**
Total	**5,782**	**2,202**	**1**	**-**

(€ thousands)	As of December 31, 2024		For the year ended December 31, 2024	
	Receivables	**Payables**	**Income**	**Expense**
Parent company				
- CDP Group	1,570	143,944	-	1,171
Total Parent Company	**1,570**	**143,944**	**-**	**1,171**
Companies under joint control and associates				
- Energie Rete gas	2,125	-	-	-
- Umbria Distribuzione Gas	-	-	253	-
Total Companies under joint control and associates	**2,125**	**-**	**253**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Snam Group	-	1,466	-	-
Total State-owned or controlled enterprises	**-**	**2,202**	**-**	**-**
Total	**3,695**	**146,146**	**253**	**1,171**

Parent company

The main financial transactions conducted with the CDP Group concern portions of notes issued by Italgas as part of the EMTN Programme and portions of a mutual investment fund subscribed by Italgas.

Companies under joint control and associates

The main financial transactions with Energie Rete Gas relate to a shareholder loan agreement.

The main financial transactions conducted with Umbria Distribuzione Gas are related to the chargeback of interest in arrears due to non-payment.

Companies owned or controlled by the State

The main financial transactions conducted with the Ferrovie dello Stato Group, the Anas Group, Eni Group and the Snam Group relate to IFRS16 debt for real estate operating leases.

Transactions with Directors, Statutory Auditors and key managers, with reference in particular to their remuneration, are described in the note "Operating costs", to which reference is made.

Impact of related-party transactions or positions on the Statement of Financial Position, Income Statement and Statement of Cash Flows

The impact of related-party transactions or positions on the Statement of Financial Position is summarised in the following table:

(€ thousands)	As of December 31, 2023			As of December 31, 2023		
	Total	Related entities	Incidence %	Total	Related entities	Incidence %
Statement of Financial Position						
Current financial assets	4,248	2,127	50.07%	3,592	2,125	59.16%
Trade and other receivables	853,488	184,114	21.57%	905,092	234,138	25.87%
Other current financial assets	18,094	-	0.00%	5,878	-	0.00%
Other current non-financial assets	152,864	2	0.00%	232,559	288	0.12%
Non-current financial assets	23,778	3,655	15.37%	339,747	1,570	0.46%
Other non-current financial assets	13,708	-	0.00%	10,982	-	0.00%
Other non-current non-financial assets	417,069	287	0.07%	619,323	406	0.07%
Current financial liabilities	1,033,434	636	0.06%	980,569	4,580	0.47%
Trade and other payables	829,862	65,775	7.93%	1,184,609	64,410	5.44%
Other current non-financial liabilities	17,393	222	1.28%	14,063	1,093	7.77%
Non-current financial liabilities	5,886,922	1,566	0.03%	6,205,299	141,566	2.28%
Other non-current non-financial liabilities	527,884	-	0.00%	566,985	-	0.00%

The impact of related-party transactions on the Income Statement is summarised in the following table:

(€ thousands)	For the year ended December 31, 2023			For the year ended December 31, 2024		
	Total	Related entities	Incidence %	Total	Related entities	Incidence %
Income Statement						
Revenues	2,564,193	45,865	1.79%	2,478,644	744,304	30.03%
Other income	74,648	3,129	4.19%	60,792	6,835	11.24%
Cost for raw materials, consumables, supplies and goods	195,869	14,166	7.23%	168,459	6,622	3.93%
Costs for services	792,394	13,300	1.68%	604,545	10,198	1.69%
Lease expenses	89,133	1,125	1.26%	102,496	1,235	1.20%
Personnel costs	276,800	-	0.00%	285,133	-	0.00%
Other expenses	57,718	72,858	126.23%	60,921	86,154	141.42%
Financial expense	103,642	-	0.00%	149,566	1,171	0.78%
Financial income	5,490	1	0.02%	28,521	253	0.89%

Related-party transactions are generally carried out at arm's length, i.e. at the conditions that would be applied between two independent parties.

The impact of related-party transactions on the Cash Flow Statement is summarised in the following table:

(€ thousands)	For the year ended December 31, 2023	For the year ended December 31, 2024
Revenues and income	48,994	751,139
Costs and charges	101,449	104,209
Change in current financial assets	119	2
Change in trade and other current receivables	(155,526)	(50,024)
Change in non-current financial assets	(3,043)	2,085
Change in other assets	(55)	(405)
Change in trade and other payables	(378,265)	(1,365)
Change in other current liabilities	28	871
Interest collected (paid)	(1)	(918)

Net cash flow from/ (used in) operating activities	**(386,300)**	**805,594**
Net cash flow from investment activities	**-**	**-**
Dividends distributed to minority shareholders	(101,470)	(112,681)
Increase (decrease) in financial debt	4,132	143,944
Net cash flow from/ (used in) financing activities	**(97,338)**	**31,263**
Net cash flow for the year from/to related entities	**(483,638)**	**836,857**

The incidence of Cash Flows with related parties are shown in the following table:

	For the year ended December 31, 2023			**For the year ended December 31, 2024**		
(€ thousands)	**Total**	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Cash flow from/ (used in) operating activities	572,672	(386,300)	(67.46)%	1,098,715	805,594	73.32%
Cash flow used in investment activities	(857,604)	-	0.00%	(809,134)	-	0.00%
Cash flow from/ (used in) financing activities	82,949	(97,338)	(117.35)%	(136,882)	31,263	(22.84)%

37) *Significant non-recurring events and transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no significant non-recurring events or transactions took place during the course of the year.

38) *Positions or transactions arising from atypical and/or unusual transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no atypical and/or unusual positions or transactions took place during the course of the year.

39) *Significant events after year end*

The significant transactions carried out after December 31, 2024 are summarised below. The Integrated Annual Report has been submitted to the examination of the Company's Board of Directors and its publication was authorised within the terms and in accordance with the procedure prescribed by law. Therefore, this document does not note any events that occurred subsequent to that date.

Extraordinary transactions and area tenders

On 27 December 2022 Italgas, Toscana Energia and Alia Servizi Ambientali signed an agreement that granted Italgas an option to purchase 30,134,618 shares in Toscana Energia held by Alia Servizi Ambientali following their transfer by the Municipality of Florence.

Italgas exercised the option on January 14, 2025. The envisaged contractual price to purchase the shares of Toscana Energia is to be determined as the "fair market value" at the date of execution of the option, calculated by an international financial institution named jointly by the parties.

Legal and Regulatory Framework

Italgas Reti challenged on additional grounds Resolution no. 513/2024/R/com through which the Authority, following an update for the 2025-2027 sub-period of the parameters common to all regulated services and following a review of the criteria for updating the β-asset (beta asset) parameter for all regulated infrastructural services of the electricity and gas sectors, updated the WACC for the year 2025. The setting of a date for the hearing is currently pending.

Capital operations

On February 12, 2025, in execution of the 2021-2023 Co-investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of April 20, 2021, the Board of Directors determined the free assignment of a total of 511,604 new ordinary shares of the Company to the beneficiaries of the Plan itself (so-called second cycle of the Plan) and resolved to carry out the second tranche of the share capital increase approved by the aforementioned Shareholders' Meeting, for a nominal amount of 634,388.96 euro taken from retained earnings reserves.

Other events

On February 7, 2025, Italgas was confirmed for the third 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 February 11, 2025, Italgas was included for the sixth 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 CSA Score", category, based on the results of the Corporate Sustainability Assessment (CSA) 2024.

40) *Publication of the financial statements*

The financial statements were authorised for publication by the Board of Directors of Italgas at its meeting of February 12,2025. The Board of Directors authorised the Chairperson and the Chief Executive Officer to make any changes which might be necessary or appropriate for finalising the form of the document.

Certification of the consolidated financial statements pursuant to Article 154-bis, paragraph 5 of Legislative Decree 58/1998 (Consolidated Finance Act)

1. Pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998, the undersigned Paolo Gallo and Gianfranco Maria Amoroso, as Chief Executive Officer and Director in charge of preparing company accounting documents of Italgas S.p.A. respectively, certify:
   - the adequacy, considering the Company's characteristics, and
   - the effective implementation

   of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2024.
2. The administrative and accounting procedures for the preparation of the consolidated financial statements as of and for the year ended December 31, 2024 were defined and their adequacy was assessed using the rules and methods in line with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a benchmark framework for the internal control system generally accepted at international level.
3. It is also certified that:

3.1 The consolidated financial statements as of and for the year ended December 31, 2024:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) are consistent with the accounting books and records;

c) are able to provide a true and fair view of the financial position, results of operations and cash flows of the issuer and the consolidated companies.

3.2 The Directors' Report includes a reliable analysis of the operating performance and results, as well as the position of the issuer and of all the companies included in the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

February 12, 2025

Chief Executive Officer	Officer responsible for the preparation of financial reports
Paolo Gallo	Gianfranco Maria Amoroso

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Italgas S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Italgas S.p.A. and its subsidiaries ("Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Italgas

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S.p.A. (the “Company”) in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in service concession agreements for the natural gas distribution and metering services and related impairment test	
Description of the key audit matter	As at December 31, 2024, the Group accounts for intangible assets including the captions “Service concession agreements” and “Work in progress and payments on account IFRC 12”, respectively equal to euro 8,268,714 thousand and euro 212,190 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy and Greece. Investments made in the financial year relating to these items of intangible assets totaled euro 821,820 thousand. The goodwill allocated to the cash-generating units for the “distribution and metering of natural and other gases” and for the “distribution and metering of natural gas abroad” amounts to euro 66.2 million and euro 115.8 million respectively. The natural gas distribution and metering activity is regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, “ARERA”) and Greek Regulatory Authority for Energy Waste and Water (“RAEWW”), which define, among the others, the rules for the remuneration of the natural gas distribution and metering services. In particular, the regulated revenues for the natural gas distribution and metering services provided by the Group are determined by ARERA and by RAE and provide for recognition of a predefined return on net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), relative depreciation and certain operating expenses – the so-called “revenue cap”. The RAB value is mainly determined through the “revalued historical cost” and the “historical cost” method, respectively by ARERA and by RAEWW. At the end of the financial year, the Group's Management assessed the recoverability of non-financial fixed assets related to the natural gas distribution and metering services comparing the carrying amount, represented by the net invested capital of the relative cash-generating unit, with the corresponding recoverable amount. In performing the impairment test, the recoverable amount of the cash-generating unit

	“distribution and metering of natural and other gases” and the cash-generating unit “distribution and metering of natural gas abroad” were estimated respectively according to the methodology of the RAB updated as at the balance sheet date and the value in use estimated on the basis of discounted cash flow methodology. No impairment loss resulted from the test. We believe that investments in service concession agreements related to the natural gas distribution and metering services and the related impairment test represent a key audit matter for the Group's consolidated financial statements as at December 31, 2024 due to: (i) the relevance of the intangible assets related to such service concession agreements compared to the Group’s total assets, (ii) the relevance of the investments made during the year, (iii) their impact in determining the revenue cap for the remuneration of the natural gas distribution and metering services, and (iv) the estimation component in determining the recoverable amount of the assets. Paragraphs “4) Material accounting policies – Intangible assets”, “4) Material accounting policies – Impairment of non-financial assets”, “5) Use of estimates” and “14) Intangible assets” of the consolidated financial statements include the disclosure on the investments and the relative impairment test.
Audit procedures performed	With reference to investments in service concession agreements for the natural gas distribution and metering services and the relative impairment test, our audit procedures included, among the others, the following: • Understand the processes and relevant controls related to the recognition of such investments in the financial statements and assessment of their operating effectiveness. • Understand the processes and relevant controls related to impairment test. • Critical analysis of the composition of the intangible assets caption, including the analysis of any unusual item. • For a sample of investment items accounted within intangible assets for which the amortization process begun during the year, test of the accurate start of depreciation when the asset is available for use and aging analysis of the assets capitalized within work in progress. • With reference to investments and disposals occurred during the period, selection of a sample of transactions and test of the compliance with the capitalization and disposal criteria provided by accounting standards. • Assessment of the consistency between the useful life used for the depreciation of the assets under concession and their regulatory useful life and reperforming of the period depreciation.

- Discussion meetings with the Group's Management in order to understand the impairment test methodology.
- Assessment of the reasonableness of the assumptions underlying the determination of the recoverable amount, also using the work of experts of the Deloitte network.
- Mathematical accuracy's test of the recoverable amount estimated by the Management and of the comparison between the recoverable amount and the carrying amount for each cash generating unit.

- Test of the sensitivity analysis prepared by the Management.

Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Italgas S.p.A. has appointed us on May 12, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.
We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Italgas S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Italgas S.p.A. are responsible for the preparation of the report of Directors and the report on corporate governance and the ownership structure of the Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- Express an opinion on the consistency of the report of Directors and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements.

- Express an opinion on compliance with the law of the report of Directors, excluding the section related to the consolidated sustainability statement, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.
- Make a statement about any material misstatement in the report of Directors and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report of Directors and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2024.

In addition, in our opinion, the report of Directors, excluding the section related to the consolidated sustainability statement, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated sustainability statement. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
March 10, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Annexes to the notes to the consolidated financial statements

Companies and equity investments of Italgas S.p.A. as at December 31, 2024

In compliance with the provisions of Consob communication DEM/6064293 of July 28, 2006 and of articles 38 and 39 of Italian Legislative Decree 127/1991, the list of subsidiary and related companies of Italgas S.p.A as at December 31, 2024, as well as other relevant shareholdings, are reported below.
The name, registered office, share capital, shareholders and respective percentages of ownership are reported for each company. For companies consolidated using the line-by-line method, the consolidated percentage pertaining to Italgas and the segment to which they belong is indicated. The measurement criterion is indicated for companies not consolidated using the line-by-line method.

The companies of Italgas S.p.A. as at December 31, 2024 are broken down as follows:

CONSOLIDATING COMPANY

Name	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Operating sector
Italgas S.p.A.	Milan	Eur	1,003,843,958.76	CDP Reti S.p.A. Snam S.p.A. Non-controlling Interests	25.98% 13.46% 60.56%	100.00%	full consolidation	Corporate

SUBSIDIARY COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Operating sector
Italgas Reti S.p.A.	Turin	Eur	252,263,314	Italgas S.p.A.	100.00%	100.00%	full consolidation	Gas distribution
Nepta S.p.A.	Milan	Eur	50,000	Italgas S.p.A.	100.00%	100.00%	full consolidation	Water service
Geoside S.p.A.	Casalecchio di Reno (BO)	Eur	57,089,254	Italgas S.p.A. Toscana Energia S.p.A.	67.22% 32.78%	83.82%	full consolidation	Energy efficiency
Medea S.p.A.	Sassari	Eur	95,500,000	Italgas Reti S.p.A. Non-controlling Interests	51.85% 48.15%	51.85%	full consolidation	Gas distribution
Toscana Energia S.p.A.	Florence	Eur	146,214,387	Italgas S.p.A. Non-controlling Interests	50.66% 49.34%	50.66%	full consolidation	Gas distribution
Italgas Newco S.p.A.	Milan	Eur	50,000,000	Italgas S.p.A. Non-controlling Interests	90.00% 10.00%	90.00%	full consolidation	Gas distribution
Bludigit S.p.A.	Milan	Eur	11,000,000	Italgas S.p.A.	100.00%	100.00%	full consolidation	Gas distribution
Enaon S.A.	Athens	Eur	79,709,919	Italgas Newco S.p.A.	100.00%	90.00%	full consolidation	Gas distribution
Enaon EDA S.A.	Athens	Eur	580,273,050	Enaon S.A.	100.00%	90.00%	full consolidation	Gas distribution
Immogas S.r.l.	Florence	Eur	1,718,600	Toscana Energia S.p.A.	100.00%	50.66%	full consolidation	Gas distribution
Acqua S.r.l.	Milan	Eur	20,350,000	Nepta S.p.A.	100.00%	100.00%	full consolidation	Water service
Idrolatina S.r.l.	Milan	Eur	6,902,587	Acqua S.r.l.	100.00%	100.00%	full consolidation	Water service
Idrosicilia S.p.A.	Milan	Eur	22,520,000	Acqua S.r.l. Non-controlling Interests	99.22% 0.78%	99.22%	full consolidation	Water service
Acqua Campania S.p.A.	Naples	Eur	4,950,000	Nepta S.p.A. Italgas Reti S.p.A. Non-controlling Interests	95.70% 0.53% 3.77%	96.23%	full consolidation	Water service
LAC Laboratorio Acqua Campania S.r.l.	Naples	Eur	30,000	Acqua Campania S.p.A. Non-controlling Interests	51,00% 49.00%	49.08%	full consolidation	Water service

ASSOCIATED AND JOINT CONTROL COMPANIES

Name	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Metano Sant'Angelo Lodigiano S.p.A. (a)	Sant'Angelo Lodigiano (LO)	Eur	200,000	Italgas S.p.A. Non-controlling Interests	50.00% 50.00%	equity measurement
Umbria Distribuzione Gas S.p.A.	Terni	Eur	2,120,000	Italgas S.p.A. Non-controlling Interests	45.00% 55.00%	equity measurement
Energie Rete Gas S.r.l.	Milan	Eur	11,000,000	Medea S.p.A. Non-controlling Interests	49.00% 51.00%	equity measurement
Gesam Reti S.p.A.	Lucca	Eur	20,626,657	Toscana Energia S.p.A. Non-controlling Interests	42.96% 57.04%	equity measurement
Enerpaper S.r.l.	Turin	Eur	20,156	Geoside S.p.A. Non-controlling Interests	20.01% 79.99%	equity measurement
Siciliacque S.p.A.	Palermo	Eur	20,400,000	Idrosicilia S.p.A. Non-controlling Interests	75.00% 25.00%	equity measurement
Acqualatina S.p.A.	Latina	Eur	23,661,533	Idrolatina S.r.l. Non-controlling Interests	49.00% 51.00%	equity measurement

[(a)] Company subject to joint control

OTHER COMPANIES

Name	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Reti Distribuzione S.r.l.	Ivrea (TO)	Eur	20,000,000	Italgas Reti S.p.A. Non-controlling Interests	15.00% 85.00%	fair value measurement
Picarro Inc.	Santa Clara (USA)	Dollar		Italgas S.p.A. Non-controlling Interests	6.75% 93.25%	fair value measurement
Gaxa S.p.A.	Cagliari	Eur	3,100,000	Italgas S.p.A. Non-controlling Interests	1.00% 99.00%	fair value measurement

CHANGE IN SCOPE OF CONSOLIDATION

Name	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Acqua Campania S.p.A. (a)	Naples	Eur	4,950,000	Nepta S.p.A. Italgas Reti S.p.A. Non-controlling Interests	95.70% 0.53% 3.77%	full consolidation
LAC S.r.l. (a)	Naples	Eur	30,000	Acqua Campania S.p.A. Non-controlling Interests	51.00% 49.00%	full consolidation

[(a)] Companies joined the scope of consolidation following the acquisition.

Fees for auditing and services other than auditing

Pursuant to Article 149-duodecies, subsection 2, of CONSOB Resolution no. 11971 of May 14, 1999 as amended, the fees for the year due to the independent auditing firm Deloitte & Touche S.p.A. for services provided to the Parent Company Italgas S.p.A., its subsidiaries and joint ventures, are specified below.

(€ thousands)

Type of services	Subject that provided the service	Recipient	Remuneration
	Parent company's independent auditor	Parent company	337
Audit (*)	Parent company's independent auditor	Subsidiaries	844
	Parent company's independent auditor	Company subject to joint control	6
	Parent company's independent auditor	Parent company	277
Certification services (**)	Parent company's independent auditor	Subsidiaries	34
	Parent company's independent auditor	Company subject to joint control	1
Total			**1,499**

(*) The services basically include: (i) the audit of the Consolidated Financial Statements and the Financial Statements for the year of Italgas S.p.A., its subsidiaries and joint ventures; (ii) the limited audit of the half-year financial report; (iii) audits during the year pursuant to Article 14, letter b of Legislative Decree no. 39/2010; (iv) the audit of the separate annual accounts pursuant to the Integrated Text on Accounting Unbundling (TIUC); (vi) the audit of the conformity of the Non-Financial Statement.

(**) The certification services regard: (i) the audit of the financial reporting control system; (ii) EMTN programme procedures carried out; (iii) procedures connected with certification of the investments for tariff purposes.

Consolidated Financial Statements of the Italgas Group as of and for the year ended December 31, 2023

Consolidated Statement of Financial Position

(€ thousands)	Notes	As of 31 December 2022 Total	As of 31 December 2022 *of which, related parties*	As of 31 December 2023 **Total**	As of 31 December 2023 *of which, related parties*
ASSETS					
Cash and cash equivalents	(6)	451,946		249,963	
Current financial assets	(7)	5,770	*2,246*	4,248	*2,127*
Trade and other receivables	(8)	1,142,950	*28,586*	853,488	*184,114*
Inventories	(9)	120,486		79,052	
Current tax receivables	(10)	8,703		17,475	
Other current financial assets	(19)	17,455		18,094	
Other current non-financial assets	(11)	80,775	*4*	152,864	*2*
Total current assets		**1,828,085**		**1,375,184**	
Property, plant and equipment	(12)	379,026		386,040	
Intangible assets	(13)	8,509,368		8,772,609	
Investments accounted for using the equity method	(14)	47,243		131,771	
Non-current financial assets	(15)	22,945	*612*	23,778	*3,655*
Non-current tax receivables	(10)	54,862		12,876	
Other non-current financial assets	(19)	35,442		13,708	
Other non-current non-financial assets	(11)	153,575	*232*	417,069	*287*
Total non-current assets		**9,202,461**		**9,757,851**	
Assets held for sale	(16)	**11**		**6,613**	
TOTAL ASSETS		**11,030,557**		**11,139,648**	
LIABILITIES AND EQUITY					
Current financial liabilities	(17)	142,437	*118*	1,033,434	*636*
Trade and other payables	(18)	1,197,117	*444,040*	829,862	*65,775*
Current tax liabilities	(10)	16,105		20,448	
Other current financial liabilities	(19)	290			
Other current non-financial liabilities	(20)	30,072	*194*	17,393	*222*
Total current liabilities		**1,386,021**		**1,901,137**	
Non-current financial liabilities	(17)	6,402,913	*(2,048)*	5,886,922	*1,566*
Provisions for risks and charges	(21)	144,277		109,851	
Provisions for employee benefits	(22)	69,917		65,330	
Non-current income tax liabilities	(10)	-		-	
Deferred tax liabilities	(23)	91,633		47,780	
Other non-current financial liabilities	(19)	34		-	
Other non-current non-financial liabilities	(20)	545,192		527,884	
Total non-current liabilities		**7,253,966**		**6,637,767**	
TOTAL LIABILITIES		**8,639,987**		**8,538,904**	
EQUITY	(24)				
Share capital		1,002,608		1,003,228	
Other reserves		202,360		191,529	
Retained earnings		496,006		645,747	
Profit for the year		407,288		439,568	
Equity attributable to the Owners of the parent company		**2,108,262**		**2,280,072**	
Non-controlling interests		**282,308**		**320,672**	
TOTAL EQUITY		**2,390,570**		**2,600,744**	
TOTAL LIABILITIES AND EQUITY		**11,030,557**		**11,139,648**	

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Income Statement

(€ thousands)	Notes	For the year ended December 31, 2022 Total	*of which, related parties*	For the year ended December 31, 2023 Total	*of which, related parties*
Revenues		2,182,712	*(229,456)*	2,564,193	*45,865*
Other income		129,764	*17,863*	74,648	*3,129*
Total revenues and other income	(26)	**2,312,476**		**2,638,841**	
Costs for raw materials, consumables, supplies and goods		(154,746)	*(9,325)*	(195,869)	*(14,166)*
Costs for services		(654,094)	*(6,853)*	(792,394)	*(13,300)*
Lease expenses		(102,319)	*(1,021)*	(89,133)	*(1,125)*
Personnel costs		(257,492)		(276,800)	
Allocations to provisions for risks and charges net		1,797		(1,118)	
Impairment of trade receivables, net		342		(124)	
Other expenses		(25,440)	*(155,131)*	(56,600)	*(72,858)*
Total costs and other expenses	(27)	**(1,191,952)**		**(1,412,038)**	
Amortisation, depreciation and impairment of assets	(28)	**(479,186)**		**(545,546)**	
Operating result		**641,338**		**681,257**	
Financial expense		(61,367)		(103,642)	
Financial income		4,043	*1*	5,490	*1*
Gain/(loss) on derivative financial instruments measured at fair value		1,049		(77)	
Total net financial expense	(29)	**(56,275)**		**(98,229)**	
Share of the profit of investments in associates/joint ventures		662	*662*	1,652	*1,652*
Dividends		48	*48*	25	*25*
Other income (expense) from equity investments		2,722		1,391	
Total net income from equity investments	(30)	**3,432**		**3,068**	
Profit before taxes		**588,495**		**586,096**	
Income taxes	(31)	152,369		118,625	
Profit for the year		**436,126**		**467,471**	
Attributable to:					
Owners of the parent company		407,288		439,568	
Non-controlling interests		28,838		27,903	
Earnings per share (€ per share)	(32)				
- basic and diluted from continuing operations		0.50		0.54	
- total basic and diluted		0.50		0.54	

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

	For the year ended December 31, 2022			For the year ended December 31, 2023		
(€ thousands)	Attributable to the parent company	Attributable to non-controlling interests	Total	Attributable to the parent company	Attributable to non-controlling interests	Total
Profit for the year	**407,288**	**28,838**	**436,126**	**439,568**	**27,903**	**467,471**
Other comprehensive income						
Components that may be reclassified subsequently to the income statement:						
Fair value gain/(loss) arising from hedging instruments during the period	56,593	-	56,593	(20,497)	(1,140)	(21,637)
Tax effect	(13,582)	-	(13,582)	4,919	273	5,192
Total components that may be reclassified subsequently to the income statement	**43,011**	**-**	**43,011**	**(15,578)**	**(867)**	**(16,445)**
Components that will not be reclassified to the income statement:						
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	11,035	624	11,659	246	(24)	222
Change in fair value of investments measured at FVTOCI	802	-	802	(515)	-	(515)
Tax effect	(3,283)	(175)	(3,458)	69	6	75
Total components that will not be reclassified to the income statement	**8,554**	**449**	**9,003**	**(200)**	**(18)**	**(218)**
Total other components of comprehensive income, net of tax effect	**51,565**	**449**	**52,014**	**(15,778)**	**(885)**	**(16,663)**
Total comprehensive income for the year	**458,853**	**29,287**	**488,140**	**423,790**	**27,018**	**450,808**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of changes in Equity

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Profit for the year	Equity attributable to Owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2022 (a) (Note 24)	**1,002,016**	**(323,907)**	**622,377**	**200,246**	**(15,140)**	**(4,750)**	**(349,839)**	**5,602**	**-**	**19,921**	**372,075**	**362,813**	**1,891,414**	**251,077**	**2,142,491**
2022 profit for the year	-	-	-	-	-	-	-	-	-	-	-	**407,288**	**407,288**	**28,838**	**436,126**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
- Fair value gain/(loss) arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	43,011	-	-	-	-	-	-	**43,011**	-	**43,011**
Components will not be reclassified to the income statement:															
- Actuarial gains from remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	7,945	-	-	-	-	-	-	-	**7,945**	**449**	**8,394**
- Change in fair value of investments measured at FVTOCI, net of tax effect	-	-	-	-	-	-	-	-	609	-	-	-	**609**	-	**609**
Total comprehensive income 2022 (b)	-	-	-	-	**7,945**	**43,011**	-	-	**609**	-	-	**407,288**	**458,853**	**29,287**	**488,140**
Transactions with shareholders:													-	-	-
- Allocation of 2021 profit for the year	-	-	-	-	-	-	-	-	-	-	362,813	(362,813)	-	-	-
- Dividends to Owners of the parent company	-	-	-	-	-	-	-	-	-	-	(238,882)	-	**(238,882)**	-	**(238,882)**
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	**(14,244)**	**(14,244)**
- Change in Stock grant reserve	-	-	-	-	-	-	-	451	-	-	-	-	**451**	-	**451**
- Change in scope of consolidation	-	-	-	-	-	-	-	-	-	(1,964)	-	-	**(1,964)**	**(1,065)**	**(3,029)**
Total transactions with shareholders (c)	-	-	-	-	-	-	-	**451**	-	**(1,964)**	**123,931**	**(362,813)**	**(240,395)**	**(15,309)**	**(255,704)**
Other changes in equity (d)	**592**	-	**2,072**	-	-	-	-	**1,149**	-	**(5,423)**	-	-	**(1,610)**	**17,253**	**15,643**
Balance as of December 31, 2022 (e=a+b+c+d) (Note 24)	**1,002,608**	**(323,907)**	**624,449**	**200,246**	**(7,195)**	**38,261**	**(349,839)**	**7,202**	**609**	**12,534**	**496,006**	**407,288**	**2,108,262**	**282,308**	**2,390,570**

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Profit for the year	Equity attributable to Owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2023 (a) (Note 24)	**1,002,608**	**(323,907)**	**624,449**	**200,246**	**(7,195)**	**38,261**	**(349,839)**	**7,202**	**609**	**12,534**	**496,006**	**407,288**	**2,108,262**	**282,308**	**2,390,570**
2023 profit for the year	-	-	-	-	-	-	-	-	-	-	-	**439,568**	**439,568**	**27,903**	**467,471**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
-Fair value gain/(loss) arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	(15,578)	-	-	-	-	-	-	**(15,578)**	**(867)**	**(16,445)**
Components will not be reclassified to the income statement:															
- Actuarial gains (losses) from remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	171	-	-	-	-	-	-	-	**171**	**(18)**	**153**
- Change in fair value of investments measured at FVTOCI, net of tax effect	-	-	-	-	-	-	-	-	(371)	-	-	-	**(371)**	-	**(371)**
Total comprehensive income 2023 (b)	-	-	-	-	**171**	**(15,578)**	-	-	**(371)**	-	-	**439,568**	**423,790**	**27,018**	**450,808**
Transactions with shareholders:															
- Allocation of 2022 profit for the year	-	-	-	400	-	-	-	-	-	-	406,888	(407,288)	-	-	-
- Dividends to Owners of the parent company	-	-	-	-	-	-	-	-	-	-	(257,147)	-	**(257,147)**	-	**(257,147)**
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	**(12,848)**	**(12,848)**
- Change in Stock grant reserve	-	-	-	-	-	-	-	2,215	-	-	-	-	**2,215**	-	**2,215**
Total transactions with shareholders (c)	-	-	-	**400**	-	-	-	**2,215**	-	-	**149,741**	**(407,288)**	**(254,932)**	**(12,848)**	**(267,780)**
Other changes in equity (d)	**620**	-	**1,803**	-	-	-	-	-	-	**529**	-	-	**2,952**	**24,194**	**27,146**
Balance as of December 31, 2023 (e=a+b+c+d) (Note 24)	**1,003,228**	**(323,907)**	**626,252**	**200,646**	**(7,024)**	**22,683**	**(349,839)**	**9,417**	**238**	**13,063**	**645,747**	**439,568**	**2,280,072**	**320,672**	**2,600,744**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flow

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Profit for the year	**436,126**	**467,471**
Adjustments for:		
Amortisation and depreciation	478,290	522,530
Net impairment of assets	895	21,797
Share of the profit of investments in associates/joint ventures	(662)	(1,824)
Other income from equity investments	(2,722)	-
Stock grant	7,958	2,232
(Gains)/Losses arising from the disposal of non-current assets	(25,357)	38,485
Dividends	(48)	(42)
Financial income	(5,092)	(5,412)
Financial expense	61,413	103,337
Income taxes	152,369	118,625
Change in provisions for employee benefits	(17,574)	(6,715)
Changes in working capital:		
- Inventories	(4,751)	41,305
- Trade receivables	65,399	(511,296)
- Trade payables	400,375	(431,738)
- Provisions for risks and charges	(38,584)	(34,378)
- Other assets and liabilities	(759,189)	451,076
Dividends cashed in	1,372	672
Financial income collected	4,043	4,376
Financial expense paid	(53,720)	(88,722)
Income taxes paid, net of tax credits reimbursed	(152,372)	(119,107)
Net cash flow from operating activities	**548,169**	**572,672**
of which, related parties	*(565,060)*	*(386,300)*
Investments:		
- Property, plant and equipment	(10,645)	(24,534)
- Intangible assets	(766,585)	(837,368)
- Business combinations, net of cash acquired	(874,741)	(78,291)
- Change in payables and receivables for investments	47,733	60,729
Disinvestments:		
- Assets held for sale	5,050	-
- Property, plant and equipment	2,502	159
- Intangible assets	293,213	21,298
- Business units	19,647	403
Net cash flow used in investing activities	**(1,283,826)**	**(857,604)**
of which, related parties	*(12,128)*	
Proceeds from non-current financial debt	602,660	537,980
Repayment of non-current financial debt	(194,717)	(164,174)
Increase (decrease) in current financial debt	(347,117)	8,532
Capital contributions from non-controlling interest	12,254	-
Sale of non-controlling interests	5,008	-
Proceeds from financial asset	(1,133)	2,127
Dividends paid	(253,250)	(270,483)
Repayment of lease liabilities	(27,865)	(31,033)
Net cash flow from/ (used in) financing activities	**(204,160)**	**82,949**
of which, related parties	(98,079)	(97,338)
Net cash flow for the year	**(939,817)**	**(201,983)**
Opening cash and cash equivalents	**1,391,763**	**451,946**
Closing cash and cash equivalents	**451,946**	**249,963**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Group Information

The Italgas Group, comprising the parent company Italgas S.p.A. and its subsidiaries (collectively referred to "Italgas", the "Italgas Group" or "Group"), operates in the regulated activities of natural gas distribution.

Italgas S.p.A. is a joint stock company incorporated under Italian law and listed on the Milan Stock Exchange, with registered offices in Milan, via Carlo Bo 11.

CDP S.p.A. has "de facto" control over Italgas S.p.A. pursuant to the accounting principle IFRS 10 "Consolidated Financial Statements".

As of December 31, 2023, CDP S.p.A. owns, via CDP Reti S.p.A.[18] 25.99% of the share capital of Italgas S.p.A.

The parent company Italgas S.p.A. is not subject to management and coordination activities. Italgas S.p.A. exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Italian Civil Code.

1) *Basis of preparation*

The Consolidated Financial Statements have been prepared in accordance with the 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 Article 6 of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 and pursuant to Article 9 of Legislative Decree 38/2005. The IFRS also include the International Accounting Standards ("IAS") as well as the interpretive documents still in force issued by the IFRS Interpretations Committee ("IFRS IC"), including those previously issued by the International Financial Reporting Interpretations Committee ("IFRIC") and, before that, by the Standing Interpretations Committee ("SIC"). For sake of simplicity, all of the aforementioned standards and interpretations will hereafter be referred to as "IFRS" or "International Accounting Standards".

In the 2023 Consolidated Financial Statements, the same consolidation principles and valuation criteria of the previous year are applied, except for the international accounting standards that came into effect on January 1, 2023, as detailed in the following section "Accounting principles and interpretations applicable from 2023" of these Consolidated Financial Statements.

The Consolidated Financial Statements are prepared on a going-concern basis, using the historical cost method, taking into account, where appropriate, value adjustments with the exception of the items which, according to IFRS, must be measured at *fair value*, as described in the valuation criteria.

The Consolidated Financial Statements as of and for the year ended December 31, 2023, approved by the Board of Directors of Italgas S.p.A. in the meeting of March 12, 2024, were subjected to an audit by Deloitte & Touche S.p.A. As the main auditor, it is responsible for auditing the separate financial statements of Italgas S.p.A. and its subsidiaries.

The Consolidated Financial Statements are presented in Euro. Amounts in the Consolidated Financial Statements and related Notes, considering their significance, are expressed in thousands of Euro, unless otherwise indicated.

Certain information contained in the Notes to the Consolidated Financial Statements when extracted from the XHTML format in an XBRL instance document, due to certain technical limitations may not be reproduced identically to the corresponding information displayed in the Consolidated Financial Statements in XHTML format.

Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board), approved by the European Union (EU) and that came into effect on January 1, 2023

The following provisions issued by the IASB (International Accounting Standards Board) came into effect in the European Union on January 1, 2023:

On February 12, 2021, the IASB published the "**Definition of Accounting Estimates (Amendments to IAS 8)**" document to help entities distinguish between changes in accounting policies and changes in accounting estimates. Specifically, changes in accounting policies must be applied retroactively, while changes in accounting estimates must be accounted for prospectively. The amendments to IAS 8 focus on accounting estimates, clarifying that such estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". A change in the accounting

[18] CDP S.p.A. holds 59.10%.

estimate that results from new information or new developments is therefore not the correction of an error and may affect only the current period's profit or loss, and/or the profit or loss of future periods.

On February 12, 2021, the IASB issued the "**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**" document, containing amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. IAS 1 states that "an entity shall disclose its significant accounting policies", but no definition is provided for the term "significant" (material). Therefore, the IASB amended/supplemented the standard with information that an entity can use to identify material accounting policy information. For example, it is clarified that a policy is material if changing it has a significant impact on disclosures in the financial statements or if its application requires significant estimates. The amendments also clarify that the accounting policy information may be: (i) material because of its nature, even if the related amounts are immaterial; (ii) material if users of an entity's financial statements would need it to understand other material information in the financial statements; (iii) extended to immaterial information, as long as this does not obscure material information. In addition, the IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the "materiality process".

On 7 May 2021, the IASB published the "**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)**" document, with which, with a view to standardising the treatment followed by companies, it was clarified that from initial recognition of single transactions (e.g. leasing or asset dismantling charges), it is necessary to account for the resulting temporary differences in the event that deferred tax assets or liabilities arise.

On 9 December 2021, the IASB published the document "**Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)**", which allows insurance companies to improve the content of the comparative statements between different accounting periods which must be presented by the same entities upon first-time application of IFRS 17 and IFRS9. Application of this amendment is deferred until insurance companies apply IFRS 17 for the first time

On 23 May 2023, the International Accounting Standards Board (IASB) published the "**International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)**" in order to specify how the forthcoming implementation of the OECD's Pillar Two rules on accounting for income taxes will be implemented. In March 2022, the OECD published technical guidance, based on the establishment of a global minimum tax of 15% agreed as the second "pillar" of a project to address the tax challenges arising from the digitisation of the economy. This guide explores the application and operation of the Global Anti-Base Erosion (GloBE) rules agreed and published in December 2021, which establish a coordinated system to ensure that multinational corporations with revenues in excess of € 750 million pay taxes of at least 15% on income from each of the jurisdictions in which they operate. With regard to the application of this criterion, the IASB noted that the aforementioned second pillar is difficult to apply to estimates of deferred taxes, given that jurisdictions implement OECD rules at varying speeds and at different times. Due to the many variables to be considered, the IASB has therefore decided to grant an exemption until the global tax system has stabilised and the IASB can thoroughly assess the situation and provide applicable criteria. In any event, the obligation exists to disclose that the exemption has been applied and to separately disclose current tax (income) expenses related to second-pillar income taxes. The disclosure provisions are required for financial years beginning on or after January 1, 2023.

The adoption of these amendments had no effect on the Consolidated Financial Statements of the Group.

Accounting standards, amendments and interpretations not yet approved by the European Union as at the date of reference of December 31, 2023

On September 29, 2023, the "**Amendments to the 'IFRS for SMEs' Standard**" was published to align the requirements of the standard with the similar amendments to IAS 12 "Income Taxes" mentioned above.

On 25 May 2023, the International Accounting Standards Board (IASB) published the "**Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)**", which is an amendment to be applied in the case of arrangements involving supplier financing, in order to require additional qualitative and quantitative information to be provided by the financing entity with respect to existing obligations. Such information relates to the characteristics of the arrangements, carrying amounts, impacts on the entity's cash flows, etc. Furthermore, the IASB has decided that, in most cases, aggregate information about an entity's supplier financing arrangements meets the information requirements of users of financial statements. The amendments to IAS 7, and consequently IFRS 7, apply for financial years beginning from January 1, 2024 (with early application permitted).

On August 15, 2023, the International Accounting Standards Board (IASB) published "**Lack of Exchangeability (Amendments to IAS 21)**", an amendment that contains the criteria for determining when one currency is convertible into another and how to determine the exchange rate when it is not. This amendment specifies that a currency is a convertible currency when an entity is able to exchange that currency for another through markets or exchange mechanisms that create rights and obligations applicable without undue delay at the valuation date and for a specific purpose; a currency is not exchangeable for another if an entity can obtain only a small amount of the other currency. It also defines how to determine the exchange rate to be applied when a currency is not convertible, in this case at the valuation date, the spot exchange rate is estimated as the rate that would have been applied to a transaction ordered between market participants at the valuation date and that would faithfully reflect existing economic conditions. Furthermore, additional disclosures are required when a currency is not convertible: in particular, in such a case, information must be provided to allow readers of the financial statements to assess how the inability to convert a currency affects, or is expected to affect, profit or loss, financial position and cash flows.

The amendments will come into effect on January 1, 2025 and early application is permitted.

The adoption of such amendments is not expected to have effects on the Consolidated Financial Statements of the Group.

2) *Consolidation principles*

The Consolidated Financial Statements include the financial statements of Italgas S.p.A. and those of the entities over which the Company has the right to exercise direct or indirect control, as defined by IFRS 10 – "Consolidated Financial Statements". Specifically, control exists where the controlling entity simultaneously:

- has the power to make decisions concerning the affiliate;
- is entitled to receive a share of or is exposed to the variable profits and losses of the affiliate;
- is able to exercise power over the affiliate in such a way as to affect the amount of its economic returns.

The proof of control must be verified on an ongoing basis by the Company, with a view to identifying all the facts or circumstances that may imply a change in one or more of the elements on which the existence of control over an affiliate depends.

Subsidiaries, joint ventures, associates and other significant equity investments are indicated separately in the Appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. as of December 31, 2023", which is an integral part of these notes.

All financial statements of consolidated companies close at 31 December and are presented in Euro.

Companies included in the scope of consolidation

Subsidiaries are fully consolidated on a line-by-line basis ("*full consolidation*") from the date the Company obtains control (either directly or indirectly) and are deconsolidated from the date the Company loses control. In the event of loss of control, the Group derecognises the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and other equity components related to the subsidiary and recognises the *fair value* of any consideration received for the transaction. Any investment held in the previously subsidiary is measured at *fair value* on the date control is lost.

The equity shares and profit or loss attributable to non-controlling interests are separately recorded in specific items of Equity, Income Statement and Statement of Comprehensive Income.
Changes in the equity investments held directly or indirectly by the Group in subsidiaries that do not result in a change in the qualification of the investment as a subsidiary are recorded as equity transactions. The carrying amount of the equity attributable to owners of the parent company and non-controlling interests are adjusted to reflect the change in the equity investment. The difference between the carrying amount of non-controlling interests and the *fair value* of the consideration paid or received is recorded directly under equity attributable to owners of the parent company.

Otherwise, the selling of interests entailing loss of control requires the posting to the income statement of: (i) any capital gains or losses calculated as the difference between the consideration received and the corresponding portion of consolidated equity transferred; (ii) the effect of the revaluation of any residual equity investment maintained, to align it with the relative fair value; and (iii) any amounts recognised to other components of comprehensive income relating to the former subsidiary which will be reversed to the income statement. The fair value of any equity investment maintained at the date of loss of control represents the new carrying amount of the equity investment, and therefore the reference value for the successive valuation of the equity investment according to the applicable valuation criteria.

Investments in associates and joint ventures

An associate is a participated company in relation to which the investor holds significant influence or the power to participate in determining financial and operating policies but does not have control or joint control[19]. It is assumed that the investor has significant influence (unless there is proof to the contrary) if it holds, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.

A joint venture is a joint arrangement in which the parties that hold joint control have rights to the net assets subject to the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle.

Business combinations

Business combinations are recorded using the acquisition method in accordance with IFRS 3 - "Business Combinations". Accordingly, the consideration transferred in a business combination is determined at the date on which control is assumed, and equals the fair value of the assets transferred, the liabilities incurred or assumed, and any equity instruments issued by the acquirer. Costs directly attributable to the transaction are recognised in the income statement when they are incurred.

The equity of these participated companies is determined by attributing to each asset and liability its fair value at the date of acquisition of control. If positive, any difference from the acquisition or transfer cost is recognised to the asset item "Goodwill"; if negative, it is recognised in the income statement.

Where total control is not acquired, the share of equity attributable to non-controlling interests is determined based on the share of the current values attributed to assets and liabilities at the date of acquisition of control, net of any goodwill (the "partial goodwill method"). Alternatively, the full amount of the goodwill generated by the acquisition is recognised, therefore also taking into account the portion attributable to non-controlling interests (the "full goodwill method"). In this case, non-controlling interests are expressed at their total fair value, including the attributable share of goodwill. The choice of how to determine goodwill ("Partial goodwill method" or "Full goodwill method") is made based on each individual business combination transaction.

If control is assumed in successive stages, the acquisition cost is determined by adding together the fair value of the equity investment previously held in the acquired company and the amount paid for the remaining portion. The difference between the fair value of the previously held equity investment (redetermined at the time of acquisition of control) and the relative carrying amount is recognised in the income statement. Upon acquisition of control, any components previously recorded under other components of comprehensive income are recognised in the income statement or to another item of equity, if no provisions are made for reversal to the income statement.

When the values of the assets and liabilities of the acquired entity are determined provisionally in the financial year in which the business combination is concluded, the figures recorded are adjusted, with retroactive effect, no later than 12 months after the acquisition date, to take into account new information about facts and circumstances in existence at the acquisition date.

Business combinations involving entities under joint control

Business combinations involving companies that are definitively controlled by the same company or companies before and after the transaction, and where such control is not temporary, are classed as "business combinations of entities under common control". Such transactions do not fall within the scope of application of IFRS 3 and are not governed by any other IFRS. In the absence of a reference accounting standard, the selection of an accounting standard for such transactions, for which a significant influence on future cash flows cannot be established, is guided by the principle of prudence, which dictates that the principle of continuity be applied to the values of the net assets acquired. The assets are measured at the carrying amount from the financial statements of the companies being acquired predating the transaction or, where available, at the values from the Consolidated Financial Statements of the common ultimate parent. With regard to business combinations under common control, the transferee entity should record the business transferred at its historical carrying amount increasing its equity by this amount; the transferring entity will record the equity investment in the transferee entity for the same amount as the increase in the equity of the latter.

This accounting treatment is based on the Preliminary Guidelines on IFRS (OPI 1 Revised) - "Accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements" issued by Assirevi in October 2016.

Intragroup transactions that are eliminated in the consolidation process

[19] Joint control is the contractual sharing of control pursuant to an agreement, which exists only where the unanimous consent of all the parties that share power is required for decisions relating to significant activities.

Unrealised gains from transactions between consolidated companies are derecognised, as are receivables, payables, income, expenses, guarantees, commitments and risks between consolidated companies. The portion pertaining to the Group of unrealised gains with companies valued using the equity method is derecognised. In both cases, intragroup losses are not derecognised because they effectively represent impairment of the asset transferred.

3) *Material accounting policies*

The most significant accounting policies adopted when preparing the Consolidated Financial Statements are described below.

Property, plant and equipment

Property, plant and equipment is recognised at the cost of purchase or production, including directly allocable ancillary costs needed to make the assets available for use.

Property, plant and equipment may not be revalued, even through the application of specific laws.

The costs of incremental improvements, upgrades and transformations to value of property, plant and equipment are recognised to assets when it is likely that they will increase the future economic benefits expected. The costs of replacing identifiable components of complex assets are allocated to statement of financial position assets and depreciated over their useful life. The remaining carrying amount of the component being replaced is allocated to the income statement. Ordinary maintenance and repair expenses are recognised in the income statement in the period when they are incurred.

If impairment indicators are present, the carrying amount of property, plant and equipment is verified to identify any impairment (see the paragraph "Impairment of property, plant and equipment and intangible assets with a finite useful life" for more details).

Rights of use

A contract is, or contains, a lease if it attributes to an undertaking the right to control the use of an identified asset for a certain period of time in exchange for consideration.

For leases with a duration of over 12 months, (i) an asset, within the item "Property, plant and equipment", which is representative of the Right of Use of the assets, and (ii) a financial liability representative of the obligation to make the payments envisaged by the contract, are recognised in the financial statements at the effective date, i.e. when the asset is made available for use.

The cost of the asset consisting of Right of Use comprises:

a) the amount of the initial measurement of the liability of the lease;
b) the payments due for the lease made on the date or before the starting date, net of lease incentives received;
c) the initial direct costs incurred;
d) the costs for dismantling and restoring the site.

Lease liabilities include the following payments for the Right of Use of the underlying asset over the lease term that remain unpaid as at the commencement date:

a) fixed payments, net of any lease incentives receivable;
b) variable payments due for the lease that depend on an index or rate;
c) amounts payable as residual value guarantees;
d) the exercise price of the purchase option when it is reasonably certain the option will be exercised;
e) termination penalties when the lease is expected to be terminated.

The discount rate used is the implicit interest rate of the lease for the lease term. If this rate cannot be easily determined, the Group's incremental borrowing rate, taking into account the frequency and payments under the lease agreement, is used.

In determining the duration of the lease, the Group considered the presence of renewal and cancellation options respectively for the lessee, the lessor or both.

As the standard allows, the short-term leases and the leases for assets of a modest amount were excluded.

Lease term is calculated by considering the "non-cancellable" period, together with periods covered by an extension or early termination option, whose exercise is deemed reasonably certain using information available at the inception date.

In significant changes occur in facts and circumstances under the Group's control that would modify the assessment of the reasonable certainty of exercising the options, the Group will reassess the lease term.

After initial recognition, the right-of-use asset is adjusted to take into account (i) the amortisation portions, (ii) any impairment losses and (iii) the related effects and any restatements of the leasing liability.

Depreciation of property, plant and equipment

Property, plant and equipment is systematically depreciated on a straight-line basis over its useful life, defined as the period of time during which the asset is expected to be usable by the entity. Depreciation begins when the asset is available and ready for use.

The depreciable amount is represented by the carrying amount, reduced by the estimated net realisable value at the end of its useful life, if significant and reasonably determinable.

The table below shows the annual depreciation rates used for the current year, broken down into homogeneous categories, together with the relevant period of application:

	Annual depreciation rate (%)
Land and building	
- Industrial buildings	2%
- Civil buildings	3%
Plant and equipment	
- Other plant and equipment	4% - 6.6%
Industrial and commercial equipment	
- Office furniture and machinery	12% - 33.3%
- Vehicles	20% - 25%
Rights of use	Depending on the term of the lease agreements

When an item included in "Property, plant and equipment" consists of several significant components with different useful lives, depreciation is applied to each component separately ("component approach").

Land, even when purchased together with a building, construction in progress; neither is property, plant and equipment held for sale (for more details, refer to section "Assets held for sale").

Depreciation rates are reviewed each year and adjusted if no longer appropriately reflect the expected future benefits. Any changes to the depreciation plan arising from revision of the useful life of an asset, its residual value or ways of obtaining economic benefit from it are recognised prospectively.

Freely transferable assets are depreciated during the period of the concession or of the useful life of the asset, if lower.

Intangible assets

Intangible assets are those assets without identifiable physical substance, but are identifiable, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired for consideration. Intangible assets are recognised at the cost of purchase or internal production, when it is probable that their use will generate future economic benefits and their cost can be reliably determined.

Revaluations are not permitted, even under specific laws.

Development costs are recognised as intangible assets only when the Group can prove the technical feasibility of completing the intangible asset, as well as the ability, intention and availability of resources to complete the asset for use or sale. Research costs are recognised in the income statement.

Intangible assets with a defined useful life are measured at cost, net of accumulated amortisation and impairment losses.

Goodwill and other intangible assets with an indefinite useful life are not amortised but are tested for impairment at each reporting date, as required by IAS standard 36, to determine if any impairment losses need to be reflected in the financial statements.

Intangible assets are derecognised when the disposal of or when no future economic benefit is expected from their use; the related gain or loss is recognised in the income statement.

Service concession arrangements

Intangible assets include service concession agreements between the public and private sectors for the development, financing, management and maintenance of infrastructures under concession where the grantor : (i) controls or regulates the services provided by the operator through the infrastructure and the related price to be applied; and (ii) controls any significant remaining interest in the infrastructure at the end of the concession by owning or holding benefits, or in some other way. The accounting provisions relating to the service concession agreements are applicable for Italgas in its role as a public service distributor of natural gas and other gases, i.e. they are applicable to the agreements under which the operator is committed to providing the public natural gas distribution service at the tariff established by the ARERA, in Italy, and in Greece the Regulatory Authority for Energy (RAE or PAE from Ρυθμιστική Αρχή Ενέργειας) (each separately or jointly "Authority"), holding the right to use the infrastructure, controlled by the grantor, to deliver the public service. These provisions also apply to the integrated water service agreements.
The Group applies the intangible asset model as provided by IFRIC 12 for accounting of service concession agreements. The intangible asset is recognised at cost both at initial recognition and for subsequent recognition. Network construction activities and other services are recognised and measured applying IFRS 15. Construction activities of network and other services are recognised and measured by applying IFRS 15. Construction and improvement carried out on behalf of the grantor are accounted for as changes to work in progress on order.

Amortisation of intangible assets

Intangible assets with a defined useful life are amortised systematically over their useful life, defined as the period of time in which the asset is expected to be unusable by the entity. Amortisation begins when the intangible asset is available for use.
The amount to be amortised is the carrying amount, reduced by the estimated net realisable value at the end of its useful life if significant and reasonably determined.

The table below shows the annual amortisation rates used for current year, broken down into homogeneous categories, together with the relevant period of application:

	Annual amortisation rate (%)
Patent rights and intellectual property rights	20% - 33.3%
Concession expenses	Depending on the duration of the agreement
Land and buildings (concession agreements)	
- Industrial buildings	1.67% - 5%
- Other constructions	9% - 10%
Plant and equipment (concession agreements)	
- Network	1.67% - 5%
- Principal and secondary facilities	4% - 6%
- Derivation plants	2% - 10%
Industrial and commercial equipment (concession agreements)	
- Metering and control equipment	6.7% - 20%

Grants

Capital grants given by public authorities are recognised when there is reasonable certainty that the conditions set by the granting government agencies for their allocation will be met, and they are recognised as a reduction in the purchase, contribution or production cost of the related assets.
Operating grants are recognised in the income statement on an accrual basis, consistent with the relative costs incurred.

Impairment of non-financial assets

Impairment of property, plant and equipment and intangible assets with a finite useful life

When events occur leading to the assumption of impairment of property, plant and equipment or intangible assets with a finite useful life, their recoverability is tested by comparing the carrying amount with its recoverable amount, as the higher of the *fair value* less costs to *sell* (see "Fair value measurement") and the *value in use.*

The recoverable amount of non-current non-financial assets that fall under the scope of regulated activities is determined by considering: (i) the amount quantified by the Authority based on the rules used to define the tariffs for provision of the services for which they are intended; (ii) the possible value that the Group expects to recover from their sale or at the end of the concession regulating the service; (iii) the value of the expected cash flows deriving from the use of the asset and, if significant and reasonably determined, from its sale at the end of its useful life, net of any disposal costs. Similarly to what happens for the quantification of tariffs, also the quantification of the recoverable value of the assets falling within the scope of regulated activities takes place on the basis of current regulatory provisions.

The value in use of non-current non-financial assets not within the scope of the regulated activities is determined by discounting the expected cash flows resulting from the use of the asset and, if significant and reasonably determined, from its sale at the end of its useful life, net of any disposal costs. Cash flows are determined based on reasonable, documentable assumptions representing the best estimate of future economic conditions expected to occur during the remaining useful life of the asset, with a greater emphasis on outside information. Discounting is done at a rate reflecting current market conditions for the time value of money and specific risks of the asset not reflected in the estimated cash flows.

The assessment is carried out for each individual asset or for the smallest identifiable group of assets which, through continuous use, generate cash inflows largely independent of those of other assets or groups of assets ("Cash-Generating Units" or "CGUs").

The CGUs identified by the Group are as follows: Distribution and metering of natural and other gases (regulated activity), Distribution and metering of natural gas abroad (regulated activity), Sale of natural and other gases, Integrated water service (regulated activity), Other activities (ESCos).

If the reasons for impairment losses no longer exist, assets are revised, and the adjustment is recognised to the income statement as a revaluation (recovery of value). The recovery of value is applied to the lower of the recoverable value and the carrying amount before any impairment losses previously carried out, reduced by the depreciation that would have been recognised if an impairment loss had not been recorded for the asset.

Impairment of goodwill, intangible assets with an indefinite useful life and intangible assets under construction

The recoverability of the carrying amount of goodwill, intangible assets with an indefinite useful life and intangible assets under construction are tested at least annually and whenever events occur that suggest a reduction in value. For goodwill, the test is performed at the level of the smallest group based on which, on the basis of which the management evaluates, directly or indirectly, the return on investment, including goodwill itself. When the carrying amount of the CGU, including the goodwill attributed to it, exceeds the recoverable value, the difference is the impairment, which is first allocated to the goodwill up to its amount; any excess of the impairment over goodwill is allocated proportionally to the carrying amount of the assets which constitute the CGU. Goodwill impairment losses cannot be reversed.

Investments accounted for using the equity method

Investments in joint ventures and associates are accounted for using the equity method.

Under the equity method, investments in joint venture and associates are initially recognised at cost and subsequently adjusted to account for: (i) the participant's share of the investee's profits or losses after the acquisition date, and (ii) the participant's share of the other comprehensive income of the investee. Dividends paid out by the investee are recognised as a reduction of the carrying amount of the investment. For the application of the equity method, adjustments required for consolidation purposes are considered (see also the "Consolidation principles" section).

In the case of acquiring a joint control in successive stages, the cost of the equity investment is measured as the sum of the *fair value* of the previously held interests and the *fair value* of the consideration transferred at the date on which the investment is qualified as associated (or under joint control). The effect of revaluing the carrying amount of the equity investments held before assuming the joint control (or significant influence) is recognised to the income statement, including any components recognised in other comprehensive income. The sale of equity investments resulting in the loss of joint control or significant influence over the investee results in the recognition in the income statement: (i) any gains or losses calculated as the difference between the consideration received and the corresponding portion of the carrying amount of the disposed interest; (ii) the effect of revaluating any residual equity investment maintained, to align it with the relative *fair value*; and (iii) any amounts recognised in other comprehensive income relating to the equity investee that are required to be reclassified to the income statement. The value of any equity investment maintained, aligned with its *fair value* at the date of loss of joint control or significant influence, represents the new carrying amount and, therefore, the value for subsequent valuation according to the applicable valuation criteria.

If there is objective evidence of impairment, the recoverability of the amount recognised is tested by comparing the carrying amount with the related recoverable value determined using the criteria indicated in the section "Impairment of non-financial assets".

When the reasons for the impairment losses entered no longer exist, equity investments are revalued up to the amount of the impairment losses entered with the effect recognised in the income statement under "Income (expense) from equity investments".

The parent company's share of any losses of the participated company, greater than the equity investment's carrying amount, is recognised in a special provision to the extent that the parent company is committed to fulfilling its legal or implied obligations to the participated company or, in any event, to covering its losses.

Other minor equity investments

Financial assets representing other minor equity investments, since they are not held for trading, are measured at *fair value* with the effects recognised in the income statement.

Inventories

Inventories, including meters, are recorded at the lower of purchase or production cost and net realisable value, which is the amount that the company expects to receive from their sale in the ordinary course of business.
The cost of natural gas inventories is determined using the weighted average cost method.
The value of obsolete and slow-moving inventories is written down in relation to the possibility of use or realisation, through the allocation of a specific obsolescence fund.

Cash and cash equivalents

Cash and cash equivalents include cash amounts, on demand deposits, and other short-term financial assets with a term of less than three months, readily convertible into cash and subject to a negligible risk of a change in their value.
They are recorded at their nominal value, which corresponds to the *fair value*.

Financial instruments

Financial instruments refer to any contracts that give rise to a financial asset for one entity and a financial liability or equity instrument for another entity; they are recognised and measured in accordance with IAS 32 and IFRS 9.

Financial assets - debt instruments

Depending on the characteristics of the instrument and of the business model adopted for its management, *financial assets* representing debt instruments are classified in the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at *fair value* with the effects recognised in the other comprehensive income components ("OCI"); (iii) financial assets measured at *fair value* with the effects recognised in the income statement.

Initial recognition is at *fair value*; for those trade receivables without a significant financial component, the initial carrying amount is represented by the transaction price.

Following initial recognition, financial assets that generate cash flows representing only payments of capital and interest are measured at amortised cost if held with the aim of collecting their contractual cash flows (so-called "hold-to-collect" business model). Based on the amortised cost method, the initial carrying amount is then adjusted to account for repayments of principal, any impairment losses and the amortisation of the difference between the repayment amount and the initial carrying amount.

Amortisation is carried out using the effective internal interest rate, which represents the rate that would make equal, at initial recording, the present value of expected cash flows and the initial carrying amount.

Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of their provision for impairment losses.

Financial assets representing debt instruments where the business model provides both the possibility to collect contractual cash flows and realise capital gains through sales (so-called "hold-to-collect-and-sell" business model) are measured at *fair value* with the effects recorded on OCI ("FVTOCI").

In this case the *fair value* changes in the instrument are recognised in equity under other comprehensive income. The cumulative amount of the *fair value* changes, recognised in the equity reserve for other comprehensive income, is reversed to the income statement upon the derecognition of the instrument. Interest income, calculated using the effective interest rate, exchange rate differences and impairment losses, is recognised on the income statement.

A financial asset representing a debt instrument that is not measured at amortised cost or at FVTOCI is measured at *fair value* with the effects recognised in the income statement ("FVTPL").

When the purchase or sale of financial assets is executed according to a contract that requires settlement and delivery of the asset within a certain number of days, set by the market control authorities or by market agreements (e.g. purchase of securities on regulated markets), the transaction is recognised on the settlement date.

Disposals of financial assets are derecognised from the statement of financial position when the contractual rights to receive the associated cash flows from the financial instrument expire or are transferred to third parties.

Impairment of financial assets

Recoverability of the financial assets representing debt instruments, not measured at *fair value* with effects on the income statement, is measured on the basis of the so-called "expected credit loss" model.
In particular, the expected losses are generally determined based on the product between: (i) the exposure to the counterparty net of the relevant guarantees ("Exposure At Default", or "EAD"); (ii) the probability that the counterparty does not meet its payment obligation ("Probability of Default" or "PD"); (iii) the estimated percentage terms of credit loss that will not be recovered in the event of default ("Loss Given Default" or "LGD") defined based on past experience and potential recovery actions (e.g. out-of-court actions, legal disputes, etc.).
In this regard, in order to determine the probability of default of the counterparties internal ratings already used for concession purposes have been adopted. The probability of default for the counterparties represented by state entities and in particular for the national oil companies, basically depicted by the probability of a late payment, is determined using the country risk premiums adopted to determine WACCs for the impairment of the non-financial assets as input.
For retail customers, who do not have internal ratings, the expected losses are based on a provision matrix, built by grouping credits, where appropriate, into relevant clusters and applying impairment percentages defined based on past experience, adjusted, when necessary, for forward-looking credit risk information.

Financial liabilities

Financial liabilities other than derivative instruments, including financial debts, trade payables, other payables and other liabilities, are initially recognised at *fair value* less any transaction-related costs; they are subsequently recognised at amortised cost using the effective interest rate method, as described in "Financial assets" section above.
Financial liabilities are derecognised upon extinguishment or when the obligation specified in the contract is fulfilled, cancelled, or expired.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net base (i.e. realise the asset and at the same time extinguish the liability).

Derivative financial instruments and hedge accounting

Derivative financial instruments, including embedded derivatives, are initially measured at *fair value* according to the criteria indicated under the following section "Fair value measurement".

As part of the risk management strategy and objectives, the qualification of transactions as hedging requires: (i) verification of the existence of an economic relationship between hedged item and hedging instrument, such that their value changes offset each other and this offsetting ability is not impaired by the counterparty's level of credit risk; (ii) the definition of a hedge ratio consistent with the risk management objectives, within the defined risk management strategy, including the appropriate rebalancing actions, if needed. Changes in risk management objectives, the cessation of conditions for hedge qualification, or implementation of rebalancing transactions will result in prospective total or partial discontinuation of the hedge.

When derivatives hedge the *fair value* risk of the hedged items ("fair value hedge"; including, but not limited to, hedging the variability of the *fair value* of fixed rate asset/liability), derivatives are recognised at *fair value* with the effects recognised in the income statement; consistently, the hedged items are adjusted for *fair value* changes associated with the hedged risk in the income statement, regardless of the normal measurement criteria generally applied to the instrument.

When the derivatives hedge the cash flow risk of the hedged items ("cash flow hedge"; including, but not limited to, hedging the variability of cash flows of the asset/liability due to interest rates or exchange rates fluctuations), the changes in *fair value* of the derivatives considered effective are initially recognised in the equity reserve under other comprehensive income and afterwards reclassified in the income statement in line with the economic effects of the hedged transaction. In the case of hedging future transactions involving the recognition of a non-financial asset or liability, the cumulative *fair value* changes of the hedge derivatives recognised in equity are reclassified to adjust the initial carrying amount of the non-financial item hedged (the "basis adjustment").

Any ineffective components of hedging derivatives are recognised in the income statement under "Gain/(loss) on derivative financial instruments measured at fair value".

Fair value changes of derivatives that do not meet the hedging criteria, including any ineffective components of the hedge derivatives, are recorded in the income statement. Specifically, fair value changes of derivatives on interest rates and currencies that do not meet the hedging criteria are recognised in the income statement under "Gain/(loss) on derivative financial instruments measured at *fair value*".

Embedded derivatives incorporated in financial assets are no longer separated in accounting; in this case, the entire hybrid instrument is classified based on the general financial asset classification criteria for financial assets. Embedded derivatives incorporated in financial liabilities and/or non-financial assets are separated from the main contract and accounted for separately if the embedded instrument: (i) meets the definition of derivative; (ii) as a whole is not measured at *fair value* with the effects recognised in the income statement (FVTPL); (iii) the characteristics and risks of the derivative are not closely related to those of the main contract. The existence of embedded derivatives to separate and measure separately is checked when the company joins the contract and afterwards when there are amendments to the conditions of the contract that bring about significant changes in the cash flows it generates.

Fair value measurement

The *fair value* is the amount that may be received for the sale of an asset or that may be paid for the transfer of a liability in a regular transaction between market participant as at the valuation date (i.e. exit price).
Fair value of an asset or liability is determined using the valuations that market participants would use to in determining the price of the asset or liability. The *fair value* measurement also assumes that the asset or liability would be traded on the main market or, failing that, on the most advantageous market accessible to the entity.
The *fair value* of a non-financial asset is determined by considering the market participant ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would maximise its value. The determination of highest and best use of the asset is determined from the perspective of market participant, even if the entity intends to use it differently; it is assumed that the entity's current use of a non-financial asset is the highest and best use, unless the market conditions or other factors suggest otherwise.
The *fair value* measurement of a financial or non-financial liability, or of an equity instrument, considers the quoted price for transferring an identical or similar liability or equity instrument; if such quoted price is not available, the valuation of a corresponding asset held by a market participant as at the valuation date is considered. The *fair value* of the financial instruments considers the credit risk of the counterparty of a financial asset ("Credit Valuation Adjustment" or "CVA") and the entity's own default risk related to a financial liability ("Debit Valuation Adjustment" or "DVA").
When determining *fair value*, a hierarchy of inputs based on the origin, type and quality of the information used in the calculation is defined. This classification aims to establish a hierarchy in terms of the reliability in *fair value*, prioritizing the use of observable market parameters that reflect assumptions that market participants would use in measuring the asset/liability. The *fair value* hierarchy includes the following levels:

- level 1: inputs represented by (unmodified) quoted prices in active markets for identical assets or liabilities that are accessible as at the measurement date;
- level 2: inputs, other than quoted prices included in Level 1, that are observable, directly or indirectly for the assets or liabilities to be measured;
- level 3: unobservable inputs for the asset or liability.

In the absence of available market quotes, the fair value is determined by using valuation techniques appropriate for each situation, maximising the use of significant observable inputs and minimising the use of unobservable inputs.

Assets held for sale

Non-current assets and current and non-current assets of disposal groups are classified as held for sale if the carrying amount will be recovered mainly by their sale rather than through their continued use. This condition is regarded as fulfilled when the sale is highly probable, and the asset or discontinued operations are available for immediate sale in their current condition. In the case of a programme for the sale of a subsidiary that results in loss of control, all assets and liabilities of that affiliate are classified as held for sale, regardless of whether a non-controlling investment is maintained following the sale. Checking that the conditions required to classify an item as held for sale requires that the management made subjective assessments and formulate reasonable and realistic assumptions based on the information available.
Assets held for sale, current and non-current assets related to disposal groups and directly associated liabilities are recognised in the Statement of Financial Position separately from other assets and liabilities.
Assets and liabilities falling within a disposal group are measured according to the accounting standards applicable to them right before being classified as held for sale. Afterwards, the assets held for sale are not amortised or depreciated and are measured at the lower between the carrying amount and the related *fair value*, less costs to sale (see section "Fair value measurement").
The classification as "held for sale" of equity investments accounted for using the equity method implies suspended application of the measurement criteria. Therefore, in this case, the carrying amount is equal to the value resulting from the application of the equity method at the date of reclassification.
Any negative difference between the carrying amount of the non-current assets and the *fair value* less costs to sell is recognised to the income statement as an impairment; any subsequent reversal of impairment losses is recognised up to

the amount of the previously recognised impairment losses, including those recognised prior to the asset being classified as held for sale.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a specific nature and of certain or probable existence, which, at the end of the year, are uncertain but for which the amount or date of occurrence cannot be determined at the end of the year.

Provisions are recognised when: (i) it is probable that there is a current legal or constructive obligation, arising from a past event; (ii) it is probable that fulfilling the obligation will be onerous; and (iii) the amount of the obligation can be reliably determined. Provisions are recorded at a value representing the best estimate of the amount that the company would reasonably pay to extinguish the obligation or transfer it to third parties at the closing date of the financial year. Provisions related to onerous contracts are recorded at the lower of the cost necessary to fulfil the obligation, less the expected economic benefits deriving from the contract, and the cost to terminate the contract.

When the financial impact of time is significant, and the payment dates of the obligations can be reliably estimated, the provision is calculated by discounting the expected cash flows in consideration of the risks associated with the obligation; the increase in the provision due to the passing of time is recognised to the income statement under “Financial income (expense)”.

When the liability relates to property, plant and equipment (e.g. site dismantlement and restoration), the provision is recognised against the related asset and the charge to the income statement occurs through depreciation. The costs that the Company expects to incur for implementing restructuring programmes are recognised in the period in which the programme is formally defined, and a valid expectation has been generated among the affected parties that the restructuring will take place.

Provisions are periodically updated to reflect changes in cost estimates, selling periods and the discount rate; revisions in provision estimates are allocated to the same item of the income statement where the provision was previously reported or, when the liability is related to property, plant and equipment (e.g. site dismantling and restoration), against the related asset, up to the carrying amount; any excess is recognised in the income statement.

The notes to the financial statements describe contingent liabilities represented by: (i) possible (but not probable) obligations resulting from past events, whose existence will be confirmed only if one or more future uncertain events occur not entirely under the Group’s control; and (ii) current obligations resulting from past events, whose amount cannot be reliably estimated, or whose fulfilment of which is likely to be onerous.

Provisions for employee benefits

Post-employment benefits

Post-employment benefits are defined according to programmes, including non-formalised programmes, which, depending on their characteristics, are grouped as “defined-benefit” plan and “defined-contribution” plans.

- **Defined-benefit plans**

  The liability associated with defined-benefit plans is determined by estimating the present value of the future benefits accrued by the employees during the current year and in previous years, and by calculating the *fair value* of any assets servicing the plan. The present value of the obligations is determined based on actuarial assumptions and is recognised on an accrual basis consistent with the employment period necessary to obtain the benefits.
  Actuarial gains and losses relating to defined-benefit plans arising from changes in actuarial assumptions or experience adjustments are recognised in other comprehensive income when occurred and are not subsequently recognised in the income statement. When a plan is changed, reduced or extinguished, the its effects are recognised in the income statement.
  Net financial expense represents the change that the net liability undergoes during the year due to the passing of time. Net interest is determined by applying the discount rate to the liabilities, net of any assets servicing the plan. The net financial expense of defined-benefit plans is recognised in “Financial income (expense)”.

- **Defined-contribution plans**

  In defined-contribution plans, the Group’s obligation is calculated, limited to the payment of state contributions or to equity or a legally separate entity (fund), based on contributions due.
  Costs arising from defined-contribution plans are recognised in the income statement as incurred.

Other long-term plans

Obligations relating to other long-term benefits are calculated using actuarial assumptions; the effects arising from the amendments to the actuarial assumptions or the characteristics of the benefits are recognised entirely in the income statement.

Dividends payments

The distribution of dividends to Group's shareholders entails the recording of a payable in the financial statements for the period in which distribution was approved by the Company's Shareholders or, in the case of interim dividends, by the Board of Directors.

Revenues

The recognition of *revenues* from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the price of the transaction; (iv) allocation of the price of the transactions to the performance obligations identified based on the standalone selling price of each good or service; (v) recognition of the revenue when its performance obligation has been met, or when the promised good or service is transferred to the customer; the transfer is considered completed when the customer gains control of the good or service, which can occur over time or at a specific point in time.

Regulated activities

For the activities carried out by the Italgas Group, the moment of recognition of revenues occurs when the service is provided. The largest share of revenues relates to regulated activities, the income from which is governed by the regulatory framework established in Italy by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA), in Greece by the Regulatory Authority for Energy (RAE). Therefore, the economic conditions of the services provided are defined in regulatory schemes and not on a negotiation basis.

In the case of natural gas distribution in Italy, the difference between revenues recognised by the regulator ("Revenue cap") and the revenue charged to customers for services actually rendered is recorded in the Statement of Financial Position, if positive, under "Trade and other receivables" and, if negative, under "Trade and other payables", as it will be subject to financial settlement by CSEA.

In relation to natural gas distribution and metering in Greece, the differential between revenues recognised by the Regulator and actual accrued revenues are recognised, if positive, to the Statement of financial position under the item "Other current and non-current non-financial assets" and, if negative, to the item "Other current and non-current non-financial liabilities", since the operator has satisfied the related performance obligation and holds the title to recover or the obligation to return within subsequent regulation periods or at the end of the concession the amounts not charged or overcharged to customers during the financial year.

With regard to the recognition of revenues relating to the so-called "Municipalities in start-up", mainly concentrated in Sardinia, the remuneration mechanism provides for a limit ("cap") to tariff recognitions for investments in distribution networks for locations with year of first supply after 2017, in the amount of € 5,250 per re-delivery point, expressed at 2017 prices, determined by Resolution no. 704/2016/R/gas. Payment of the price by ARERA is made on the basis of the "three-phase" system, whereby the first phase lasts three years (in addition to the year of first supply), during which investments are recognised in full; this is then followed by a second phase during which a cap applies, calculated on the basis of a prospective valuation of the delivery points, which may potentially be connected to the network, based on the penetration curves of the typical users of each tariff area and, finally, a third phase, which starts from the sixth year of service management, during which, if the cap is exceeded, the investments recognised from the first year of service management will be cut retroactively. Resolution no. 525/2022/R/gas subsequently governed the operating procedures for application of the cap on the tariff recognition of capital costs in locations in the start-up phase and the application methods of the mechanism, relating in particular to the determination of the service deployment ratio and the procedures for verifying that the maximum unit expenditure threshold has been exceeded, for the second and third stages of the mechanism. In connection with these municipalities, the Group records the revenue on the basis of the RAB expected at the sixth year of supply, considering it to be highly likely that on the basis of the expected delivery points, there will not be any significant reversal of revenues accrued after resolving the uncertainty.

Allocations of revenues relating to services partially rendered are recognised by the fee accrued, as long as it is possible to reliably determine the stage of completion and there are no significant uncertainties over the amount and the existence of the revenue and the related costs; otherwise they are recognised within the limits of the actual recoverable costs.

Items of property, plant and equipment not used in concession services, transferred from customers (or realised with the cash transferred from customers) and depending on their connection to a network for the provision of supply, are recognised at *fair value* as a contra-entry to revenues in the income statement. When the agreement stipulates the provision of multiple services (e.g. connection and supply of goods), the service for which the asset was transferred from the customer is checked and, accordingly, the disclosure of the revenue is recognised on connection or for the shorter of the term of the supply and the useful life of the asset.

Revenues are recorded net of returns, discounts, allowances and bonuses, as well as directly related taxes.

Revenues are reported net of items involving regulation components, in addition to the Italian tariff, applied to cover gas system expenses of a general nature. Amounts received from Italgas are paid in full to the Energy and Environmental Services Fund (CSEA). Gross and net presentation of revenue is described in more detail in the Notes to the consolidated financial statements (see “Revenues” note).

Since they do not represent sales transactions, exchanges between goods or services of a similar nature and value are not recognised in revenues and costs.

Energy efficiency

As part of *energy efficiency* activities, the Group, through its subsidiary Geoside, deals with the renovation and recovery of residential building heritage, allowing customers to access the tax deductions provided by the relevant regulations, such as the so-called Superbonus, introduced by art. 119 and following of DL 34/2020,as amended, as well as other minor bonuses (i.e. Sismabonus, Ecobonus, etc.).

In particular, the energy efficiency business has developed as a result of the tax incentives provided by the legislator which, through the "tax credit transfer" or "invoice discount" mechanism, have facilitated access to end customers (mainly condominiums) to these efficiency measures, through the aforementioned tax incentive mechanisms.

Revenues are recognised over the contractual period (over-time), for an amount equal to the amount that the Group expects to receive for this operation based on the progress of the works.

Dividends received

Dividends are recognised at the date of the resolution passed by the Shareholders’ Meeting, unless it is not reasonably certain that the shares will be sold before the ex-dividend date.

Costs

Costs are recognised in the period when they relate to goods and services sold or consumed during the same period or when it is not possible to identify their future use.

Costs sustained for share capital increases are recorded as a reduction of equity, net of taxes.

Energy efficiency certificates

The Energy Efficiency Certificates purchased during the year are entered in the income statement at the cost borne. The relevant contribution that CSEA will pay at the time the certificates are cancelled is booked as a reduction of the cost borne and is calculated based on the repayment price scheduled at year-end. A special risk provision is allocated to cover the future expected charges to fulfil the year’s objective calculated as the difference between the cost to be borne and its cancellation contribution.

Income taxes

Current income taxes are calculated by estimating the taxable income. Receivables and payables for current income taxes are recognised based on the amount which is expected to be paid/recovered to/from the tax authorities under the prevailing tax regulations and rates or those essentially approved at the reporting date.

Regarding the Italian corporation tax (“IRES”), Italgas has exercised the option to join the national tax consolidation scheme, to which all the consolidated companies have officially signed up. The projected payable is recognised under “Current income tax liabilities”.

The regulations governing Italgas Group companies’ participation in the national tax consolidation scheme stipulates that:

- subsidiaries with positive taxable income pay the amount due to Italgas. The taxable income of the subsidiary, used to determine the tax, is adjusted to account for the recovery of negative components that would have been non-deductible without the consolidation scheme (e.g. interest expense), the so-called ACE (help for economic growth) effect and any negative taxable income relating to the subsidiary’s equity investments in consolidated companies;
- subsidiaries with negative taxable income, if and insofar as they have prospective profitability which, without the national tax consolidation scheme, would have enabled them to recognise deferred tax assets related to the negative

taxable income on the separate financial statements, receive from their shareholders – in the event that these are companies with a positive taxable income or a negative taxable income with prospective profitability – or from Italgas in other cases, compensation amounting to the lower of the tax saving realised by the Group and the aforementioned deferred tax assets.

Tax receivables and tax payables on Italian regional production ("IRAP") are recognised under the item "Current tax liabilities" and "Current tax receivables", respectively.

Some Italian Group companies have adhered to the Italian national consolidation option, which makes it possible to determine current IRES on a taxable base that coincides with the algebraic sum of the positive and negative taxable income of the participating companies. Economic transactions, as well as the reciprocal responsibilities and obligations, are regulated by specific agreements between the parties, according to which, in the event of positive taxable income, the subsidiaries transfer the financial resources corresponding to the higher tax due by them as a result of their participation in the national consolidation scheme to the parent company and, in the event of negative taxable income, receive compensation equal to the relative tax savings achieved by the parent company.

As for Greece, corporate income tax is calculated according to the tax laws in force in the country. Current income tax includes those calculated based on the profits reported in the tax returns, the higher income taxes deriving from special provisions of the law or from tax audits by the Financial Administration and provisions for higher taxes and surcharges for tax periods not verified and are calculated according to the rates in force at the reporting date.

Deferred income tax assets and liabilities are calculated on the timing differences between the values of the assets and liabilities entered in the Statement of Financial Position and the corresponding values recognised for tax purposes, based on the prevailing tax regulations and rates or those essentially approved for future years. Deferred tax assets are recognised when their recovery is considered probable; specifically, the recoverability of deferred tax assets is considered probable when taxable income is expected to be available in the period in which the temporary difference is cancelled, allowing the activation of the tax deduction. Similarly, unused tax receivables and prepaid taxes on tax losses are recognised up to the limit of recoverability.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at individual company level if they refer to taxes which can be offset. The balance of the offsetting, if it results in an asset, is recognised under the item "Deferred tax assets"; if it results in a liability, it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, prepaid and deferred current taxes are also recognised to equity.

Income tax assets with elements of uncertainty are recognised when they are regarded as likely to be obtained.

Operating segments

The Group operates mainly in gas distribution and metering services, and is residually active in gas sales, integrated water service, energy service company (ESCo) business and the IT services business.

With reference to DEPA Infrastructure Group, the main gas distribution operator in Greece, it is considered that the gas distribution service in Italy and in Greece present similar economic characteristics insofar as the DEPA Infrastructure Group carries out activities similar to those of Italgas in a market with a similar regulatory framework.

In addition, the two activities are similar with respect to:

a) nature of the products and services, i.e. gas distribution and metering;
b) nature of the production processes, i.e. the development and maintenance of assets related to the gas distribution service under concession;
c) type or class of customers according to their products and services, or sales companies;
d) methods used to distribute its products or provide its services; i.e. transporting gas through local pipeline networks;
e) nature of the regulatory environment, i.e. the operation of a regulated business that is essentially based on the return on invested capital and the coverage of costs incurred by the operator. In fact, both regulatory systems guarantee a return on investment and coverage of the management costs regardless of volumes and the WACC formulas. They are entirely similar and essentially able to neutralise differences in risk between the two countries, therefore, can be aggregated into a single operational sector.

In light of the above and in compliance with IFRS 8 – Operating Segments, the following segments have been identified:

- Gas distribution;
- Energy efficiency;
- Corporate and other sectors.

4) *Financial Statements*

The formats adopted for the preparation of the financial statements are consistent with the provisions of IAS 1 - "Presentation of financial statements" (hereinafter "IAS 1"). In particular:

- the Statement of Financial Position items are broken down into assets and liabilities, and then further into "current or non-current items[20]";
- the Income Statement classifies costs by type, since this is deemed to be the best way of representing the Group's operations and is in line with international best practice;
- the Statement of Comprehensive Income shows the profit or loss in addition to the income and expense recognised directly in equity as expressly provided for by the IFRS;
- the Statement of changes in Equity reports the total income (expense) for the financial year, shareholder transactions and the other changes in equity;
- the Statement of Cash Flows is prepared using the "indirect" method, adjusting the profit for the year of non-monetary components.

It is believed that these statements adequately represent the Group's situation with regard to its Statement of Financial Position, Income Statement and Statement of Cash Flows.

Moreover, pursuant to Consob Resolution No. 15519 of July 28, 2006, any income and expense from non-recurring operations is shown separately in the income statement.

With regard to the same Consob Resolution, the balances of receivables/payables and transactions with related parties, described in more detail in the note "Related party transactions", are shown separately in the financial statements.

5) *Use of estimates*

The application of generally accepted accounting principles for the preparation of financial statements involves management making accounting estimates based on complex and/or subjective judgements, estimates based on past experience and assumptions regarded as reasonable and realistic on the basis of the information known at the time of the estimate. The use of these accounting estimates has an influence on the carrying amount of the assets and liabilities and on the information about potential assets and liabilities at the reporting date, as well as the amount of revenues and costs in the reference period. The actual results may differ from the estimated results owing to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

Details are given below about the main accounting estimates involved in the process of preparing the financial statements and interim reports, since they involve a high degree of recourse to subjective judgements, assumptions and estimates regarding matters that are by nature uncertain. Any change in the conditions forming the basis of the judgements, assumptions and estimates used could have a significant impact on results of subsequent years.

Impairment of non-financial assets

Measurement of tangible and intangible assets, including goodwill, requires recording of these in the financial statements for a value no higher than their recoverable value (so-called Impairment test).

For activities in regulated sectors the *fair value* can be represented as follows is:

(vi) In Italy, the estimated value of net invested Capital updated to the reference date attributed to these assets for tariff purposes (RAB - Regulatory Asset Base) by the Authority, RAB is the reference basis for determining the service tariffs and, therefore, the cash flows generated from assets. RAB value is defined using the revalued historical cost method for Fixed Capital and on a flat-rate basis for Working Capital net of capital contributions and contributions received, and on a flat-rate basis for the working capital and severance pay;

(vii) In Greece, the estimated value of net invested capital updated to the reference date attributed to these assets for tariff purposes (RAB – Regulatory Asset Base) by the Authority, including the flat-rate value of the net working capital, where positive;

(i) the reimbursement value (RV) valid for ATEM (Minimum Territorial Areas) tenders, which is the value to be paid to the operator selling the infrastructure after the tender

[20] The assets and liabilities are classified as current if: (i) their realisation/settlement is expected in the Group's normal operating cycle or within twelve months after the financial year-end; (ii) they are composed of cash or cash equivalents which do not have restrictions on their use over the twelve months following the year-end date; (iii) they are mainly held for trading purposes; or (iv) with reference to liabilities, the company does not have the unconditional right to defer settlement of the liability for at least twelve months from the financial year closing date.

procedure. In Greece, the reimbursement value is calculated as the value of the RAB at the date of interruption/expiry of the licence, increased by at least 15%;

Value in use refers to:

(ii) the present value of the future cash flows expected to be derived from the asset being measured. These flows are determined in line with the most recent business plan approved by management, which is based not only on developments in the regulations, but also on estimates relating to reference market trends and investment and divestment decisions. In the process of determining the recoverable value, flows are discounted at a discount rate that reflects current market conditions, the time value of money and the specific risks of the asset.

More information on the impairment test carried out by the Group's management on Property, plant and equipment and on Intangible assets can be found in the "Impairment of non-financial assets" section.

The recoverable value is sensitive to the estimates and assumptions used to determine the total invested capital, cash flows and discount rates applied. Therefore, possible variations in the estimation of the factors on which the calculation of the aforesaid recoverable values is based could result in different measurements.

Analysis of each of the groups of non-financial assets is unique and requires use by the Group's management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.

Business combinations

Recognition of business combination transactions requires determination of the *fair value* of any assets and liabilities acquired as a result of obtaining control of the business. With the help of independent professionals, the Group's management measured the *fair value* of assets, liabilities and potential liabilities, on the basis of information on facts and circumstances available at the acquisition date.

Determination of the *fair value* of assets and liabilities acquired is subject to estimates and measurements by the Group's management. Possible variations in the estimation of the factors on which determination of the *fair value* is based could generate different measurements.

Analysis of each business combination transaction is unique and requires use by the Group's management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.

Environmental liabilities

The Italgas Group is subject, in relation to its activities, to numerous laws and regulations on environmental protection at European, national, regional and local level, including the laws which implement international conventions and protocols relating to the activities carried out.

The measurement of future liabilities in connection with reclamation and restoration obligations in relation to sites and/or land on which the company carries out its business is a complex process based on technical and financial assumptions made by the Group's management and supported by independent experts where necessary.

The restoration cost estimate is discounted using a risk-free rate in accordance with IAS 37. The estimate is made using a principle of prudence based on the known market, legislative and technological conditions at the time of measurement.

The estimates are reviewed at each reference date to verify that the amounts recorded are the best reflection of the costs the Group will face. If any significant variations are found, the amounts are adjusted. The key factors for revising cost estimates are the revision of the timeframes for implementing the site reclamation and restoration plan, developments in the technologies and environmental regulations and discount rate trends.

Measurement of environmental liabilities recorded in the financial statements takes into account the environmental legislation currently in force. However, this measurement could be subject to variations, even to a significant extent, in relation to: (i) the possibility of further contamination arising; (ii) the results of current and future refurbishment and the other possible effects arising from the application of the laws in force; (iii) the possible effects of new laws and regulations for environmental protection; (iv) the effects of any technological innovations for environmental cleansing; and (v) the possibility of disputes concerning the environmental liability for specific sites and the difficulty of determining the potential consequences of this, including in relation to the liability of other parties and any indemnity.

Provisions for employee benefits

Defined-benefit plans are accounted for on the basis of uncertain events and actuarial assumptions which include, inter alia, the discount rates, the expected returns on the assets servicing the plans (where they exist), the level of future remuneration, mortality rates, the retirement age and future trends in the healthcare expenses covered.

The main assumptions used to quantify defined-benefit plans are determined as follows: (i) the discount and inflation rates representing the base rates at which the obligation to employees might actually be fulfilled are based on the rates which mature on high-quality bonds and on inflation expectations; (ii) the level of future remuneration is determined on the basis of elements such as inflation expectations, productivity, career advancement and seniority; (iii) the future cost of healthcare services is determined on the basis of elements such as present and past trends in healthcare costs, including assumptions regarding the inflationary growth of costs, and changes in the health of the participating employees; and (iv) the demographic assumptions reflect the best estimates of trends in variables such as mortality, turnover, invalidity and others in relation to the population of the participating employees.

Differences in the value of net liabilities relating to employee benefit plans, arising due to changes in the actuarial assumptions used and the difference between the actuarial assumptions previously adopted and actual events, occur routinely and are called actuarial gains and losses. Actuarial gains and losses relating to defined-benefit plans are recognised in the statement of comprehensive income. Actuarial assumptions are also used to determine other long-term employee benefit obligations; to this end, the effects arising from changes to the actuarial assumptions or the characteristics of the benefit are fully recognised in the income statement.

Provisions for risks and charges

In addition to the amounts allocated to the provisions for environmental liabilities, Italgas recorded provisions mainly relating to the following in the financial statements: (i) legal and tax disputes; (ii) staff leaving incentives; (iii) expenses related to meeting the Energy Efficiency Certificates targets (EEC) set by the Authority; (iv) provision for contractual risks.

Provisions are made to cover the risk of future outlay for the cases set out above. The value of the provisions recorded in the financial statements for such risks reflects the best estimate made by the Group’s management with the support of independent professionals at the preparation date of this document. This estimate involves making assumptions based on factors that may vary over time, which could, therefore, produce a significantly different outcome with respect to the current estimates made by the Group’s management for the preparation of the Group’s financial statements.

6) *Cash and cash equivalents*

Cash and cash equivalents, equal to € 249,963 thousand (€ 451,946 thousand as of December 31, 2022), refer to current account deposits held at banks.

Cash and cash equivalents are not subject to any usage restrictions.

A comprehensive analysis of the financial situation and major cash commitments during the year can be found in the Statement of Cash Flows.

7) *Current financial assets*

Current financial assets amounting to € 4,248 thousand (€ 5,770 thousand as of December 31, 2022), mainly relate to financial receivables from credit institutions that are convertible in cash in short term, mainly to guarantee M&A transactions with Conscoop.

8) *Trade and other receivables*

Trade and other receivables, amounting to € 853,488 thousand (€ 1,142,950 thousand as of December 31, 2022) include the following:

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Trade receivables	315,708	694,330
Receivables from acquisition/disposal activities	5,278	5,278
Other receivables	821,964	153,880
Trade and other receivables	**1,142,950**	**853,488**

Trade receivables (€ 694,330 thousand as of December 31, 2023 and € 315,708 thousand as of December 31, 2022), increased by € 378,622 thousand, mainly due to the increase in receivables from the sales companies (€ 252,353 thousand) and higher receivables related to the "Super/Ecobonus" (€ 87,830 thousand) falling under the legislation of Superbonus incentives as provided for in the Relaunch Decree (Decree-Law 34/2020). The trade credits deriving from the Superbonus activity as of December 31, 2023, awaiting recognition by the Revenue Agency as tax credits, amount to € 259,625 thousand. Management assessed the recoverability of the aforementioned credits from Superbonus on the basis of the overall expected tax contribution of the Group in the following 4 years, as required by law.

Trade and other receivables are reported net of the bad debt provision (€ 16,507 thousand as of December 31, 2023 and € 16,742 thousand as of December 31, 2022). Changes in the bad debt provision during the year are shown below:

(€ thousands)	As of 31 December 2021	Acquired through business combination	Provisions	Uses	Other changes	As of December 31, 2022
Trade receivables	15,643	183	8	(350)	(108)	15,376
Other receivables	-	405	-	-	961	1,366
Bad debt provision	**15,643**	**588**	**8**	**(350)**	**853**	**16,742**

(€ thousands)	As of December 31, 2022	Acquired through business combination	Provisions	Uses	Other changes	As of December 31, 2023
Trade receivables	15,376	-	124	(353)	-	15,147
Other receivables	1,366	-	-	(6)	-	1,360
Bad debt provision	**16,742**	**-**	**124**	**(359)**	**-**	**16,507**

Bad debt provision reflects estimated losses in connection with the Group's credit portfolio. Impairments are made for expected losses on receivables, estimated both on the basis of past experience with receivables with similar credit risk and on the basis of future expected loss on open positions as at the reference date, as well as careful monitoring of the quality of credit portfolios.

Receivables for acquisition/disposal activities (€ 5,278 thousand as of December 31, 2023 equal in amount to December 31, 2022) refer to proceeds from the sale of property, plant and equipment and intangible assets.

Other receivables (€ 153,880 thousand as of December 31, 2023 and € 821,964 thousand as of 31 December 2022) break down as follows:

(€ thousands)	As of December 31, 2022	As of December 31, 2023
IRES receivables for the national tax consolidation regime	16,516	5,154
Receivables expected to be collected from CSEA	744,101	94,837
Receivables from the Public administration	6,654	6,824
Prepayments	45,976	35,684
Receivables from personnel	2,088	2,625
Sundry other	6,629	8,756
Other receivables	**821,964**	**153,880**

IRES receivables for the national tax consolidation regime (€ 5,154 thousand as of December 31, 2023) mainly relate to receivables from the former parent company, Eni S.p.A., for the IRES refund request, arising from the partial deduction of IRAP for the tax periods 2004 - 2007 (pursuant to Article 6 of Decree-Law no. 185 of November 28, 2008, converted by Law no. 2 of January 28, 2009) and to tax years 2007 to 2011 (pursuant to Decree-Law no. 201/2011). The change of negative € 11,362 thousand relates to the collection within the period.

Receivables expected to be collected from CSEA (€ 94,837 thousand as of December 31, 2023) mainly refer to additional gas distribution tariff components (Safety Incentives, UG2[21] and the Gas Bonus[22]) for € 30,968 thousand and for safety incentives for € 63,869 thousand.

[21] Additional component of the distribution tariff for the purpose of containing the cost of the gas service for low consumption end users.
[22] Component relating to requests for subsidies for natural gas provision by economically disadvantaged customers.

This amount at the end of 2022 was affected by the Resolutions issued by ARERA to address the increase in energy prices and the increase in energy bills, which had provided for the writing-off, for all customers in the gas sector, of the components relating to system charges and the introduction of supplementary social bonuses (extension of the pre-existing Gas Bonus). Furthermore, from the second quarter of 2022, Resolutions no. 148/2022/R/gas, no. 296/2022/R/gas and no. 462/2022/R/com provided for an update of the UG2 component with the application of a negative component in instalments up to 5,000 Sm3/year), in order to immediately transfer to customers the containment effects of the measures adopted in relation to the exceptional situation of operating tension on the gas markets. This case, which at December 31, 2022 had led to an increase in receivables from the CSEA, and to the emergence of payables to Sales Companies, recorded under item "18) Trade payables and other payables", was no longer present at December 31, 2023 due to the lapse of regulations.

Receivables from the Public administration (€ 6,824 thousand as of December 31, 2023, substantially unchanged from the previous year), relate to receivables from Municipalities, mainly for public space occupation fee (the so-called “Canone per l’occupazione di spazi e aree pubbliche” or “COSAP“).

The market value of Trade and other receivables is analysed in the Note “Guarantees, commitments and risks - Other information about financial instruments”. All receivables are in Euro.

The *fair value* measurement of Trade and other receivables has no material impact considering the short period of time from when the receivable arises and its due date and contractual conditions.

The following table provides the aging of Trade and other receivables:

(€ thousands)	As of December 31, 2022			As of December 31, 2023		
	Trade receivables	**Other receivables**	**Total**	**Trade receivables**	**Other receivables**	**Total**
Receivables not overdue	227,483	821,964	1,049,447	664,320	159,158	823,478
Receivables overdue:	88,225	-	88,225	30,010	-	30,010
- from 0 to 3 months	47,713	-	47,713	8,202	-	8,202
- from 3 to 6 months	12,314	-	12,314	3,185	-	3,185
- from 6 to 12 months	18,768	-	18,768	5,252	-	5,252
- over 12 months	9,430	-	9,430	13,371	-	13,371
Trade and other receivables	**315,708**	**821,964**	**1,137,672**	**694,330**	**159,158**	**853,488**

Receivables overdue, amounting to € 30,010 thousand, mainly relate to receivables from end users for gas and water supply (€ 14,217 thousand) and ESCo service customers (€ 5,769 thousand).

As at December 31, 2023 there were no significant credit risks. Note that, on average, 97.44% of trade receivables relating to gas distribution are settled by the due date and over 99.6% within the following 4 days, confirming the strong reliability of the customers.

Receivables from related parties are described in the note “Related party transactions”.

Specific information on credit risk is provided in the note “Guarantees, commitments and risks - Financial risk management - Credit risk”.

9) *Inventories*

Inventories, amounting to € 79,052 thousand, are analysed in the table below:

(€ thousands)	As of December 31, 2022			As of December 31, 2023		
	Gross value	**Provision for impairment losses**	**Net value**	**Gross value**	**Provision for impairment losses**	**Net value**
Raw materials, consumables and supplies	124,733	(4,247)	120,486	89,317	(10,265)	79,052
Inventories	**124,733**	**(4,247)**	**120,486**	**89,317**	**(10,265)**	**79,052**

Inventories of Raw materials, consumables and supplies (€ 79,052 thousand as of December 31, 2023) mainly include gas meters. Provision for impairment losses equal to € 10,265 thousand (€ 4,247 thousand as of December 31, 2022).

Inventories are not collateralised. Inventories do not secure liabilities, nor are recognised at net realisable value.

10) *Current and non-current tax receivables/liabilities*

Current and non-current tax receivables/liabilities break down as follows:

(€ thousands)	As of December 31, 2022			As of December 31, 2023		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**

Tax receivables	**8,703**	**54,862**	**63,565**	**17,475**	**12,876**	**30,351**
- IRES	4,328	54,862	59,190	4,257	12,876	17,133
- IRAP	720	-	720	9,893	-	9,893
- Foreign Taxes	3,655	-	3,655	3,325	-	3,325
Tax liabilities	**16,105**	**-**	**16,105**	**20,448**	**-**	**20,448**
- IRES	6,856	-	6,856	8,144	-	8,144
- IRAP	3,776	-	3,776	11,213	-	11,213
- Foreign taxes	5,473	-	5,473	1,091	-	1,091

Taxes pertaining to current year are shown in section “Income taxes”.

11) *Other current and non-current non-financial assets*

Other current non-financial assets, amounting to € 152,864 thousand, and *other non-current non-financial assets*, amounting to € 417,069 thousand, break down as follows:

(€ thousands)	As of December 31, 2022			As of December 31, 2023		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Other regulated activities	38,424	73,919	112,343	43,988	123,000	166,988
Other assets	42,351	79,656	122,007	108,876	294,069	402,945
- Other current taxes	36,645	-	36,645	20,013	-	20,013
- Accrued income and deferrals	5,706	76,376	82,082	8,001	105,528	113,529
- Security deposits	-	3,221	3,221	-	3,949	3,949
- Other	-	59	59	80,862	184,592	265,454
Other current and non-current non-financial assets	**80,775**	**153,575**	**234,350**	**152,864**	**417,069**	**569,933**

Other regulated activities (€ 166,988 thousand as of December 31, 2023) include mainly (i) the tariff recognition, by the Authority, as a result of the plan to replace traditional meters with electronic ones pursuant to Article 57 of ARERA Resolution no. 367/14, as subsequently amended and supplemented, as a result of the change in methodology over previous years and the recovery of non-depreciation (so-called IRMA) pursuant to DCO 545/2020/R/gas, Resolution no. 570/2019/R/gas and Determination no. 3/2021; (ii) to the tariff recognition pursuant to Resolution no. 737/2022/R/gas and Determination no. 1/2023 of October 11, 2023 – DINE of the residual non-depreciated costs of the smart meters installed in the first roll-out phase of the installation plans provided for by the Gas Smart Meters Directives, which had to be disposed of earlier than the end of their useful life. This recognition concerned the smart meters decommissioned early, of a class not exceeding G6 produced up to the year 2016 and entered into operation by 2018, for an amount equal to € 52,292 thousand to be collected over the residual useful tariff life of the individual disused assets.

Other current taxes, amounting to € 20,013 thousand (€ 36,645 thousand as of December 31, 2022) refer to VAT receivables for € 12,066 thousand (€ 23,061 thousand as of December 31, 2022) and to other taxes for € 7,947 thousand (€ 13,584 thousand as of December 31, 2022).

It should be noted that the Group has finalised factoring agreements with financial counterparties on the basis of which the Group’s receivables can be factored without recourse. In particular, with reference to December 31, 2023, we finalised the assignment of VAT receivables in the amount of € 24.7 million.

Accrued income and deferrals, amounting to € 113,529 thousand, mainly refer to the Enaon Group (€ 113,346 thousand), which records in this item the positive difference between the revenues recognized and the revenues actually accrued in the years between 2017 and 2023 recoverable through the tariffs of the current regulatory period for the part accrued up to 2021 and in subsequent regulatory periods for the part accrued in 2022 and 2023.

Other, amounting to € 265,454 thousand, relates mainly to Eco/Superbonus tax-receivables of € 264,123 thousand. Management assessed the recoverability of the aforementioned credits from Superbonus on the basis of the overall expected tax contribution of the Group in the following 4 years, as required by law.

12) *Property, plant and equipment*

Property, plant and equipment, amounting to € 386,040 thousand as of December 31, 2023 (€ 379,026 thousand as of December 31, 2022), break down as follows:

(€ thousands)	As of December 31, 2022						
	Land	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Work in progress and payments on account**	**Total**
Cost as of 31.12.2021	**12,738**	**487,219**	**36,302**	**155,682**	**47,121**	**7,478**	**746,540**
Right of Use as of 31.12.2021	-	45,403	-	45,284	35,442	-	**126,129**
Additions	-	2,248	812	3,581	121	3,888	**10,650**
Right of Use Additions	379	11,145	-	5,633	9,206	-	**26,363**
Disposals	(59)	(1,772)	(889)	(1,151)	(2)	(12)	**(3,885)**
Disposals of Right of Use	(350)	(6,644)	-	(458)	-	-	**(7,452)**
Reclassifications	(149)	696	52	1,661	-	(2,260)	**-**
Reclassifications of Right of Use	2,339	-	-	-	-	-	**2,339**
Assets acquired through business combination	1,949	8,544	2,311	581	15,400	499	**29,284**
Right of Use acquired through business combination	-	8,998	-	2,277	1,889	-	**13,164**
Other changes	(1)	3,793	(159)	144	(223)	(610)	**2,944**
Other changes in Right of Use	-	(1,432)		(37)	2	-	**(1,467)**
Cost as of December 31, 2022	**16,846**	**512,795**	**38,429**	**167,913**	**73,514**	**8,983**	**818,480**
Accumulated depreciation as of 31.12.2021	**-**	**(219,696)**	**(16,564)**	**(114,077)**	**(23,984)**	**-**	**(374,321)**
Amortisation of Right of Use as of 31.12.2021	-	(16,070)		(24,994)	(12,834)	-	**(53,898)**
Depreciation	-	(8,543)	(2,076)	(6,350)	(366)	-	**(17,335)**
Amortisation of Right of Use	(99)	(6,789)	-	(9,763)	(7,974)	-	**(24,625)**
Disposals	-	1,192	4	945	-	-	**2,141**
Disposals of Right of Use	7	3,121		316		-	**3,444**
Assets acquired through business combination	-	(5,975)	(1,422)	(437)	(13,224)	-	**(21,058)**
Right of Use acquired through business combination	-	(4,917)	-	(1,229)	(1,435)	-	**(7,581)**
Other change in rights of use	-	(3)	-	5	1	-	**3**
Other changes	-	(2)	(34)	(443)	468	-	**(11)**
Accumulated depreciation as of 31.12.2022	**(92)**	**(241,612)**	**(20,092)**	**(131,033)**	**(46,514)**	**-**	**(439,343)**
Provision for impairment of asset as of 31.12.2021	**-**	**-**	**-**	**-**	**-**	**(111)**	**(111)**
Provision for impairment of asset as of 31.12.2022	**-**	**-**	**-**	**-**	**-**	**(111)**	**(111)**
Net balance as of 31.12.2021	**12,738**	**267,523**	**19,738**	**41,605**	**23,137**	**7,367**	**372,108**
Net balance as of 31.12.2022	**16,754**	**271,183**	**18,337**	**36,880**	**27,000**	**8,872**	**379,026**
- of which Right of Use	*2,276*	*32,812*	*-*	*17,034*	*24,297*	*-*	***76,419***

	As of December 31, 2023						
(€ thousands)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Work in progress and payments on account	Total
Cost as of December 31, 2022	**16,846**	**512,795**	**38,429**	**167,913**	**73,514**	**8,983**	**818,480**
Right of Use as of 31.12.2022	2,368	57,470	-	52,699	46,539	-	**159,076**
Additions	3	5,718	1,395	2,538	870	14,010	**24,534**
Right of Use additions	1,627	13,787	-	8,593	13,202	-	**37,209**
Disposals	(42)	(667)	(120)	(624)	(27)	(112)	**(1,592)**
Disposals of Right of Use	-	(2,944)	-	(2,348)	-	-	**(5,292)**
Reclassifications	2	2,882	327	865	-	(3,740)	**336**
Reclassifications of Right of Use	371	(20)	-	-	-	-	**351**
Other changes	-	-	922	-	-	(6,816)	**(5,894)**
Other changes in Right of Use	32	-	-	-	(93)	-	**(61)**
Cost as of 31.12.2023	**18,839**	**531,551**	**40,953**	**176,937**	**87,466**	**12,325**	**868,071**
Accumulated depreciation as of 31.12.2022	**(92)**	**(241,612)**	**(20,092)**	**(131,033)**	**(46,514)**	**-**	**(439,343)**
Amortisation of Right of Use as of 31.12.2022	(92)	(24,658)	-	(35,665)	(22,242)	-	**(82,657)**
Depreciation	-	(9,238)	(2,449)	(5,196)	(836)	**-**	**(17,719)**
Amortisation of Right of Use	(178)	(8,690)	-	(10,950)	(9,873)	-	**(29,691)**
Disposals	-	248	-	591	17	-	**856**
Disposals of Right of Use	-	1,611	-	1,963	-	-	**3,574**
Other changes in Right of Use	(4)	25	-	129	244	-	**394**
Accumulated depreciation as of 31.12.2023	**(274)**	**(257,656)**	**(22,541)**	**(144,496)**	**(56,962)**	**-**	**(481,929)**
Provision for impairment as of 31.12.2022	**-**	**-**	**-**	**-**	**-**	**(111)**	**(111)**
Divestments	-	-	-	-	-	11	**11**
Other changes	-	-	(2)	-	-	-	**(2)**
Provision for impairment as of 31.12.2023	**-**	**-**	**(2)**	**-**	**-**	**(100)**	**(102)**
Net balance as of December 31, 2022	**16,754**	**271,183**	**18,337**	**36,880**	**27,000**	**8,872**	**379,026**
Net balance as of 31.12.2023	**18,565**	**273,895**	**18,410**	**32,441**	**30,504**	**12,225**	**386,040**
- of which Right of Use	*4,124*	*36,581*	-	*14,421*	*27,777*	-	***82,903***

Additions (€ 61,743 thousand) mainly refer to industrial and commercial equipment (€ 2,538 thousand), office buildings (€ 5,718 thousand), work in progress and payments on account (€ 14,010 thousand) and leased assets (€ 37,209 thousand).

Rights of use are detailed in the following table:

(€ thousands)	As of December 31, 2022	Depreciation	Acquired through business combination	Increases	Decreases	Reclassifications	Other changes	As of December 31, 2023
Land	**2,276**	**(178)**	**-**	**1,627**	**-**	**371**	**28**	**4,124**
Buildings	**32,812**	**(8,690)**	**-**	**13,787**	**(1,333)**	**(20)**	**25**	**36,581**
- operating properties	32,812	(8,690)	-	13,787	(1,333)	(20)	25	36,581
Industrial and commercial equipment	**17,034**	**(10,950)**	**-**	**8,593**	**(385)**	**-**	**129**	**14,421**
- ICT	7,335	(2,703)		784				5,416
- motor vehicles	9,699	(8,247)	-	7,809	(385)	-	129	9,005
Other assets	**24,297**	**(9,873)**	**-**	**13,202**	**-**	**-**	**151**	**27,777**
Rights of use	**76,419**	**(29,691)**	**-**	**37,209**	**(1,718)**	**351**	**333**	**82,903**
Interest expense (included in financial expense)	**321**							**1,132**

Land and buildings, of € 292,460 thousand, mainly include buildings for office use, workshops, warehouses and depots used in the corporate business, of which rights of use for € 40,705 thousand.

Plant and machinery (€ 18,410 thousand) mainly relates to photovoltaic plants (€ 13,852 thousand) and electric car charging points (€ 2,400 thousand).

Industrial and commercial equipment (€ 32,441 thousand) include rights of use for € 14,421 thousand relating to IT infrastructures and leased vehicles.

Property, plant and equipment are not collateralised and there are no restrictions on ownership and property.

Contractual commitments to purchase property, plant and equipment, and to provide services related to the construction thereof, are reported in the Note "Guarantees, commitments and risks".

During the year, there were no changes in the estimated useful life of assets or in the depreciation rates applied and explained by category in the Note - "Measurement criteria - Property, plant and equipment".

12.1) *Property, plant and equipment by operating segment*

Property, plant and equipment by operating segment are broken down as follows:

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Historical cost	**818,481**	**868,070**
Gas distribution	765,014	807,657
Energy efficiency	33,358	36,006
Corporate and other sectors	20,109	24,407
Depreciation and amortisation and provision for impairment losses	**(439,455)**	**(482,030)**
Gas distribution	(412,830)	(451,811)
Energy efficiency	(17,196)	(18,780)
Corporate and other sectors	(9,429)	(11,439)
Net book value	**379,026**	**386,040**
Gas distribution	352,184	355,846
Energy efficiency	16,162	17,226
Corporate and other sectors	10,680	12,968

13) *Intangible assets*

Intangible assets, amounting to € 8,772,609 thousand as of December 31, 2023 (€ 8,509,368 thousand as of December 31, 2022) break down as follows.

	As of December 31, 2022						
	Finite useful life					Indefinite useful life	
(€ thousands)	**Service concession arrangements**	**Industrial patent rights and intellectual property rights**	**Work in progress and payments on account IFRIC 12**	**Work in progress and payments on account**	**Other Intangible Assets**	**Goodwill**	**Total**
Cost as of 31.12.2021	**11,944,576**	**511,650**	**318,273**	**11,994**	**169,668**	**74,506**	**13,030,667**
Additions	630,829	33,518	99,199	13,257	505	-	**777,308**
Government grants	(48)	-	(10,787)	-	-	-	**(10,835)**
Assets acquired through business combination	1,437,696	(2,416)	48,934	(307)	20,206	115,789	**1,619,902**
Disposals	(594,948)	(22)	(4,141)	(64)	(309)	-	**(599,484)**
Reclassifications	184,046	9,945	(184,046)	(9,945)	-	-	**-**
Other changes	(2,408)	12,097	5,261	(214)	(11,789)	168	**3,115**
Cost as of 31.12.2022	**13,599,743**	**564,772**	**272,693**	**14,721**	**178,281**	**190,463**	**14,820,673**
Accumulated amortisation as of 31.12.2021	**(4,989,015)**	**(419,329)**	-	-	**(141,864)**	-	**(5,550,208)**
Amortisation	(396,361)	(38,092)	-	-	(1,878)	-	**(436,331)**
Assets acquired through business combination	(562,062)	450	-	-	(17,135)	-	**(578,747)**
Disposals	276,639	7	-	-	309	-	**276,955**
Other changes	8,753	(10,943)	-	-	9,411	-	**7,221**
Accumulated amortisation as of 31.12.2022	**(5,662,046)**	**(467,907)**	**-**	**-**	**(151,157)**	**-**	**(6,281,110)**
Provision for impairment losses as of 31.12.2021	**(10,154)**	**(10)**	**-**	**(52)**	**(438)**	-	**(10,654)**
Write-down	-	-	(895)	-	-	-	**(895)**
Disposals	8,684	-	147	-	-	-	**8,831**
Assets acquired through business combination	(15,918)	-	-	-	-	-	**(15,918)**
Other changes	(10,659)	-	(98)	52	(854)		**(11,559)**
Provision for impairment losses as of 31.12.2021	**(28,047)**	**(10)**	**(846)**	**-**	**(1,292)**	**-**	**(30,195)**
Net balance as of 31.12.2021	**6,945,407**	**92,311**	**318,273**	**11,942**	**27,366**	**74,506**	**7,469,805**
Net balance as of 31.12.2022	**7,909,650**	**96,855**	**271,847**	**14,721**	**25,832**	**190,463**	**8,509,368**

	As of December 31, 2023						
	Finite useful life					Indefinite useful life	
(€ thousands)	**Service concession arrangements**	**Industrial patent rights and intellectual property rights**	**Work in progress and payments on account IFRIC 12**	**Work in progress and payments on account**	**Other Intangible Assets**	**Goodwill**	**Total**
Cost as of December 31, 2022	**13,599,743**	**564,772**	**272,693**	**14,721**	**178,281**	**190,463**	**14,820,673**
Additions	620,811	29,677	167,458	21,147		5,786	**844,879**
Government grants	-	-	(22,806)	-	-	-	**(22,806)**
Disposals	(151,028)	-	(89)	(110)	(356)	-	**(151,583)**
Reclassifications	187,089	9,791	(185,489)	(9,921)	(1,470)	-	**-**

Other changes	5,894	-	(6,602)	-	370	-	**(338)**
Cost as of 31.12.2023	**14,262,509**	**604,240**	**225,165**	**25,837**	**182,611**	**190,463**	**15,490,825**
Accumulated amortisation as of 31.12.2022	**(5,662,046)**	**(467,907)**	**-**	**-**		**(151,157)**	**(6,281,110)**
Amortisation	(430,921)	(39,724)	-	-		(4,475)	**(475,120)**
Disposals	90,189	-	-	-		92	**90,281**
Reclassifications	-	(60)	-	-		60	**-**
Other changes	-	-	-	-		(28)	**(28)**
Accumulated amortisation as of 31.12.2023	**(6,002,778)**	**(507,691)**	**-**	**-**	**(155,508)**	**-**	**(6,665,977)**
Provision for impairment losses as of 31.12.2022	**(28,047)**	**(10)**	**(846)**	**-**		**(1,292)**	**(30,195)**
Write-down	(23,016)	-	-	-		-	**(23,016)**
Disposals	895	-	77	-		-	**972**
Reclassifications	1,917	-	(1,917)	-	-		**-**
Provision for impairment losses as of 31.12.2023	**(48,251)**	**(10)**	**(2,686)**	**-**		**(1,292)**	**(52,239)**
Net balance as of 31.12.2022	**7,909,650**	**96,855**	**271,847**	**14,721**	**25,832**	**190,463**	**8,509,368**
Net balance as of 31.12.2023	**8,211,480**	**96,539**	**222,479**	**25,837**	**25,811**	**190,463**	**8,772,609**

Service concession arrangements, including the related work in progress, amounting to € 8,433,959 thousand (€ 8,181,497 thousand as of December 31, 2022), refer to agreements between the public and private sectors ("Service concession arrangements") on the development, financing, management and maintenance of infrastructures under concession by a contracting party. The provisions relating to the service concession agreements are applicable to Italgas due to its role as a public service natural gas distributor in Italy and Greece, as well as its role in integrated water service management, i.e. they are applicable to the agreements under which the operator is committed to providing the public with natural gas distribution and integrated water service at the tariff established by the Authority, holding the right to use the infrastructure, which is controlled by the grantor, for the purposes of providing the public service.

Service concession arrangements also includes for € 128,180 thousand the net carrying amount of the intangible asset "licences" measured during the purchase price allocation of the Enaon Group (formerly DEPA Infrastructure), related to the licences for gas distribution in Greece expiring in 2043.

Work in progress and payments on account IFRIC 12 of € 222,479 thousand (€ 271,847 thousand as of December 31, 2022) mainly refers to new networks under construction and digitisation of natural gas distribution networks in Italy and Greece.

Industrial patent rights and intellectual property rights of € 96,539 thousand (€ 96,855 thousand as of December 31, 2022) mainly concern information systems and applications in support of operating activities.

Other intangible assets of € 25,811 thousand (€ 25,832 thousand as of December 31, 2022) mainly refer to the customer lists relating to the acquisition of ESCo (€ 25,698 thousand).

Intangible assets with an undefined useful life of € 190,463 thousand (€ 190,463 thousand as of December 31, 2022) mainly refer to goodwill arising in previous years in relation to the process of allocation of prices paid for the acquired companies.

Additions for the year mainly relate to concession agreements for the maintenance and development of the smart metering network and the digitisation of networks. In particular:

- gas distribution investments (€ 538.9 million, +3.6% compared to 2022), which recorded the installation of an additional 965 km of pipeline (2022: 532 km) and were driven by the inclusion of the Greek companies in the consolidation scope;

- investments in digitisation (€ 283.4 million, +20.2% compared to 2022) mainly related to the installation of digital devices.

Amortisation refers to economic and technical amortisation determined on the basis of the finite useful life of the intangible assets or their remaining possible use by the Group.

The provision for impairment losses, amounting to € 52,239 thousand (€ +22,044 thousand), mainly relates to service concession agreements for measuring instruments written off during the year.

Advanced research and development costs of the period are not of a considerable amount and include the costs incurred for the development of the internally developed Nimbus meter.

Contractual commitments to purchase intangible assets, and to provide services related to the development thereof, are reported in section - "Guarantees, commitments and risks".

Impairment test

The impairment test is conducted for all CGUs with impairment indicators and/or goodwill allocated to them. In 2023, the test was carried out for all the CGUs, regardless of the presence of impairment indicators and/or goodwill.

The impairment test therefore concerned the following CGUs (Cash Generating Units):

- Distribution and metering of natural and other gases;
- Distribution and metering of natural gas abroad;
- Sale of natural and other gases;
- Integrated water service;
- Other activities (ESCos).

Compared to the previous year, the CGU 'Sale of natural gas and other gases' was eliminated following the removal of the company Gaxa from the scope of consolidation.

As envisaged by the reference accounting standards (IAS 36), the carrying amount of the net invested capital referring to each CGU, including, where present, goodwill, was subjected to impairment testing by comparison with the corresponding recoverable amount.

The goodwill recognised following the business combination is attributable to the CGUs that benefit from the synergies arising from the acquisition, and allocated as follows:

- Distribution and metering of natural and other gases: € 66.2 million;
- Distribution and metering of natural gas abroad: € 115.8 million;
- Other activities (ESCos): € 8.3 million.

With reference to the “Distribution and metering of natural and other gases” CGU and the Integrated water service CGU, the recoverable value including goodwill was defined in accordance with the estimated value of Net Invested Capital attributed to such assets for tariff purposes (RAB - Regulatory Asset Base) by the Authority.

The “Distribution and metering of natural and other gases” CGU includes, as described previously, the “Municipalities in progress”, mainly concentrated in Sardinia. For these municipalities, the remuneration mechanism provides for a limit to tariff recognitions for investments in distribution networks for locations with first supply starting from 2017 or later. The remuneration cap amounts to € 5,250 (expressed at 2017 prices) per delivery point, as set by resolution no. 704/2016/R/gas. The RAB considered is based, consistently with the assumptions of the 2023-2029 Strategic Plan, on the achievement of break-even delivery points.

The use of the RAB for estimating recoverable amount is a generally accepted method in regulated utility sectors. No impairment was found as a result of the test carried out; furthermore, it was also verified that reasonable changes to the input of the evaluation would not cause impairment losses.

With reference to the “Distribution and metering of natural gas abroad” CGU, the recoverable value including goodwill was defined through a comparison between the value-in-use estimated on the basis of the Discounted Cash Flow (DCF) Method (based on the flows arising from the 2023-2029 Strategic Plan approved by management), and a terminal value equal to the RAB at the end of the plan period increased by 15% (provided for in the regulations). The comparison considered the expiry of the licence in 2043 and the option to renew for a further 30 years. Cash flows were discounted at a WACC of 5%.

The main assumptions underlying the expected cash flows concerned the amount and timing of investments for the expansion, the digitalisation of the distribution network and replacement of meters and the number of redelivery points, as well as the assumptions regarding the volumes of gas transported over the plan period, which are relevant for the dynamics of working capital over the plan period.

No impairment was found as a result of the test carried out. A sensitivity analysis was also carried out on the WACC used to determine the recoverable value (-0.5% / +0.5%). The headroom of around € 65 million referring to the case with RAB terminal value +15% is zeroed in case of an average increase of 1 percentage point in the WACC.

With reference to the "Other Activities (ESCos)" CGU, the recoverable value was determined, as value in use, on the basis of the cash flows deriving from the 2023-2029 strategic plan approved by management with the Discounted Cash Flow (DCF) Method.

The terminal value was estimated for the energy efficiency interventions business as a multiple (5x) of the EBITDA in 2029, which is lower than the perpetuity value with a growth rate of zero. For the portion of the photovoltaic business, the flows of the plan period have been extended over the residual life of the plants.

Cash flows were discounted at WACC, which is in the range of 5.6% – 9.9%.

The value in use determined according to the methods described above was higher than the value of the net invested capital of the CGU therefore no losses in value emerged.

The recoverability of the value of the invested capital of the CGU was also confirmed by a further sensitivity analysis carried out simulating possible changes in the WACC (-0.5% / +0.5%).

Intangible assets by operating segment

Intangible assets by operating segment are analysed as follows:

(€ thousands)	As of 31 December 2022	As of December 31, 2023
Historical cost	**14,820,672**	**15,490,824**
Gas distribution	14,759,078	15,424,869
Energy efficiency	35,056	36,079
Corporate and other sectors	26,538	29,876
Depreciation, amortisation and impairment of asset	**(6,311,304)**	**(6,718,215)**
Gas distribution	(6,288,181)	(6,692,389)
Energy efficiency	(9,902)	(11,402)
Corporate and other sectors	(13,221)	(14,424)
Net book value	**8,509,368**	**8,772,609**
Gas distribution	8,470,897	8,732,480
Energy efficiency	25,154	24,677
Corporate and other sectors	13,317	15,452

14) *Investments accounted for using the equity method*

Investments accounted for using the equity method, amounting to € 131,771 thousand (€ 47,243 thousand as of December 31, 2022) break down as follows:

(€ thousands)	As of December 31, 2022	Investments	Share of the profit of investments in associates/joint ventures	Dividends paid	As of December 31, 2023
Umbria Distribuzione Gas SpA	1,397	-	70	-	1,467
Metano Sant'Angelo Lodigiano S.p.A.	1,033	-	94	(50)	1,077
Gesam Reti S.p.A.	21,130	-	867	(580)	21,417
Enerpaper S.r.l.	488	-	-	-	488
Gaxa S.p.A.	93	-	(93)	-	-
Energie Rete Gas S.r.l.	23,102	-	(1,206)	-	21,896
Acqualatina S.p.A.	-	52,299	529	-	52,828
Siciliacque S.p.A.	-	31,488	1,110	-	32,598
Investments accounted for using the equity method	**47,243**	**83,787**	**1,371**	**(630)**	**131,771**

On October 16, 2023, the operation aimed at the purchase from Siram S.p.A. (Italian company of the Veolia Environnement Group) was completed. The purchase included the entire share package of Acqua S.r.l. – holding company – which indirectly holds the operating companies Siciliacque and Acqualatina.

As a result of the transaction, the Group acquired shareholdings in associated companies:

- Acqualatina S.p.A. for a 49% share of the share capital, for a value of Euro 31.5 million;

- Siciliaque S.p.A. for a share of 75% of the share capital, for a value of Euro 52.3 million.

There are no collaterals on the shareholdings.

Note "25) Guarantees, commitments and risks" comments on the commitments relating to the investments in Energie Rete Gas S.r.l., Acqualatina S.p.A. and Siciliacque S.p.A.

As at December 31, 2023, the Group carried out impairment tests on all investments even in the absence of impairment indicators.

With reference to the investments in Gesam Reti S.p.A., Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A., the recoverable value was estimated as the value of the Net Invested Capital recognized for tariff purposes (RAB - Regulatory Asset Base) recognized by the Authority of the net financial position. The use of RAB to estimate the recoverable amount is a generally accepted method within the regulated utility sectors. The outcome of the test conducted revealed no losses in value.

The recoverable value of Energie Rete Gas was determined, as value in use, on the basis of the cash flows deriving from the 2024-2040 Plan approved by the Group's management, with the Discounted Cash Flow (DCF) Method. Furthermore, the terminal value was estimated to be equal to the value of the RAB at the end of the plan period, increased by 10%. The cash flows were discounted at a rate representative of the weighted average cost of invested capital (WACC) equal to 4.97%. The value in use determined according to the methods described above was higher than the value of the investment, therefore, no losses in value emerged.

The recoverable value of the investments in Siciliacque S.p.A. and Acqualatina S.p.A. acquired during the year was determined as the *fair value* represented by the value of the recent transaction carried out by the Group. For the purposes of this assessment, the Management took into account the financial difficulties of Siciliacque S.p.A. as of December 31, 2023. Those difficulties qualify as uncertainties with a degree of significance that gives rise to significant doubts about the investee's ability to continue its operational existence.

Consolidated companies, joint ventures, associates and other significant equity investments are indicated separately in the Appendix “Subsidiaries, associates and equity investments of Italgas S.p.A. as at December 31, 2022”, which is an integral part of these notes.

Other information on equity investments

In accordance with the provisions of IFRS 12 - “Disclosure of interests in other entities”, the economic and financial data for joint ventures and associates are provided below.

Equity investments in joint ventures

The IFRS-compliant economic and financial data on equity investments in joint ventures operating in the distribution of natural gas[23] are reported below according to their relevance.

December 31, 2023(€ thousands)	**As of December 31, 2023**	
	Gas distribution companies under joint control	**Gas transmission companies under joint control**
Current assets	8,845	14,577
- of which Cash and Cash equivalents	*4,463*	*164*
Non-current assets	24,018	113,607
Total assets	**32,863**	**128,184**
Current liabilities	(17,010)	(8,084)
- of which Current financial liabilities	(2,235)	(943)
Non-current liabilities	(10,439)	(85,410)
- of which Non-current financial liabilities	(1,980)	(85,410)
Total liabilities	**(27,449)**	**(93,494)**
Equity	**5,414**	**34,690**
Equity attributable to the Group	2,544	16,998
Other adjustments	-	4,898
Carrying amount	**2,544**	**21,896**
Revenues	7,732	10,293
Operating costs	(6,520)	(3,758)
Amortisation, depreciation and impairment of assets	(974)	(4,417)
Operating result	**238**	**2,118**
Financial Income (Expense)	(147)	(4,191)
Income taxes	(78)	363
Net profit	**13**	**(1,710)**
Total comprehensive income	**13**	**(1,710)**

Umbria Distribuzione Gas S.p.A.

Umbria Distribuzione Gas S.p.A. operates in the natural gas distribution segment in Umbria.

The share capital of Umbria Distribuzione Gas S.p.A. is held by Italgas S.p.A. (45%), by A.S.M. Terni S.p.A. (40%) and by Acea S.p.A. (15%).

Umbria Distribuzione Gas manages the natural gas distribution service in the Terni municipality, making use of an integrated system of infrastructures, mainly owned by Terni Reti S.r.l., a wholly-owned subsidiary of the Terni municipality, comprising stations for withdrawing gas from the transportation network, pressure reduction plants, the local transportation and distribution network, user derivation plants and redelivery points comprising technical equipment featuring meters at the end users.

The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the private partners (Italgas S.p.A. and Acea S.p.A.) and the Public Partner (Municipalities).

Metano Sant'Angelo Lodigiano S.p.A.

Metano Sant'Angelo Lodigiano S.p.A. operates in the natural gas distribution sector in the municipalities of Sant'Angelo Lodigiano (LO), Villanova del Sillaro, Bargano (LO), Castiraga Vidardo (LO), Marudo (LO) and Villanterio (PV).

The share capital of Metano Sant'Angelo Lodigiano S.p.A. is held by Italgas S.p.A. (50%) and by Comune di Sant'Angelo Lodigiano (50%). The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the private partner (Italgas S.p.A.) and the Public Partner (Municipalities).

[23] Unless otherwise indicated, the statement of financial position values of the jointly controlled companies, reported at 100%, have been integrated in order to reflect the adjustments made by the parent company in application of the equity measurement criterion. The aforementioned values refer to the preliminary and/or approved reporting packages.

Energie Rete Gas S.r.l.

Energie Rete Gas S.r.l. is a company active in gas transmission through a network of regional methane pipelines located in Valle D'Aosta, Piedmont, Liguria, Tuscany and Sardinia.

The share capital of the company is held by Energetica S.p.A. (51%) and Medea S.p.A. (49%). The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the partners.

Equity investments in associates

The IFRS-compliant economic and financial data for each significant associate[24], are reported below:

	As of December 31, 2023		
(€ thousands)	Gas distribution associated companies	Integrated water service associated companies	ESCo associated companies
Current assets	7,708	361,387	2,176
- of which Cash and Cash equivalents	-	*35,886*	*192*
Non-current assets	54,983	301,802	423
Total assets	**62,691**	**663,189**	**2,599**
Current liabilities	(10,481)	(264,684)	(1,178)
- of which Current financial liabilities	(4,350)	(4,350)	(143)
Non-current liabilities	(13,681)	(196,876)	(517)
- of which Non-current financial liabilities	(10,334)	(92,687)	(397)
Total liabilities	**(24,162)**	**(461,560)**	**(1,695)**
Equity	**38,529**	**201,629**	**904**
Equity attributable to the Group	16,552	119,824	181
Other adjustments	4,865	(34,398)	307
Carrying amount	**21,417**	**85,426**	**488**
Revenues	14,428	47,351	6,700
Operating costs	(7,370)	(35,089)	(5,646)
Amortisation, depreciation and impairment of asset	(2,983)	(6,710)	(220)
Operating result	**4,075**	**5,552**	**834**
Financial Income (Expense)	(783)	(1,080)	(28)
Income taxes	(1,197)	(1,618)	(202)
Net profit	**2,095**	**2,854**	**604**
Total comprehensive income	**2,095**	**2,854**	**604**

Gesam Reti S.p.A.

Gesam Reti S.p.A. operates in the natural gas distribution and network management sector (owned 42.96% by Toscana Energia S.p.A.) in the municipality of Lucca and in another 7 municipalities of the province.

Enerpaper S.r.l.

Enerpaper S.r.l. operates in Turin, is 20.01% owned through Geoside S.p.A., whose activities carried out on its own behalf or on behalf of third parties are mostly focused on energy efficiency, building production in general, development, production, installation and sale of innovative products or services having high technological value.

Siciliacque S.p.A.

Siciliacque S.p.A. operates in Sicily, under concession, the services of water collection, storage, purification and water adduction at a supra-regional level. It is 75% owned by Idrosicilia S.r.l. and for the remaining 25% by the Sicily Region which, despite the reduced share of share capital, exercises control.

Acqualatina S.p.A.

Acqualatina S.p.A. is a company operating in the Integrated Water Service in the Province of Latina and lower Lazio (Optimal Territorial Areas (OTA) n. 4 Lazio Meridionale Latina or ATO4). It is 49% owned by Idrolatina S.r.l..

15) *Non-current financial assets*

[24] It is specified that the statement of financial position values of the associated companies, reported at 100%, have been adjusted in order to reflect the adjustments made by the parent company in application of the equity valuation criterion. The aforementioned values refer to the preliminary and/or approved reporting packages

Non-current financial assets, amounting to € 23,778 thousand (€ 22,945 thousand as of December 31, 2022), are broken down as follows:

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Financial receivables instrumental to operations	3,984	2,571
Other equity investments	18,961	21,207
Non-current financial assets	**22,945**	**23,778**

Other equity investments of € 21,207 thousand relates to the *fair value* measurement of the investments in Picarro Inc. and Reti Distribuzione S.p.A. (€ 18,746 thousand) and the advance paid by Nepta for the acquisition of 47.9% of Acqua Campania (€ 2,461 thousand).

16) *Assets held for sale*

Assets held for sale, amounting to € 6,613 thousand (€ 11 thousand as of December 31, 2022) increased by € 6,602 thousand due to the sale of regulated gas assets to the affiliate Energie Rete Gas for the gas transport activity falling within the scope of the investment agreement signed with Energetica S.p.A. to during 2022.

17) *Current and non-current financial liabilities*

Current financial liabilities, amounting to € 1,033,434 thousand (€ 142,437 thousand as of December 31, 2022) and *Non-current financial liabilities*, totalling € 5,886,922 thousand (€ 6,402,913 thousand as of December 31, 2022), break down as follows:

	As of December 31, 2022					
	Current liabilities			Non-current liabilities		
(€ thousands)	Current liabilities	Current portion of non-current liabilities	Total current liabilities	Non-current portion due within 5 years	Non-current portion due beyond 5 years	Total non-current liabilities
Bank loans	1,060	67,713	68,773	1,040,937	598,203	1,639,140
Notes	-	49,993	49,993	933,448	3,745,076	4,678,524
Lease liabilities (IFRS 16)	-	21,571	21,571	40,415	10,062	50,477
Other shareholders	2,065	35	2,100	22	34,750	34,772
Current and non-current financial liabilities	**3,125**	**139,312**	**142,437**	**2,014,822**	**4,388,091**	**6,402,913**

	As of December 31, 2023					
	Current liabilities			Non-current liabilities		
(€ thousands)	Current liabilities	Current portion of non-current liabilities	Total current liabilities	Non-current portion due within 5 years	Non-current portion due beyond 5 years	Total non-current liabilities
Bank loans	498,656	75,274	573,930	551,610	517,414	1,069,024
Notes	-	426,392	426,392	1,741,112	3,030,803	4,771,915
Lease liabilities (IFRS 16)	-	33,112	33,112	43,022	2,961	45,983
Current and non-current financial liabilities	**498,656**	**534,778**	**1,033,434**	**2,335,744**	**3,551,178**	**5,886,922**

Loans are initially recognised at cost represented by the *fair value* of the amount received net of incidental charges for obtaining the loan. After this initial recognition, loans are recognised with the amortised cost criterion calculated using the effective interest rate. All financial liabilities are accounted for using the amortised cost method.

On September 29, 2023, the Board of Directors resolved on the renewal of the EMTN Programme launched in 2016 and already renewed in all prior financial years, confirming the maximum nominal amount of € 6.5 billion, which was subscribed on October 24, 2023.

On June 8, 2023, in implementation of the EMTN (Euro Medium Term Notes), Italgas concluded the launch of a new bond issue in the amount of € 500 million at a fixed rate with an annual coupon of 4.125% and maturing on June 8, 2032.

As required by IAS 7 (§44A), below is the statement showing the prospectus containing a reconciliation of the changes in liabilities deriving from financing, distinguishing between changes deriving from cash flow and other non-monetary changes.

(€ thousands)	As of 31 December 2022	Cash flow	Other non-monetary changes: Conversion differences	Other changes	Business combinations	Total change	As of 31 December 2023
Bank loans	1,709,843	(155,642)	-	90,683	-	(64,959)	1,644,884
of which current	*68,656*	*8,532*	-	*496,624*	-	*505,156*	*573,812*
of which non-current	*1,641,187*	*(164,174)*	-	*(405,941)*	-	*(570,115)*	*1,071,072*
Notes	4,728,517	537,980	-	(68,190)	-	469,790	5,198,307
of which current	*49,993*	-	-	*376,399*	-	*376,399*	*426,392*
of which non-current	*4,678,524*	*537,980*	-	*(444,589)*	-	*93,391*	*4,771,915*
Lease liabilities (IFRS 16 and IFRIC 12)	72,048	(31,033)	-	38,080	-	7,047	79,095
of which current	*21,571*	*(31,033)*	-	*42,574*	-	*11,541*	*33,112*
of which non-current	*50,477*	-	-	*(4,494)*	-	*(4,494)*	*45,983*
Other loans	36,978	-	-	(36,978)	-	(36,978)	-
of which current	*2,205*	-	-	*(2,205)*	-	*(2,205)*	-
of which non-current	*34,773*	-	-	*(34,773)*	-	*(34,773)*	-
Current and non-current financial liabilities	**6,547,386**	**351,305**	**-**	**23,595**	**-**	**374,900**	**6,922,286**

Current financial liabilities

Current financial liabilities, of € 1,033,434 thousand (€ 142,437 thousand as of December 31, 2022), including the current portions of non-current liabilities, mainly refer to the use of uncommitted credit lines. The increase of € 890,997 thousand was mainly due to the bond forming part of the EMTN programme to be repaid in March 2024 and bank loans for € 500,000 thousand to be repaid in October 2024.

There are no *current financial liabilities* denominated in currencies other than the Euro.

Non-current financial liabilities

Non-current financial liabilities amount to € 5,886,922 thousand overall (€ 6,402,913 thousand as of December 31, 2022).

Net of lease liabilities, the increase is mainly attributable to the new bond issue concluded on June 1, 2023 in implementation of the EMTN of Programme worth € 500 million, partially offset by the short-term reclassification of the EMTN bond maturing in March 2024.

The breakdown of the notes (€ 4,992,478 thousand), with the issuing company, year of issue, currency, average interest rate and due date, is provided in the following table.

(€ thousands)

Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as of December 31, 2023	Interest accrual	Balance as of December 31, 2023	Rate (%)	Due date (year)
Euro Medium Term Notes									
ITALGAS S.p.A.	2017	euro	750,000	(2,763)	747,237	11,553	758,790	1.63%	2027
ITALGAS S.p.A.	2017	euro	381,326	(1,500)	379,826	3,423	383,249	1.13%	2024
ITALGAS S.p.A.	2017	euro	750,000	(2,157)	747,843	11,742	759,585	1.63%	2029
ITALGAS S.p.A.	2019	euro	600,000	(5,154)	594,846	3,600	598,446	0.88%	2030
ITALGAS S.p.A.	2019	euro	500,000	(3,503)	496,497	273	496,770	1.00%	2031
ITALGAS S.p.A.	2020	euro	500,000	(1,562)	498,438	649	499,087	0.25%	2025
ITALGAS S.p.A.	2021	euro	500,000	(4,563)	495,437		495,437	0.00%	2028
ITALGAS S.p.A.	2021	euro	500,000	(5,457)	494,543	2,178	496,721	0.50%	2033
ITALGAS S.p.A.	2023	euro	500,000	(7,216)	492,784	11,609	504,393	4.13%	2032
Total			**4,981,326**	**(33,875)**	**4,947,451**	**45,027**	**4,992,478**		

Notes issued by the subsidiary Enaon (formerly DEPA Infrastructure) in the amount of € 205,828 thousand, with details of the issuing company, year of issue, currency, average interest rate and due date, are analysed in the table below.

(€ thousands)

Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as of December 31, 2023	Interest accrual	Balance as of December 31, 2023	Rate (%)	Due date (year)
ENAON S.A.	2022	euro	166,000	(1,066)	164,934	470	165,404	1,70% + 3M Euribor	2029
ENAON S.A.	2023	euro	13,500	(4,302)	9,198	47	9,245	1,90% + 3M Euribor	2034
ENAON S.A.	2023	euro	32,000	(911)	31,089	90	31,179	1,90% + 3M Euribor	2034
Total			**211,500**	**(6,279)**	**205,221**	**607**	**205,828**		

The breakdown of bank loans, amounting to € 1,642,954 thousand is provided in the table below.

(€ thousands)

Type	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as of December 31, 2023	Interest accrual	Balance as of December 31, 2023	Rate (%)	Due date (year)
ITALGAS S.p.A. - EIB	2017	euro	336,000	(148)	335,852	642	336,494	0,35+Euribor 6M	15.12.2037
ITALGAS S.p.A. - EIB	2015	euro	99,200	28	99,228	826	100,054	0,14+Euribor 6M	22.10.2035
ITALGAS S.p.A. - EIB	2016	euro	225,000	(127)	224,873	871	225,744	0,47+Euribor 6M	30.11.2032
ITALGAS S.p.A. - EIB	2022	euro	150,000	(70)	149,930	222	150,152	3.180%	15.12.2037
ITALGAS S.p.A. - EIB	2023	euro	12,000	62	12,062	172	12,234	2.770%	04.07.2042
TOSCANA ENERGIA S.p.A - EIB	2016	euro	65,455	7	65,462	343	65,805	1.050%	30.06.2031
ITALGAS S.p.A. - TL MEDIOBANCA	2021	euro	200,000	-	200,000	-	200,000	0.000%	15.10.2024
ITALGAS S.p.A. - TL INTESA SANPAOLO	2021	euro	300,000	(1,344)	298,656	-	298,656	0.000%	27.10.2024
ITALGAS S.p.A. - TL INTESA SANPAOLO	2022	euro	250,000	(564)	249,436	2,877	252,313	0,60+Euribor 3M	20.05.2025
GEOSIDE - FIN LT INTESA SANPAOLO	2021	euro	455	-	455	443	898	0.830%	23.12.2025
Financial payables due to other banks			604		604		604		
Total			**1,638,714**	**(2,156)**	**1,636,558**	**6,396**	**1,642,954**		

There are no long-term bank loans denominated in currencies other than the Euro.

There were no breaches of loan agreements as at the reporting date.

There were no breaches of loan agreements as at the reporting date. See the "Financial covenant and negative pledge contractual clauses" paragraph.

Breakdown of total financial liabilities by interest rate type

As at December 2023, the breakdown of debt by type of interest rate, inclusive of liabilities for leases pursuant to IFRS 16 was as follows:

(€ million)	As of December 31, 2022		As of December 31, 2023	
	Value	%	Value	%
Fixed rate	5,940.6	90.8%	6,361.7	91.9%
Floating rate	605.0	9.2%	558.6	8.1%
Total	**6,545.6**	**100.0%**	**6,920.3**	**100.0%**

Financial covenant and negative pledge contractual clauses

As at December 31, 2023 there are no loan agreements containing financial covenant and / or secured by collateral, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenant[25]. Some of these contracts provide, inter alia, for the following: (i) negative pledge undertakings, pursuant to which Italgas

[25] The contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as at December 31, 2023 have been respected.

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 December 31, 2023, these commitments were respected.

The option for the lender to request additional guarantees if Italgas' credit rating is below BBB- (Fitch Ratings Limited) or Baa3 (Moody's) is envisaged only for the EIB loans taken out by Italgas. As at December 31, 2023, these criteria were met (see "Rating risk").

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas and Toscana Energia failure to comply and could trigger the early repayment of the relative loan.

Breakdown of net financial debt

Below is the net financial position in line with the CONSOB provisions of July 28, 2006 and with the provisions of ESMA guideline no. 39 issued on March 4, 2021, applicable from 05 May 2021 and CONSOB's Warning Notice no. 5/21 issued on April 29, 2021, reconciled with the financial debt prepared according to the Italgas Group representation methods.

(€ thousands)	**As of December 31, 2022**	**As of 31 December 2023**
A. Cash	450,894	248,911
B. Cash equivalents	1,052	1,052
C. Other current financial assets	23,225	22,342
D. Liquidity (A+B+C)	**475,171**	**272,305**
E. Current financial debt	3,415	498,656
F. Current portion of non-current financial debt (*)	139,312	534,778
G. Current financial debt (E+F)	**142,727**	**1,033,434**
of which, related parties	*118*	*636*
H. Net current financial debt (G-D)	**(332,444)**	**761,129**
I. Non-current financial debt (excluding the current portion and debt instruments) (*)	1,688,981	1,101,299
J. Debt instruments	4,678,525	4,771,915
K. Trade and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	**6,367,506**	**5,873,214**
of which, related parties	*(2,048)*	*1,566*
M. Net financial debt (H+L)	**6,035,062**	**6,634,343**

(*) Includes financial debts for leased assets recognised in accordance with IFRS 16 "Leases", of which € 45,943 thousand are non-current (€ 50,477 thousand as of 31.12.2022) and € 33,112 thousand are current portions of non-current financial debt (€ 21,571 thousand as of 31.12.2022).

For a better presentation of the items with reference to the provisions contained in the ESMA Guidelines on reporting obligations pursuant to Regulation (EU) 2017/1129, net financial debt considers the value of the assets from derivative financial instruments to hedge financial debt.

Net financial debt as of December 31, 2023, including the effects of the application of IFRS 16, of € 79,095 million, amounted to € 6,634,343 thousand, up by € 599,281 thousand (€ 6,035,062 thousand as of December 31, 2022). Net of that effect, the net financial debt amounted to € 6,555,248 thousand (€ 5,963,014 thousand as of December 31, 2022, up by € 592,234 thousand).

Financial and notes debt as of December 31, 2023 totalled € 6,764,132 thousand (€ 6,545,350 thousand as of December 31, 2022) and mainly refer to: bonds (€ 5,198,307 thousand), loan agreements with the European Investment Bank (EIB) (€ 890,483 thousand), payables to banks (€ 752,471 thousand) and financial liabilities pursuant to IFRS 16 (€ 79,095 thousand).

Cash, amounting to € 249,963 thousand, is held in current accounts and fixed-term deposits that can be immediately liquidated with leading banks.

Net financial debt does not include payables for dividends resolved and yet to be distributed and payables for investments.

18) *Trade and other payables*

Trade and other payables, amounting to € 829,862 thousand (€ 1,197,117 thousand as of December 31, 2022), break down as follows :

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Trade payables	709,352	278,312
Payments on account and prepayments	4,173	4,402
Other payables	483,592	547,148
Trade and other payables	**1,197,117**	**829,862**

Trade payables of € 278,312 thousand (€ 709,352 thousand as of December 31, 2022) relate to payables to suppliers. The decrease of € 431,040 thousand is mainly due to the reduction in trade payables to gas companies (€ 446 million) mainly referring to the accessory components of the Bonus gas and UG2 distribution.

As at December 31, 2022, trade payables to gas sales companies referred to the Resolutions issued by ARERA to address the increase in energy prices and the increase in energy bills; for more details see item "8) Trade and other receivables".

Other payables (€ 547,148 thousand at December 31, 2023 and € 174,847 thousand as of December 31, 2022) break down as follows:

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Payables - shareholders for dividends	874	3,090
Payables for investment activities	308,745	375,723
Payables to the public administration	83,591	85,634
Payables to CSEA	34,708	21,037
Payables to personnel	29,300	31,456
Payables to social security institutions	7,947	15,807
Payables to consultants and professionals	8,148	9,494
Sundry other	10,279	4,907
Other payables	**483,592**	**547,148**

Payables for investment activities equal to € 375,723 thousand (€ 308,745 thousand as of December 31, 2022) mainly relate to payables to suppliers for technical activities.

The 2021 purchase of the concession of Olevano sul Tusciano is subject to a price adjustment clause according to the ultimate RAB to be approved by ARERA following the upholding of a specific request for correction of the equity data submitted by the seller on September 14, 2018 as concession-holder, in accordance with the provisions of RTDG 2014-2019, subject to the final tariffs of 2020. The Group has reflected the best estimate available of said value in the financial statements.

Payables to the public administration (€ 85,634 thousand; € 83,591 thousand as of December 31, 2022) primarily involve payables to municipalities for concession fees for the gas distribution business.

Payables to the CSEA (€ 21,037 thousand; € 34,708 thousand as of December 31, 2022) mainly relate to several ancillary components of tariffs for the gas distribution service to be paid to this Fund (RE, RS, UG1 and GS)[26] for the remaining amount.

Payables to related parties are described in the note “Related party transactions”.

The carrying amount of trade and other payables, considering the limited time interval between the occurrence of the payable and its maturity, is an approximation of the *fair value*. See the “Guarantees, commitments and risks - Other information on financial instruments” note for the market value of the trade payables and other payables.

[26] These components refer to: (i) RE - Variable portion to cover the expenses for calculating and implementing energy savings and the development of renewable energy sources in the natural gas sector; (ii) RS - Variable portion as coverage for expenses for gas services quality; (iii) UG1 - Variable portion to cover any imbalances in the equalisation system and to cover any adjustments; and (iv) GS - Variable portion to cover the tariff compensation system for economically disadvantaged customers.

19) *Other current and non-current financial assets/liabilities*

Other current and non-current financial assets/liabilities December 31, 2023are analysed below:

(€ thousands)	As of December 31, 2022			As of December 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Other assets	**17,455**	**35,442**	**52,897**	**18,094**	**13,708**	**31,802**
Derivative financial instruments Cash flow hedge						
- Fair value interest rate hedging instruments	16,809	34,368	51,177	17,228	13,255	30,483
Derivative financial instruments for foreign exchange risk						
- Fair value instruments for foreign exchange risk	646	1,074	1,720	866	453	1,319
Other liabilities	**(290)**	**(34)**	**(324)**	**-**	**-**	**-**
Derivative financial instruments Cash flow hedge						
- Fair value interest rate hedging instruments	(290)	(34)	(324)	-	-	-

The value of *other current and non-current assets* for € 31,802 thousand is essentially related to the *fair value* of derivative financial instruments to hedge the risk of fluctuations in interest rates accounting for according to IFRS 9 in hedge accounting. The item also contains, for a net value of € 1,319 thousand, the *fair value* of the instrument for foreign exchange risk to hedge future payment flows in USD on Picarro invoices, the total hedged amount for which is $ 7.7 million. The Group did not apply hedge accounting under IFRS 9 for instruments to hedge payment flows in USD, as it is for operational hedging only.

	Date stipulated	Initial amount as of January 15, 2021 USD hedging	Residual value as of December 31, 2023 USD	Foreign exchange rate on the subscription date	Foreign exchange rate on expiry (*)	Expiry date (last hedge)
Foreign exchange risk derivative	15.01.2021	16,300,000.00	7,720,000.00	1.2131	from 1,2143 to 1,2517	31.10.2024

(*) based on future instalments.

On December 28, 2017 Italgas entered into an EIB loan for an amount of € 360 million, expiring on December 15, 2037. The loan involves the payment of half-yearly coupons at a variable rate of Euribor 6M + spread 0.355%.

On January 25, 2018 Italgas entered into an Interest Rate Swap, effective from January 15, 2018, expiring in 2024 and with the same coupon frequency as the loans.

On December 12, 2016 Italgas entered into an EIB loan for an amount of € 300 million, expiring on November 30, 2032. The loan involves the payment of half-yearly coupons at a variable rate of Euribor 6M + spread 0.47%.

On July 24, 2019 Italgas also entered into an Interest Rate Swap, effective from July 24, 2019, expiring in 2029 and with the same coupon frequency as the loans.

The IRS characteristics are summarised below:

	Date stipulated	Amount	ITG rate	Bank rate	Coupon	Expiration date
“Italgas Gas Network Upgrade" EIB loan	28.12.2017	336,000,000	var EUR 6M + spread 0.355%		half-yearly	15.12.2037
IRS derivative	15.01.2018	336,000,000	0.62%	var EUR 6m	half-yearly	15.12.2024
"Smart Metering" EIB loan	12.12.2016	225,000,000	var EUR 6M + spread 0.47%		half-yearly	30.11.2032
IRS derivative	24.07.2019	225,000,000	(0.06%)	var EUR 6m	half-yearly	30.11.2029

The derivatives stipulated to hedge the interest rate are booked according to the rules of hedge accounting. The effectiveness testing carried out as of December 31, 2023 did not show any impacts on the income statement in terms of ineffectiveness.

20) *Other current and non-current non-financial liabilities*

Other current non-financial liabilities, amounting to € 17,393 thousand (€ 30,072 thousand as of December 31, 2022) and *Other non-current non-financial liabilities*, amounting to € 527,884 thousand (€ 545,192 thousand as of December 31, 2022), are broken down as follows:

(€ thousands)	As of December 31, 2022			As of December 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Other tax liabilities	12,073	-	**12,073**	9,746	-	**9,746**
Other liabilities related to connection fees	-	510,760	**510,760**	-	522,331	**522,331**
Liabilities for security deposits	-	4,683	**4,683**	-	5,553	**5,553**
Sundry other	17,999	29,749	**47,748**	7,647	-	**7,647**
Other current and non-current non-financial liabilities	**30,072**	**545,192**	**575,264**	**17,393**	**527,884**	**545,277**

Other current tax liabilities of € 9,746 thousand mainly refer to payables to the tax authorities for IRPEF withholdings for employees.

Other non-current non-financial liabilities, totalling € 527,884 thousand, mainly refer to connection contributions totalling € 522,331 thousand.

21) *Provisions for risks and charges*

Provisions for risks and charges, amounting to € 109,851 thousand as of December 31, 2023 (€ 144,277 thousand as of December 31, 2022), break down as follows :

December 31, 2022(€ thousand)	As of December 31, 2022							
	Opening balance	Business Combinations	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	83,809	-	-	(176)	(8,525)	(60)	-	75,048
Provisions for site decommissioning risks and charges	4,857	-	-	(4)	(94)	-	(826)	3,933
Risk provision for litigation	13,366	3,740	1,190	-	(1,480)	(4,607)	(959)	11,250
Provisions for other risks - energy efficiency certificates	5,886	-	2,562	-	(4,205)	(822)	-	3,421
Provision for retirement risks	11,658	5,000	-	-	(1,981)	-	-	14,677
Provision for operational restoration of metering instruments	30,420	-	-	-	(14,715)	-	(2,858)	12,847
Other personnel risk provisions	2,734	-	782	-	(819)	(53)	163	2,807
Risk provision for tax disputes	283	-	-	-	-	-	-	283
Other provisions	6,493	13,954	257	-	(685)	-	(8)	20,011
Provisions for risks and charges	**159,506**	**22,694**	**4,791**	**(180)**	**(32,504)**	**(5,542)**	**(4,488)**	**144,277**

December 31, 2023(€ thousand)	As of December 31, 2023							
	Opening balance	Business Combinations	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	75,048	-	-	336	(13,714)	(3,554)	-	58,116
Provisions for site decommissioning risks and charges	3,933	-	-	658	(186)	-	520	4,925
Risk provision for litigation	11,250	-	3,922	-	(2,283)	(2,816)	(50)	10,023
Provisions for other risks - energy efficiency certificates	3,421	-	1,585	-	(404)	-	-	4,602
Provision for retirement risks	14,677	-	-	-	(2,058)	(500)	-	12,119
Provision for operational restoration of metering instruments	12,847	-	-	-	(12,847)	-	-	-
Other personnel risk provisions	2,807	-	485	-	(599)	-	-	2,693
Risk provision for tax disputes	283	-	92	-	(152)	-	-	223
Other provisions	20,011	-	2,955	-	(5,604)	(212)	-	17,150
Provisions for risks and charges	**144,277**	**-**	**9,039**	**994**	**(37,847)**	**(7,082)**	**470**	**109,851**

Provision for environmental risks and charges of € 58,116 thousand (€ 75,048 thousand as of December 31, 2022) mainly included costs for environmental soil reclamation, pursuant to Law no. 471/1999, as subsequently amended, primarily for the disposal of solid waste, in relation to the gas distribution business. The decrease of € 16,932, thousand, is mainly due to uses in view of period expenses (€ 13,714 thousand).

Discounting was carried out using a rate curve representative of the risk-free rate.

Risk provision for litigation (€ 10,023 thousand) included costs which the Group has estimated it will incur for existing lawsuits. The net decrease of € 1,227 thousand was mainly due to the combined effect of uses against charges (€ 2,283 thousand) and releases (€ 2,816 thousand) partially offset by provisions for the year amounting to € 3,922 thousand. For further information, please see subsection "Disputes and other measures".

Provision for other risk - energy efficiency certificates (EEC), for € 4,602 thousand (€ 3,421 thousand as of December 31, 2022), is connected with reaching the targets set by the Authority.

Risk provision for early retirement, for € 12,119 thousand (€ 14,677 thousand as of December 31, 2022), involves personnel incentive and mobility schemes.

Other provisions, for € 17,150 thousand (€ 20,011 thousand as of December 31, 2022), includes the liability relating to reimbursements to be paid to EVIKEN - Hellenic Union of Industrial Energy Consumers (€ 8,826 thousand).

In accordance with ESMA Recommendation 2015/1608 of October 27, 2015, the effects on provisions of risks and charges arising from a reasonably possible change to the discount rate used at year-end are shown below. The sensitivity analysis on the discounting rates shows the change in value of the actuarial liabilities obtained with the year-end assessment data, by changing the discounting rate, without prejudice to other hypotheses.

(€ thousands)	% change in discounting rates	
Effect on net obligation at 31.12.2023	**10% reduction**	**10% increase**
Provision for site decommissioning risks and charges	173	(165)
Provisions for environmental risks and charges	660	(435)

22) *Provisions for employee benefits*

Provisions for employee benefits, amounting to € 65,330 thousand as of December 31, 2023 (€ 69,917 thousand as of December 31, 2022) break down as follows :

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Employee severance pay (TFR)	49,824	46,233
Supplementary healthcare provision for company executives of Eni (FISDE)	6,543	6,556
Gas Fund	9,942	8,487
Other provisions for employee benefits	3,608	4,054
Provisions for employee benefits	**69,917**	**65,330**

Employee severance fund (TFR), governed by Article 2120 of the Italian Civil Code, represents the estimated liability determined on the basis of actuarial procedures for the amount to be paid to employees at the time that the employment is terminated. The principal amount of the benefit is equal to the sum of portions of the allocation calculated on compensation items paid during the employment and revalued until the time that such relationship is terminated. Due to the legislative changes introduced from January 1, 2007 for companies with more than 50 employees, a significant part of severance pay to be accrued is classified as a defined-contribution plan since the Group's only obligation is to pay the contributions to the pension funds or to INPS.

The supplementary healthcare provision (€ 6,556 thousand as of December 31, 2023) includes the estimate of costs (determined on an actuarial basis) related to contributions benefiting current[27] and retired executives.

FISDE provides financial supplementary healthcare benefits to Eni Group[28] executives and retired executives whose most recent contract of employment was as an executive with the Eni Group. FISDE is funded through the payment of: (i) contributions from member companies; (ii) contributions from individual members for themselves and their immediate family; and (iii) ad hoc contributions for specific benefits. The amount of the liability and the healthcare cost are determined on the basis, as an approximation of the estimated healthcare expenses paid by the fund, of the contributions paid by the Group in favour of pensioners.

The Gas Fund (€ 8,487 thousand as of December 31, 2023) relates to the estimate, made on an actuarial basis, of the charges sustained by the employer due to the elimination, as at 1 December 2015, of the fund pursuant to Law no. 125 of August 6, 2015. In particular, Articles 9-decies and 9-undecies of the Law stipulate that the employer must cover: (i) an extraordinary contribution to cover expenses related to supplementary pension benefits in place at the time of the elimination of the Gas Fund for the years 2015 to 2020[29]; and (ii) a contribution in favour of those registered or in voluntary continuation of the contribution, that as at November 30, 2015 were not entitled to supplementary pension benefits from the eliminated Gas Fund, of 1% for each year of registration in the supplementary fund, multiplied by the social security tax base relating to the same supplementary fund for 2014, to be allocated through the employer or the supplementary pension scheme.

[27] For executives in service, contributions are calculated from the year in which the employee retires and refer to the years of service provided.
[28] The fund provides the same benefits for Italgas Group executives.
[29] Article 9-quinquiesdecies also stipulates that "... If monitoring shows that the extraordinary contribution pursuant to Article 9-decies is insufficient to cover the relative expenses, a decree issued by the Ministry of Labour and Social Policy, in concert with the Ministry of Economic Development and the Ministry of Economy and Finance, provides for the redetermination of the extraordinary contribution, the criteria for redistribution of the contribution between employers and the time periods and procedures for payment of the extraordinary INPS contribution".

At present, the criteria, procedures and time periods for payment of the extraordinary contribution have not yet been announced. Employee selection of where the amounts would be allocated (supplementary pension scheme or to the employer) were concluded, pursuant to the law, on February 14, 2016.

The other provisions for employee benefits (€ 4,045 thousand as of December 31, 2023) relate to seniority bonuses and the long-term incentive plans (LTI).

The long-term incentive plans (IAS 19) envisage, after three years of assignment, the disbursement of a variable monetary benefit linked to a corporate performance parameter, not linked to the share price. Obtaining the benefit depends on the achievement of certain future performance levels and is conditional on the beneficiary remaining with the Company for the three-year period following the allocation (the "vesting period"). This benefit is allocated pro rata over the three-year period depending on the final performance parameters.

Seniority bonuses are benefits paid upon reaching a minimum service period at the Company and are paid in kind.

Deferred cash incentive plans, long-term cash incentive plans and seniority bonuses are classified as other long-term benefits pursuant to IAS 19.

The composition of and changes in provisions for employee benefits, determined by applying actuarial methods, are as follows[30]:

(€ thousands)	**As of December 31, 2022**					**As of December 31, 2023**				
	Employee severance fund	**FISDE**	**Gas Fund**	**Other provisions**	**Total**	**Employee severance fund**	**FISDE**	**Gas Fund**	**Other provisions**	**Total**
Current value of the obligation at the start of the year	**62,445**	**8,868**	**20,479**	**3,856**	**95,648**	**49,824**	**6,543**	**9,942**	**3,608**	**69,917**
Current cost	146	139		1,427	1,712	160	165		751	1,076
Cost for interest	209	53	44	23	329	1,625	249	363	82	2,319
Revaluations / (Impairment):	(1,389)	(2,517)	(421)	711	(3,616)	(358)	(401)	168	(22)	(613)
- Actuarial (Gains) / Losses resulting from changes in the demographic assumptions	-	-	-	-	-	91	-	-	-	91
- Actuarial (Gains) / Losses resulting from changes in the financial assumptions	(7,036)	(2,063)	(2,431)	(901)	(12,431)	557	6,556	82	398	7,593
- Actuarial (Gains) / Losses from past experience adjustments	2,913	(454)	2,046	1,612	6,117	(593)	(6,957)	86	2	(7,462)
- Other changes	2,734	-	(36)		2,698	(413)	-	-	(422)	(835)
Paid benefits	(11,560)	-	(10,160)	(2,409)	(24,129)	(5,303)	-	(1,986)	(365)	(7,654)
Effect of transfers	(27)	-	-	-	(27)	285	-	-	-	285
Current value of the obligation at the end of the year	**49,824**	**6,543**	**9,942**	**3,608**	**69,917**	**46,233**	**6,556**	**8,487**	**4,054**	**65,330**

The main actuarial assumptions used to determine liabilities at the end of the year and to calculate the cost for the following year are indicated in the table below.

	As of December 31, 2022				**As of December 31, 2023**			
	Employee severance fund	**FISDE**	**Gas Fund**	**Other provisions**	**Employee severance fund**	**FISDE**	**Gas Fund**	**Other provisions**
Discount rate (%)	3.65	3.80	3.63	3.39	2.98	3.17	2.97	3.40
Inflation rate (%) (*)	2.50	N/A	N/A	2.50	1.80	N/A	N/A	2.00

(*) With reference to the other provisions, the rate refers only to the seniority bonuses.

The discount rate adopted was determined by considering the yields on corporate bonds issued by Eurozone companies with AA ratings.

The employee benefit plans recognised by Italgas are subject, in particular, to interest rate risk, in the sense that a change in the discount rate could result in a significant change in the liability.

The table below illustrates the effects of a reasonably possible[31] change in the discount rate at the end of the year. The sensitivity of the discount rate represents the change in the value of the actuarial liability obtained using the end-of-year valuation data, changing the discount rate by a certain number of basis points, without any change in the other assumptions.

(€ thousands)	**Discount rate**

[30] The table also provides a reconciliation of liabilities recorded for provisions for employee benefits.

[31] With reference to the FISDE, any changes relating to mortality do not have significant effects on the liability.

	reduction		increase	
	%	**amount**	**%**	**amount**
Employment severance pay	2.48	3,662	3.48	(3,506)
FISDE	2.67	373	3.67	(339)
Gas Fund	2.47	251	3.47	(241)
Other provisions for employee benefits	2.90	118	3.90	(110)
Effect on net obligation as of 31.12.2023		**4,404**		**(4,196)**

The maturity profile of the obligations for employee benefit plans is shown in the following table:

	As of December 31, 2022					As of December 31, 2023				
(€ thousands)	**Employee severance fund**	**FISDE**	**Gas Fund**	**Other provisions**	**Total**	**Employee severance fund**	**FISDE**	**Gas Fund**	**Other provisions**	**Total**
Within the next year	8,246	335	601	1,866	11,048	9,643	334	515	1,949	12,441
Within five years	22,651	1,136	5,053	1,742	30,582	19,856	1,171	4,731	2,105	27,863
Beyond five and up to ten years	17,363	1,044	4,288	-	22,695	16,601	1,080	3,241	-	20,922
Beyond ten years	1,564	4,028	-	-	5,592	133	3,971	-	-	4,104
Provisions for employee benefits	**49,824**	**6,543**	**9,942**	**3,608**	**69,917**	**46,233**	**6,556**	**8,487**	**4,054**	**65,330**

23) *Deferred tax liabilities*

Deferred tax liabilities amounting to € 47,780 thousand (€ 91,633 thousand as of December 31, 2022) are stated net of offsetable deferred tax assets and are analysed in the tables below:

(€ thousands)	**As of 31 December 2021**	**Business combinations**	**Provisions**	**Uses**	**Other changes**	**As of December 31, 2022**
Deferred tax liabilities	313,317	51,436	8,104	(29,836)	15,857	358,878
Deferred tax assets	**(262,526)**	(15,610)	(24,237)	31,463	3,665	**(267,245)**
Total	**50,791**	**35,826**	**(16,133)**	**1,627**	**19,522**	**91,633**

(€ thousands)	**As of December 31, 2022**	**Business combination**	**Provisions**	**Uses**	**Other changes**	**As of December 31, 2023**
Deferred tax liabilities	358,878	-	547	(18,869)	(5,087)	335,469
Deferred tax assets	(267,245)	-	(44,364)	26,722	(2,802)	(287,689)
Total	**91,633**	-	**(43,817)**	**7,853**	**(7,889)**	**47,780**

There are no deferred taxes which cannot be offset.

Deferred tax liabilities and deferred tax assets break down as follows, based on the most significant temporary differences:

(€ thousands)	As of December 31, 2022								
	Opening balance	**Business combination**	**Provisions**	**Uses**	**Impacts recorded in equity**	**Other changes**	**Closing balance**	***of which IRES***	***of which IRAP***
Deferred tax liabilities	**313,317**	**51,436**	**8,104**	**(29,836)**	**11,835**	**4,022**	**358,878**	***308,303***	***50,575***
Amortisation and depreciation exclusively for tax purposes	190,159	-	24	(15,142)	-	(118)	174,923	*148,871*	*26,052*
Revaluations of property, plant and equipment	93,012	-	34	(12,283)	-	56	80,819	*68,782*	*12,037*
Capital gains subject to deferred taxation	1,521	-	7,250	(2,083)	-	(1)	6,687	*6,687*	
Employee benefits	12,185	-	-	(6)	18		12,197	*12,197*	
Capitalisation of financial expense	2,335	-	-	(123)	-		2,212	*1,883*	*329*
Impairment losses on receivables in excess of tax deductibility	-	-	495	(180)	-	1	316	*316*	
Other temporary differences	14,105	51,436	301	(19)	11,817	4,084	81,724	*69,567*	*12,157*
Deferred tax assets	**(262,526)**	**(15,610)**	**(24,237)**	**31,463**	**2,147**	**1,518**	**(267,245)**	***(250,077)***	***(17,168)***
Provisions for risks and charges and other non-deductible provisions	(42,691)	-	(1,753)	12,785	-	(170)	(31,829)	*(27,210)*	*(4,619)*
Non-repayable and contractual grants	(62,477)	-	-	9,524	-	207	(52,746)	*(45,909)*	*(6,837)*
Non-deductible amortisation and depreciation	(136,626)	-	(21,936)	7,190	-	379	(150,993)	*(150,336)*	*(657)*
Employee benefits	(9,414)	-	(354)	1,454	173	2,655	(5,486)	*(4,332)*	*(1,154)*
Other temporary differences	(11,318)	(15,610)	(194)	510	1,974	(1,553)	(26,191)	*(22,290)*	*(3,901)*
Net deferred tax liabilities	**50,791**	**35,826**	**(16,133)**	**1,627**	**13,982**	**5,540**	**91,633**	***58,226***	***33,407***

(€ thousands)	As of December 31, 2023								
	Opening balance	**Business combination**	**Provisions**	**Uses**	**Impacts recorded in equity**	**Other changes**	**Closing balance**	***of which IRES***	***of which IRAP***
Deferred tax liabilities	**358,878**	**-**	**547**	**(18,869)**	**(117)**	**(4,970)**	**335,469**	***284,894***	***50,575***
Amortisation and depreciation exclusively for tax purposes	174,923	-	24	(8,170)	-	-	166,777	*140,724*	*26,053*
Revaluations of property, plant and equipment	80,819	-	248	(7,423)	-	-	73,644	*61,607*	*12,037*
Capital gains subject to deferred taxation	6,687	-	-	(2,073)	-	-	4,614	*4,614*	-
Employee benefits	12,197	-	-	41	-	(38)	12,200	*12,200*	-
Capitalisation of financial expense	2,212	-	-	(122)	-	-	2,090	*1,761*	*329*
Impairment losses on receivables in excess of tax deductibility	316	-	205	(403)	-	180	298	*298*	-
Other temporary differences	81,724	-	70	(719)	(117)	(5,112)	75,846	*63,690*	*12,156*
Deferred tax assets	**(267,245)**	**-**	**(44,364)**	**26,722**	**(4,766)**	**1,964**	**(287,689)**	***(275,140)***	***(12,549)***
Provisions for risks and charges and other non-deductible provisions	(31,829)	-	(10,400)	11,443	-	-	(30,786)	*(30,786)*	-
Non-repayable and contractual grants	(52,746)	-	-	2,722	-	-	(50,024)	*(43,187)*	*(6,837)*
Non-deductible amortisation and depreciation	(150,993)	-	(22,480)	2,464	-	-	(171,009)	*(170,352)*	*(657)*
Employee benefits	(5,486)	-	(23)	(560)	-	-	(6,069)	*(4,915)*	*(1,154)*
Other temporary differences	(26,191)	-	(11,461)	10,653	(4,766)	1,964	(29,801)	*(25,900)*	*(3,901)*
Net deferred tax liabilities	**91,633**	**-**	**(43,817)**	**7,853**	**(4,883)**	**(3,006)**	**47,780**	**9,754**	**38,026**

Deferred tax assets and *deferred tax liabilities* are classified as non-current.

It should be noted that there are no deductible temporary differences, tax losses and unused tax credits for which, in the statement of financial position, the deferred tax asset is not recognized.

Furthermore, there are no temporary differences relating to investments in subsidiaries, branches and associated companies, and to jointly controlled investments, for which a deferred tax liability has not been recognized.

Group has deemed it appropriate to set aside deferred tax assets on the timing differences at December 31, 2023, insofar as it believes it is likely they will be recovered. The Company Management assessed for the financial statements as of December 31, 2023, on the basis of the Business Plan, that there was reasonable certainty around the recovery of deferred tax assets recognised during the Purchase Price Allocation of the Enaon (formerly DEPA Infrastructure).

The note "Income taxes" provides information about taxes for the year.

24) *Equity*

Equity, amounting to € 2,600,744 thousand as of December 31, 2023 (€ 2,390,570 thousand as of December 31, 2022) breaks down as follows:

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Equity attributable to the Owners of the parent company	**2,108,262**	**2,280,072**
Share capital	1,002,608	1,003,228
Legal reserve	200,246	200,646
Share premium reserve	624,449	626,252
Reserve Cash flow hedge on derivative contracts	38,261	22,683
First-time consolidation reserve	(323,907)	(323,907)
Reserve for business combinations under common control	(349,839)	(349,839)
Stock grant reserve	7,202	9,417
OCI Fair value valuation reserve for equity investments	609	238
Other reserves	12,534	13,063
Retained earnings	496,006	645,747
OCI Reserve for remeasurement of defined-benefit plans for employees	(7,195)	(7,024)
Profit for the year	407,288	439,568
Equity attributable to non-controlling interests	**282,308**	**320,672**
Equity	**2,390,570**	**2,600,744**

Share capital

On March 10, 2021, as part of the 2018-2020 Co-investment Plan approved by the Group's Ordinary and Extraordinary Shareholders' Meeting of April 19, 2018, the Italgas' Board of Directors resolved on the free allocation of a total of 632,852 new ordinary shares of the Company to the beneficiaries of the Plan itself and implemented the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 784,736.48, from other reserves.

On March 9, 2022, in execution of the 2018-2020 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of April 19, 2018, the Board of Directors resolved on the free allocation of a total of 477,364 new ordinary shares of the Company to the beneficiaries of said Plan (second cycle of the Plan) and executed the second tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 591,931.36, taken from retained earning reserves.

On March 9, 2023, the Board of Directors resolved on: (i) the free allocation of no. 499,502 ordinary Company shares to the beneficiaries of the plan given the rights assigned (so-called third cycle of the plan) to such beneficiaries and accrued in accordance with the provisions of said plan at the end of the relative performance period (2018-2020) and (ii) the third and last tranche of the capital increase serving the plan was implemented, for a nominal amount of € 619,382.48 taken from the retained profits with the issue of no. 499,502 new ordinary shares.

Moreover, on April 20, 2021, the Italgas Shareholders' Meeting approved the 2021-2023 Co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 Co-investment Plan for a maximum nominal amount of € 5,580,000.00, by means of the issuance of up to 4,500,000 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.

Legal reserve

The *Legal reserve* as of December 31, 2023 stood at € 200,646 thousand. The increase of € 400 thousand relates to the resolution of the Shareholders' Meeting of April 20, 2023.

Share premium reserve

The *Share premium reserve*, which totalled € 626,252 thousand (€ 624,449 thousand as of December 31, 2022), was created after the equity investment in Italgas Reti S.p.A. was acquired. The increase of € 1,803 thousand relates to the implementation of the 2018 Co-Investment Plan.

OCI Reserve Cash Flow Hedge on derivative contracts

The *OCI Reserve Cash Flow Hedge on derivative contracts*, amounting to € 22,683 thousand (€ 38,261 thousand as of December 31, 2022), includes the *fair value* of the IRS derivative net of the related tax effect. The reserve changes with the accounting of cash flows deriving from instruments which, for the purposes of IFRS 9, are designated as "cash flow hedging instruments". The related tax effect is reported in the "tax effect" item of the "Components reclassifiable to the income statement" in the Statement of comprehensive income.

First-time consolidation reserve

The *First-time consolidation reserve*, amounting to negative € 323,907 thousand, was determined during the first-time consolidation (year 2016) following the sale by Snam S.p.A. to Italgas S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A. (difference between the purchase cost of the equity investment of Italgas Reti and the related equity attributable to the owners of the parent company).

Reserve for business combinations under common control

The *Reserve for business combinations under common control*, amounting to negative € 349,839 thousand, relates to the acquisition by Snam S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A.

To this regard it should be specified that the natural gas distribution activities were acquired through three simultaneous transactions (transfer, sale and demerger) of the equity investment held by Snam S.p.A. in Italgas Reti S.p.A. in favour of Italgas S.p.A. This transaction led to the deconsolidation of the natural gas distribution sector for Snam, and the acquisition of the equity investment in Italgas Reti and, at consolidated level, of the net assets of the gas distribution sector for Italgas S.p.A. The reader is reminded that the shareholder of reference of Snam, CDP, is concomitantly the shareholder of reference of Italgas. The exposure described above reflects an approach based on the continuity of carrying amounts (as regards Snam) since the transaction represents an "aggregation of corporate entities or activities under common control" within the scope of the broader group of which Italgas is part. The companies taking part in the business combination (Snam, Italgas and Italgas Reti) remained subject to control because of the transactions and therefore they were fully consolidated by the same subject (CDP) pursuant to the IFRS 10 accounting standard, as Snam explained in its disclosure document pursuant to Article 70 and Italgas explained in its disclosure document pursuant to Article 57.

Stock grant reserve

The *Stock grant reserve* includes valuation according to IFRS 2 of the co-investment plan approved on April 19, 2018 by the Shareholders' Meeting of Italgas S.p.A.

On April 19, 2018 the Italgas' Shareholders' Meeting approved the 2018-2020 Long term share incentive plan, intended for the Chief Executive Officer, General Manager and senior executives identified among those in a position to influence the Group's results, with the annual assignment of three-year objectives. At the end of the performance period of three years, if the conditions set out in the Plan have been met, the beneficiary shall be entitled to receive Company shares free of charge. The maximum number of shares that may be allocated through the plan is 4,000,000 shares. In relation to the aforementioned plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2018 Remuneration Policy, rights to receive Italgas shares in the amounts of 341,310 for the 2018-2020 plan, 279,463 for the 2019-2021 plan, and 327,760 for the 2020-2022 plan. The unitary *fair value* of the share, determined by the value of the Italgas share on the grant date, is respectively € 4.79, € 5.58 and € 4.85 per share. The cost related to the Long-Term Share Incentive Plan is recorded during the vesting period as a component of the personnel costs, with a contra entry in the equity.

On March 10, 2021, the Board of Directors resolved on: (i) free allocation of a total of 632,852 new ordinary shares of the Company to the beneficiaries of the 2018-2020 Plan; and (ii) execution of the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 784,736.48, drawn from retained earning reserves.Italgas Shareholders' Meeting held on April 20, 2021 approved the 2021-2023 Incentive Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 Incentive Plan for a maximum nominal amount of € 5,580,000.00, by means of the issuance of up to 4,500,000 new ordinary shares to be assigned free of charge, by means of assignment pursuant to 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. In connection with this plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2021 Remuneration Policy, rights to receive 254,765 Italgas shares for the 2021-2023 co-investment plan. The unitary *fair value* per share is € 5.55.

OCI Fair value valuation reserve for equity The *OCI Fair value valuation reserve for equity* (€ 238 thousand) includes the change in fair value, net of tax effects, of non-controlling interests which on initial recognition were designated as accounted for at FVTOCI (fair value recognised through other comprehensive income). For more details, see the note "Non-current financial assets".

Other reserves

The *Other reserves* relate to the effects deriving from the valuation of equity investments.

OCI Reserve for remeasurement of defined-benefit plans for employees

The *OCI Reserve for remeasurement of defined-benefit plans for employees* (negative € 7,024 thousand at December 31, 2023) included actuarial losses, net of the relative tax effect, recognised under other components of comprehensive income pursuant to IAS 19. The changes in the reserve during the course of the year are shown below:

(€ thousands)	Gross reserve	Tax effect	Net reserve
Reserve as of 31 December 2021	**(21,053)**	**5,913**	**(15,140)**
Changes of the year 2022	11,035	(3,090)	**7,945**
Reserve as of December 31, 2022	**(10,018)**	**2,823**	**(7,195)**
Changes of the year 2023	245	(74)	**171**
Reserve as of December 31, 2023	**(9,773)**	**2,749**	**(7,024)**

Equity attributable to non-controlling interests

The *Equity attributable to non-controlling interests* is broken down below:

(€ thousands)	Equity attributable to non-controlling interests as of December 31, 2022	Equity attributable to non-controlling interests as of December 31, 2023	Net income attributable to non-controlling interests as of December 31, 2022	Net income attributable to non-controlling interests as of December 31, 2023
Toscana Energia S.p.A.	201,334	206,862	18,080	18,394
Medea S.p.A.	38,082	60,989	8,176	1,272
Geoside S.p.A.	14,160	19,627	2,892	5,479
Gaxa S.p.A.	-	-	(305)	-
Italgas Newco subconsolidated	4,486	29,913	43	2,870
Janagas S.r.l.	21,642	-	31	-
Immogas S.r.l.	2,604	2,488	(79)	(116)
Siciliacque S.p.A.		793		4
Total	**282,308**	**320,672**	**28,838**	**27,903**

Dividends

In its meeting of March 12, 2024, the Board of Directors proposed to the Shareholders' Meeting the distribution of an ordinary dividend of € 0.352 per share. The dividend will be paid out as at 22 May 2024, with an ex-coupon date of 20 May 2024 and a record date of 21 May 2024.

Reconciliation statement of the result for the year and of the equity of Italgas S.p.A. with the results for the year and of the equity attributable to the Owners of the parent company.

(€ thousands)	Profit 2023	Equity as of December 31, 2023
Financial statements Italgas S.p.A.	**301,434**	**1,838,787**
Profit of the companies included in the consolidation	480,364	
Difference between carrying amount of investments consolidated companies and equity of the financial statements, including the result	-	487,424
Adjustments consolidation:		
Dividends net of the tax effect	(317,192)	-
Income from valuation of equity investments with the equity method and other income from equity investments	1,376	51,226
Other consolidation adjustments net of the tax effect	1,489	223,306
Attributable to non-controlling interests	(27,903)	(320,671)
Adjustments consolidation	**138,134**	**441,285**
Consolidated financial statements – attributable to the Owners of the parent company	**439,568**	**2,280,072**

25) *Guarantees, commitments and risks*

Guarantees, commitments and risks, amounting to € 1,982,007 thousand as of December 31, 2023 comprise:

(€ thousands)	As of December 31, 2022	As of December 31, 2023
Bank guarantees given in the interest of Group companies	**495,565**	**445,703**
Financial commitments and risks:	**1,829,217**	**1,536,304**
Commitments	**1,528,667**	**1,219,646**
Commitments for the purchase of goods and services	1,528,667	1,219,646
Risks	**300,550**	**316,658**
- for compensation and litigation	300,550	316,658
Total Guarantees, commitments and risks	**2,324,782**	**1,982,007**

Guarantees

Guarantees of € 445,703 thousand refer mainly to guarantees issued with regard to sureties and other guarantees issued in the favour of subsidiaries.
It should be noted that as part of the entry into ERG's share capital and the sale of assets, Medea issued a guarantee of € 26 million on the financing obtained by ERG preparatory to the operation.

Commitments

As of December 31, 2023, *commitments* with suppliers to purchase property, plant and equipment and provide services relating to the purchase of property, plant and equipment and intangible assets under construction amounted to € 1,219,646 thousand.

Other unvalued commitments

The acquisition of 51% of the share capital of ACAM Gas S.p.A. by the subsidiary Italgas Reti, which took place in 2015, involves mutual commitments by the parties in relation to the first public tender for the awarding of the La Spezia ATEM.

The acquisition of the equity investment of Enerco Distribuzione by the subsidiary Italgas Reti, which took place in 2017, is subject to an ownership price adjustment (so-called "earn-out") clause.

The acquisition of the "Alessandria 4 ATEM" business unit by the subsidiary Italgas Reti, which took place in 2020, is subject to a price adjustment (so-called "earn-out") clause if the Alessandria 4 ATEM tender is awarded within 10 years of the signing date and if the contracting authority in the aforesaid tender procedure recognises a higher reimbursement value than the pro-forma value under the agreement, for the same year of reference.

On 27 December 2022, Italgas S.p.A., Toscana Energia S.p.A. and Alia Servizi Ambientali S.p.A. ("Alia") signed an agreement aimed at defining: (i) the terms and conditions for the approval by the Board of Directors of Toscana Energia in relation to Alia's takeover of the ownership of the Toscana Energia shares held by the Municipality of Florence as a result of the contribution of treasury shares in favour of its subsidiary Alia, (ii) the recognition of an option right in favour of Italgas on the Toscana Energia shares held by the Municipality of Florence at the time the option is exercised.

The price for the purchase of the Shares subject to the option will be equal to the "Fair market value" referring to the date of execution of the option, calculated using a valuation methodology compliant with the best international practice for a regulated business of natural gas distribution (i.e. RAB) and subject to adjustment based on the value of the net financial position of Toscana Energia at the date on which the option is executed.

As part of the investment agreement signed on July 26, 2022 and amended in 2023 between Medea S.p.A. and Energetica S.p.A. (the "Parties") related to the acquisition by Medea of a 49% stake in the share capital of Energie Rete Gas S.r.l. ("ERG") through a mixed transaction involving the contribution and sale of assets included in a business unit, the Parties mutually agreed to ensure that ERG, in relation to the assets sold, would obtain: (i) recognition, from the competent ministry, among the Group's infrastructure and/or regional transmission services of natural gas ("Transport Authorisation") and (ii) recognition, under the tariff regulatory profile, as regional transport service ("Tariff Recognition").

The Parties also mutually agreed to ensure that, should the aforementioned Transport Authorisation not be recognised by 31 December 2024, the necessary measures be implemented for restoration of the legal situation in place prior to the date of the agreement for an asset value of € 74.2 million.

In 2023, Medea and ERG signed a service agreement that provides that Medea will pay ERG a fee for the transport service provided by ERG. This agreement was necessary for the management of the transitional period; once ERG obtains the transport authorisation and tariff recognition, the agreement will be terminated.

The acquisition in 2023 of the business unit to which the concessions held in Italy in the water sector belonged is subject to an ownership price adjustment (so-called "earn-out") for a maximum € 36,4 million clause, to be determined for four years according to annual measurements based on net takings on certain receivables by the associated companies Siciliacque and Acqualatina. Furthermore, subject to the extension of the concession entered into by Acqua Campania and the Campania Region, an additional component of the fee is envisaged for a maximum of € 4 million.

Risks

Risks concerning compensation and litigation (€ 316,658 thousand) relate to possible (but not probable) claims for compensation arising from ongoing litigation, with a low probability that the pertinent economic risk will arise.

FINANCIAL RISK MANAGEMENT

Foreword

Italgas has established the Enterprise Risk Management (ERM) unit, which reports directly to the CFO and oversees the integrated process of managing corporate risk for all Group companies. The main objectives of the ERM are to define a homogeneous and transversal risk assessment model, to identify priority risks and to guarantee the consolidation of mitigation actions and the development of a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and existing international best practices (COSO Framework and ISO 31000).

The ERM unit operates as part of the wider Italgas' Internal Control and Risk Management System.

The main corporate financial risks identified, monitored and, where specified below, managed by Italgas are as follows:

- risk arising from exposure to fluctuations in interest rates;
- credit risk arising from the possibility of counterparty default;
- liquidity risk arising from not having sufficient funds to meet short-term financial commitments;
- rating risk;
- debt covenant and default risk.

There follows a description of Italgas' policies and principles for the management and control of the risks arising from the financial instruments listed above. In accordance with IFRS 7 - "Financial instruments: Additional information", there are also descriptions of the nature and size of the risks resulting from such instruments.

Information on other risks affecting the business (operational risk and risks specific to the segment in which Italgas operates) can be found in the "Elements of risk and uncertainty" section of the Directors' Report.

Interest rate risk

Fluctuations in interest rates affect the market value of Italgas' financial assets and liabilities and its net financial expense.

An increase in interest rates, not implemented – in full or in part – in the regulatory WACC, could have negative effects on the assets and on the economic and financial situation of the Italgas Group for the variable component of the debt in place and for future loans.

At full performance, Italgas aims to maintain a debt ratio between a fixed rate and floating rate to minimise the risk of rising interest rates. As of December 31, 2023 the financial debt at floating rate was 8.1% and at fixed rate was 91.9%. Please refer to the paragraph "Current and non-current financial liabilities" for further details.

Below are the impacts on equity and the net period result at December 31, 2023 of a hypothetical positive and negative variation of 10 basis points (bps) of the interest rates effectively applied during the year.

(€ thousands)	Result of the income statement		Other items of the statement of comprehensive income	
	interest +10 bps	interest -10 bps	interest +10 bps	interest -10 bps
Variable-rate loans not hedged				
Effect of change in interest rate	(1,288)	1,288		
Variable-rate loans converted into fixed-rate loans by means of IRSs				
Effect of change in interest rate on the fair value of the hedge derivative contracts - effective portion of hedge			7,316	(7,181)
Impacts gross of the tax effect				
Tax effect	348	(348)	(1,975)	1,939
Impacts net of the tax effect	**(940)**	**940**	**5,341**	**(5,242)**

Credit risk

Credit risk is the exposure to potential losses arising from counterparties failing to fulfil their obligations. Default or delayed payment of amounts owed may have a negative impact on the Italgas financial results and financial situation.

The rules for customer access to the gas distribution service in Italy are established by the relevant regulatory Authority and set out in the Network Codes, namely, in documents that establish, for each type of service, the rules regulating the rights and obligations of the parties involved in the process of providing said services and contain contractual conditions that reduce the risk of non-compliance by customers, such as the provision of bank or insurance guarantees on first request.

In addition to this, in order to manage credit risk, the Group has established procedures for monitoring and assessing its customer portfolio. The reference markets are the Italian and Greek markets.

In the activities of the energy efficiency sector, the credit risk is mitigated by the use of incentive tools (mainly Superbonus) - the latter however influenced by the risk of managing the obligations that allow the tax recognition of the credits - which guarantee the financial coverage of significant portions of the intervention amounts. In this context, the contracts stipulated by the Group include clauses that guarantee the possibility of taking action against customers in the event of impossibility of obtaining/withdrawing the incentive. The recovery from customers, however, implies the continuation of exposure to credit risk.

As of December 31, 2023 there were no significant credit risks. Note that on average: (i) in Italy, 98.6% of trade receivables relating to gas distribution are settled by the due date and more than 99.7% within the next 4 days; (ii) in Greece, an average of 94.9% of trade receivables relating to gas distribution are settled by the due date and almost all within the next 4 days, confirming the strong reliability of the customers.It cannot be ruled out that Italgas could incur liabilities and/or losses due to its customers' failure to fulfil their payment obligations.

Liquidity risk

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the Group's future as a going concern.

Italgas does not foresee any significant negative impacts, taking the following into account: (i) the Company has cash deposited with primary credit institutions in the amount of € 250 million as of December 31, 2023, which, also in light of the investment plans in place and the operations planned in the short term, would allow it to manage, without significantly material effects, any restrictions on access to credit; (ii) Italgas has unused committed long-term credit lines for an amount equal to € 968 million; (iii) the notes issued by Italgas as of December 31, 2023 as part of the Euro Medium Term Notes Programme do not require compliance with covenant relating to the data in the financial statements; (iv) on February 1, 2024, Italgas successfully completed the launch of a bond issue maturing on February 8, 2029, with a fixed rate and for a total amount of € 650 million, an annual coupon of 3.125%.

Italgas aims, in financial terms, at establishing a financial structure that, in line with its business objectives, ensures a level adequate for the group in terms of the duration and composition of the debt. The achievement of this financial structure will take place through the monitoring of certain key parameters, such as the ratio between debt and the RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed rate and floating rate debt and the ratio between bank credit granted and bank credit used.

Rating risk

On 20 November 2023, Fitch Ratings (Fitch) confirmed the long-term credit rating of Italgas, as BBB+ with Stable outlook.

On November 21, 2023, the rating agency Moody's Investors service (Moody's) confirmed the long-term credit rating of Italgas as Baa2, revising the outlook from negative to stable. The rating action followed Moody's change of outlook from negative to stable for the Italian government's Baa3 debt rating on November 17.

Based on the methodologies adopted by the rating agencies, the downgrade of one notch in the Italian Republic's current rating could trigger a downward adjustment in Italgas' current rating, which in turn could have an impact on the cost of future debt.

Debt covenant and default risk

As at December 31, 2023 there are no loan agreements containing financial covenants and / or secured by collateral, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenants[32]. 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 December 31, 2023, these commitments were respected.

Notes issued by Italgas as at December 31, 2023 as part of the Euro Medium Term Notes programme provide for compliance with covenants that reflect international market practices regarding, inter alia, negative pledge and pari passu clauses.

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas' failure to comply and could trigger the early repayment of the relative loan.

With reference to the EIB, the relative contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required.

The Group monitors these cases closely in the context of financial management and business performance.

Future payments for financial liabilities

The table below shows the repayment plan contractually established in relation to the financial payables, including interest payments not discounted:

(€ thousands)	Balance as of 31.12.2022	Balance as of 31.12.2023	Portion with due date within 12 months	Portion with due date beyond 12 months	Due date 2025	2026	2027	2028	Beyond
Financial liabilities									
Bank loans	1,741,660	1,144,298	75,274	1,069,024	316,604	77,949	78,699	78,698	517,074
Notes	4,728,517	5,198,307	426,392	4,771,915	498,438		747,237	495,437	3,030,803
Current liabilities	3,125	498,656	498,656	-	-	-	-	-	-
Interest on loans	-	-	108,915	139,920	26,710	20,770	18,871	17,003	56,566
Lease liabilities	72,048	79,095	33,112	45,983	18,662	12,115	7,505	4,740	2,961
Interest of lease liabilities	-	-	1,132	754	333	215	118	60	28
Financial liabilities	**6,545,350**	**6,920,356**	**1,143,481**	**6,027,596**	**860,747**	**111,049**	**852,430**	**595,938**	**3,607,432**

With reference to the payment times with regard to trade and other payables, refer to the note "Current and non-current liabilities" in the Consolidated Financial Statements.
As for the sensitivity on the interest rate, any changes in interest rates do not lead to significant effects in consideration of the fact that 91.9% of the Group's financial debt is at fixed rate.
Please refer to note "Trade and other receivables" for the breakdown of receivable by due date bracket.

[32] The contracts contain a clause whereby, in the event of a significant reduction in EBITDA resulting from the loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as at December 31, 2023 have been respected.

Market value of financial instruments

Below is the classification of financial assets and liabilities measured at *fair value* in the Statement of Financial Position in accordance with the *fair value* hierarchy defined on the basis of the significance of the inputs used in the measurement process. More specifically, in accordance with the characteristics of the inputs used for measurement, the *fair value* hierarchy comprises the following levels:

d) level 1: listed prices (unadjusted) on active markets for identical financial assets or liabilities;

e) level 2: measurements made on the basis of inputs differing from the quoted prices referred to in the previous point, which, for the assets/liabilities submitted for measurement, are directly (prices) or indirectly (price derivatives) observable;

f) level 3: inputs not based on observable market data.

In connection with the above, classification of the assets and liabilities measured at *fair value* in the Statement of Financial Position according to *fair value* concerned the IRS and exchange rate derivative instruments classified level 2 and recorded under the note "Other current and non-current financial assets" and "Other current and non-current financial liabilities".Equity investments measured at *fair value* with effects recognised to the income statement and on OCI fall under *fair value* category level 3.

Other information on financial instruments

With reference to the categories established by IFRS 9 "Financial instruments", the carrying amount of financial instruments and their relative effects on results and on equity can be analysed as follows:

(€ thousands)	**Carrying amount**		**Income / expense recognised to income statement**		**Income / expense recognised to equity (a)**	
	Balance as of December 31, 2022	**Balance as of December 31, 2023**	**Balance as of December 31, 2022**	**Balance as of December 31, 2023**	**Balance as of December 31, 2022**	**Balance as of December 31, 2023**
Financial instruments measured at amortised cost						
- Cash	451,946	249,963	-	-	-	-
- Current financial assets	5,770	4,248	-	-	-	-
- Trade and other receivables	1,142,950	853,488	-	-	-	-
- Non-current financial assets	39,426	13,708	-	-	-	-
- Other current and non-current non-financial assets	234,350	569,933	-	-	-	-
- Trade and other payables	1,231,867	829,862	-	-	-	-
- Financial payables (b)	6,510,600	6,920,356	(59,570)	(94,289)	-	-
- Other current and non-current non-financial liabilities	552,127	545,277	-	-	-	-
- Financial instruments measured at fair value						
- Other investments	18,961	21,207	-	-	609	(371)
- Financial assets (liabilities) for hedge derivative contracts	52,573	31,802	-	-	51,524	30,483

(a) Net of tax effect

(b) The effects on the income statement are recognized under the item "Financial income/(charges)"

The table below provides a comparison between the book value of financial assets and liabilities and their respective *fair value*.

(€ thousands)	**Balance as of December 31, 2022**		**Balance as of December 31, 2023**	
	Carrying amount	**Market value**	**Carrying amount**	**Market value**
Financial instruments measured at amortised cost				
- Non-current financial debt	6,317,686	5,568,986	5,934,309	5,497,477

The carrying amount of trade receivables, other receivables and financial payables is close to the related *fair value* measurement, given the short period of time between when the receivable or the financial payable arises and its due date.

Disputes and other measures

is involved in civil, administrative and criminal cases and legal actions related to its normal business activities. According to the information currently available and considering the existing risks, Italgas believes that these proceedings and actions will not have material adverse effects on its Consolidated Financial Statements.
Below is a summary of the most significant proceedings; no provisions have been made pursuant to IAS 37 for these proceedings in the financial statements, as the company deems that the risk of an adverse outcome is possible, but not likely, or the amount of the allocation cannot be reliably estimate.

Civil dispute

Italgas Reti S.p.A. / Municipality of Rome – Rome Civil Court

The Municipality of Rome, where Italgas Reti carries out the service of gas distribution on the basis of a specific Service Contract, after a series of discussions aiming at reaching an agreement for the adjustment of timetable for the implementation of the Business plan, charged Italgas Reti, arbitrarily, with alleged delays in the execution of the Plan itself. In rejecting the claims of the Municipality of Rome, Italgas Reti had already filed an appeal with the Lazio Regional Administrative Court on January 11, 2019 for cancellation of the notice with which the Municipality of Rome had starting the procedure to apply default penalties. Subsequently, the Municipality of Rome notified Italgas Reti of a Managerial Resolution in which it quantified the amount allegedly owed by Italgas Reti by way of penalties for the alleged failure to timely implement the Business Plan at € 91,853,392.79, and reserved the right to enforce the bank guarantee issued to guarantee the proper performance of the aforesaid Contract. Italgas appealed to the Regional Administrative Court of Lazio against the above-mentioned Managerial Resolution, submitting a precautionary petition for the suspension of the measure's effectiveness, contesting, in brief, the nullity of the penalty clause due to vagueness. The Board, however, expressed some doubts as to the applicability of its jurisdiction.In light of these circumstances, the lodging of an appeal before the Court of Cassation was proposed for the prior settlement of jurisdiction. The Court of Cassation declared the Jurisdiction of the Ordinary Court. Therefore, on February 11, 2021, Italgas resumed the proceedings before the Civil Court of Rome.
During the chamber proceedings of April 22, 2020, the Regional Administrative Court with Order no. 4140/2020 acknowledged the proposal for prior settlement of jurisdiction and suspended the proceedings and, considering itself to be without jurisdiction, declared the precautionary application inadmissible. On 13 May 2020, Italgas Reti challenged this order before the Council of State, which upheld the precautionary appeal filed by Italgas Reti, suspending the effectiveness of the first instance order until the definition of the merits.
On June 5, 2020, Italgas lodged an appeal with the Regional Administrative Court of Lazio, by which it requested that the Municipality of Rome be ordered to pay Italgas Reti compensation of the total amount of € 106,290,396.25 resulting from the failure of the Municipality of Rome to comply with the concession contract. Subsequently, consistent with the previous judgement, the Regional Administrative Court declared the jurisdiction of the Ordinary Court and Italgas Reti resumed the judgement before the Ordinary Court of Rome, asking for a joining with the judgement concerning the penalties applied by Municipality of Rome. The evidentiary hearing for both court cases, which have been combined, has been set for July 11, 2023. Following the hearing, the Judge ordered an Expert's Report to be carried out during 2024, with an adjournment to 18 December 2024 for the clarification of conclusions.
At the same time, Italgas Reti obtained an order from the Court of Rome suspending the effects of the measure quantifying the penalties and preventing Roma Capitale from enforcing the surety given in relation to the penalty payment claims.
Also on the basis of an external legal opinion, the Company, at present, does not believe it likely it will lose.

Municipality of Venice / Italgas Reti S.p.A. – Court of Venice

On April 24, 2019, the Municipality of Venice served, at the Court of Venice, a writ of summons, aimed at the verification and consequent payment of € 59,006,552.03 as a consideration for use of the portion of the network subject to free acquisition for the period 1/6/2010-31/12/2018 as well as the sums due for the same reason for the period after 31/12/2018 and up until the judgement. Italgas Reti contested the quantification of the fee and requested the restitution of the amount unduly paid to the Municipality following the free transfer of Block A. Having carried out the introductory procedural steps, by order dated April 26, 2021, the Judge ordered Italgas Reti to produce relevant documentation and consequently set the hearing for 31 May 2022 for the examination of the documentation. On 31 May 2022, the Municipality requested that Italgas Reti be ordered to supplement the documentation produced. For its part, Italgas Reti opposed the request for supplementation formulated by the Municipality and requested, principally, the postponement of the case for the clarification of the conclusions or, alternatively, the granting of a time limit to possibly counter respond. At the outcome of the hearing, the Judge requested additional documentation and adjourned the hearing to January 17, 2023. On that date, the Municipality insisted on the admission of a technical expert's report, while Italgas Reti requested that the hearing for clarification of the conclusions be postponed. At present, the Judge ruled to order an Expert's Report for the appointment of the Expert.

Supported by a technical and economic appraisal issued by an expert and on the basis of an external legal opinion, the Company does not believe that the risk of losing the dispute it's more likely than not.

Municipality of Cavallino Treporti / Italgas Reti S.p.A. – Court of Venice

By decision dated June 25, 2022, the Court of Venice, notwithstanding the acknowledgement of the right of ownership of the plants in block A in favour of the Municipality of Cavallino Treporti with effect from the date of expiry pursuant to the concession (January 1, 2013), ordered the Municipality of Cavallino Treporti to pay Italgas € 37,313.69 plus interest for the COSAP unduly paid by Italgas for the period between January 1, 2013 and December 31, 2018 and € 40,000 for legal expenses. The Municipality of Cavallino-Treporti notified an appeal against the ruling. On January 24, 2023, the first hearing was held: the Judge dismissed the application to suspend the enforceability of the ruling and ordered a postponement for the clarification of the conclusions. The ruling is currently pending.
Supported by an external legal opinion, the Company does not, at present, believe that the risk of losing the dispute it's more likely than not.

Publiservizi S.p.A. / Italgas S.p.A. – Florence Court

Publiservizi, on its own behalf and as agent of other municipalities that are shareholders of Toscana Energia, served Italgas S.p.A. with a writ of summons in which they alleged a breach of a Shareholders' Agreement entered into on June 28, 2018. Publiservizi, therefore, claims that Italgas should be ordered to purchase 3% of the share capital of Toscana Energia S.p.A. (for the price of € 70,000,000.00 indicated in the tender notice of July 20, 2018) or, in any case, to fulfil the aforementioned Shareholders' Agreement and, otherwise, to pay Publiservizi € 59,800,000.00 by way of compensation for damages for breach or, alternatively, by way of unjust enrichment. Following the exchange of introductory documents, by order of April 30, 2021, the Judge ruled that the case could be settled at that stage and therefore scheduled the hearing for specification of the pleadings for September 13, 2023. The ruling is currently pending.
Supported by an external legal opinion, the Company does not, at present, believe that the risk of losing the dispute it's more likely than not.

Criminal dispute

The main criminal disputes in which the Group is involved are set out below.

Italgas Reti S.p.A. – Rome/Via Parlatore Event

The Public Prosecutor's Office of Rome opened an investigation in relation to the event that took place on September 7, 2015 during an ordinary intervention in the gas distribution network in the Municipality of Rome.
The incident resulted in a fire involving three people: two workers from an Italgas Reti contractor were slightly injured while the third person – an employee of Italgas Reti – died.
Preliminary investigations involved three Italgas Reti employees. The Public Prosecutor's Office asked for all defendants to be dismissed, but the Judge for Preliminary Investigations ordered further investigations, following which the Public Prosecutor again asked for all defendants to be dismissed.
On November 17, 2020, the Judge for Preliminary Investigations, also rejecting the second request for dismissal, ordered the Public Prosecutor's Office to formulate the charges against the three Italgas Reti defendants without formulating findings of liability against Italgas Reti pursuant to Legislative Decree no. 231/2001. At present, the first instance trial is ongoing. The family members of the deceased employee appeared as civil claimants, while the two employees of the contractor who sustained injuries have withdrawn their participation as a result of the award of damages.

Italgas Reti S.p.A. – Cerro Maggiore/Via Risorgimento Event

The public prosecutor opened criminal proceedings against several Italgas Reti executives, technicians and manual workers in relation to an incident that took place on November 11, 2015 during an emergency intervention. The accident was caused by a gas leak due to drilling work for laying fibre optic cable carried out by a third-party company, whose employees were also investigated.
The explosion resulted in the collapse of a house and the death of the lady who lived there, a serious injury to an Italgas Reti employee and to two other people who suffered mild injuries.
On April 24, 2017, a notice of conclusion of preliminary investigations was served on the defendants and Italgas Reti for failure to adopt appropriate preventive measures in terms of safety at work pursuant to Legislative Decree no. 231/2001. The position of one employee of Italgas Reti (employer), was subsequently terminated, while for the other employees an indictment request was submitted.

In the course of the preliminary hearing, it was acknowledged that damages had been awarded to the heirs of the deceased lady and the other injured persons, who therefore waived their right to bring civil proceedings. The Municipality of Cerro Maggiore was allowed to initiate civil proceedings.
At the outcome of the preliminary hearing, on March 19, 2019, the Preliminary Hearing Judge (i) pronounced a verdict of non-suit against two Italgas Reti employees for not having committed the act; (ii) issued a judgement of conviction against certain employees of the third-party contractor for the laying of the fibre optics who had requested the abbreviated trial; and (iii) ordered the committal for trial of Italgas Reti and three of its employees, in addition to the other defendants of the third-party contractor for the laying of the fibre optics.
At the outcome of the trial, the Public Prosecutor requested the acquittal of an Italgas Reti employee and two defendants from the contractor company, while for the other two Italgas Reti employees he asked for a two-year prison sentence, with suspended sentences. For Italgas Reti, the Prosecutor asked for the application of a minimum fine, considering the small amount of the profit involved.
In a ruling of June 4, 2021, the Judge acquitted two Italgas Reti employees and sentenced the other to one year and six months' imprisonment with suspended and unremitted sentence. A minimum fine was imposed on Italgas Reti.
Italgas Reti and the convicted employee appealed against the sentence, while the Public Prosecutor appealed the acquittal of the other employee. At the hearing held before the Milan Court of Appeal on February 20, 2024, the Public Prosecutor requested the acquittal for both Italgas Reti employees and the confirmation of the conviction for the Company. The hearing was postponed to April 11, 2024.

Other events

Italgas Reti S.p.A. – Ravanusa Event

The Public Prosecutor's Office of Agrigento opened an investigation into an explosion that occurred in the town of Ravanusa on 11 December 2021.
The cathodically protected coated low pressure steel pipe, measuring 100 mm in diameter, was laid in 1988 by Siciliana Gas (a company merged by incorporation into Società Italiana per il gas S.p.A. in 2008, which in turn became Italgas Reti from November 7, 2016) and is therefore well within its useful life as per ARERA requirements.
There were no Italgas Reti construction sites on the section of pipeline affected by the explosion, either at the time of the accident or in the weeks preceding it.
The previous week, Italgas Reti had not received any reports of any type to its Emergency Intervention service, complaining of gas leaks.
The whole of the Ravanusa network - including that installed in the area involved by the event - had been checked using the cutting-edge Picarro Surveyor technology, and in 2020 and 2021 and no critical issues had arisen.
On 31 December 2021, the Public Prosecution issued ten notices of investigation to ten employees of Italgas Reti in order to be able to examine the unrepeatable technical assessments.
Italgas Reti has acknowledged these provisions, guaranteeing maximum collaboration during activities in support of investigators, just as it has since the outset.
During these technical assessments, a breakage of a steel pipe installed along via Trilussa, was found. In addition, further laboratory investigations were carried out on odorising gas and soil samples taken near the site of the event in the days following the explosion and the presence of the odorising molecule was confirmed.
An extension of the preliminary investigation was requested and granted in July 2022, and a subsequent extension request for a further six months was notified in February 2023.
On 16 May 2023, the Public Prosecutor's Office requested the dismissal of the proceedings against all Italgas Reti's defendants, while it issued a notice of conclusion of the preliminary investigation pursuant to Article 415-bis of the Italian Code of Criminal Procedure against individuals of Siciliana Gas and the company that had laid the pipeline. Following the objection to the request to dismiss filed by the injured parties, hearings were held before the Court of Preliminary Investigations on October, 17, December, 5 2023 and February 27, 2024, with a further hearing set for April 30, 2024, at the outcome of which the Judge will decide whether or not to dismiss the proceedings.
At present there are no civil legal actions involved. During the preliminary hearing against the natural persons of Siciliana Gas and the company responsible for the installation, held on March 26, 2024, some civil parties appeared and requested the summons of Italgas Reti and Italgas S.p.A.; following the accident, a parking lot was promptly opened. as civil managers. Italgas Reti, in the context of the precautionary claim opened with the insurance companies with which the "civil liability" and "property" policies were stipulated, for an orderly management of requests for compensation within the civil liability policy towards third parties, became civilly liable, opposing the request to be summoned as civilly liable of Italgas S.p.A.. The Judge postponed the decision on April 16, 2024.
Italgas Reti has given its availability to the Municipality of Ravanusa to carry out a project to remove the rubble resulting from the explosion, completed in 2023.

Informative priorities ESMA 2023

In continuity with the provisions of the 2021 and 2022 financial statements, also for the purpose of the preparation of the 2023 financial statements, the Regulators, with Public Statement no. 32-193237008-1793 of October 27, 2023 "European common enforcement priorities for 2023 annual financial reports", issued specific recommendations in order to provide adequate financial and non-financial disclosures on the current Macroeconomic Scenario, characterised by a combination of factors related to the escalation of geopolitical tensions, linked to the continuation of the war in Ukraine and accentuated by the events in the Middle East, which continue to weigh on the global outlook, the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties on future developments.
In addition, in 2023, ESMA published its annual overview report on the compliance of financial and non-financial information contained in the 2022 financial statements with respect to the required forecasts and requirements "2022 Corporate Reporting Enforcement and Regulatory Activities Report", in which it reiterated the need for adequate transparency on the topics indicated as priorities for the 2023 financial statements.
Furthermore, specific subsections from this Integrated Annual Report in which the required information is already included are shown below.

International Tax Reform – Pillar Two Model Rules

Directive no. 2022/2523 – based on the “Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two)” paper issued by the OECD on 14 December 2021 – introduced an effective minimum taxation regime for national and multinational groups of 15% for each jurisdiction where they are located, providing for the application of an additional tax in cases where the effective tax rate by country, with the adjustments envisaged by the implementing rules, is lower than the minimum taxation of 15%. This regulation was adopted into Italian legislation with Legislative Decree no. 209 of 27 December 2023 (“Pillar II” or “global minimum tax”), with effect from the 2024 tax period.
On 23 May 2023, IASB published a document named “Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules” to clarify financial statement disclosure requirements. The document, whose adoption process by the EU was completed on November 8, 2023, (i) introduced a temporary, immediately applicable exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and (ii) provided, for annual financial statements beginning on (or after) January 1, 2023, specific disclosure requirements for entities affected by the relevant International Tax Reform.In this regard, in 2023, the Italgas group took part in a project, coordinated by the parent company CDP with the support of a leading advisor, concerning: i) the mapping of relevant entities for the purposes of Pillar II; ii) the collection of the information required for the purposes of determining the Transitional Country-by-Country Safe Harbour; iii) the collection of relevant information for the purposes of calculating the GloBE Income and Adjusted Covered Taxes, required for the calculation of the minimum rate of 15%; iv) the preparation of the Gap Analysis. This activity was carried out with reference to the 2022 tax year. As a result of the work performed, no material impact on the Consolidated Financial Statements of Group is expected.

Environmental regulations

With regard to environmental risk, although the Group conducts its business in compliance with laws and regulations, it cannot be ruled out with certainty that the Company may incur costs or liabilities, which could be significant.
It is difficult to foresee the repercussions of any environmental damage, partly due to new laws or regulations that may be introduced for environmental protection, the impact of any new technologies for environmental clean-ups, possible litigation and the difficulty in determining the possible consequences, also with respect to other parties’ liability and any possible insurance compensation.
The Group closely monitors the various risks and associated financial impacts (which at present could mainly concern matters of impairment and recoverability of the value of assets and provisions under IAS 37) that could ensue from environmental and climate change issues.
As described in the 2023 Annual Report, in recent years, Italgas' corporate strategy has been increasingly influenced by climate change issues, and various initiatives have been developed to reduce GHG emissions (e.g. leakage detection using Picarro technology, conversion and renewal of the corporate fleet, initiatives to improve the efficiency of plants and buildings, study and implementation of initiatives to promote the distribution of green gas, such as repurposing for biomethane and the P2G project for green hydrogen, monthly monitoring of environmental performance and the implementation of related corrective actions, etc.).
The Group has also set targets to reduce GHG Scope 1 and 2 (market-based) emissions by 34% by 2028 and by 42% by 2030, Scope 3 (supply chain) emissions by 30% by 2028 and by 33% by 2030, and energy consumption by 27% by 2028 and by 33% by 2030 (2020 baseline); in addition to these targets, which cover the entire scope of operations (thus including all Italian and Greek consolidated companies), it is also worth mentioning the Group's commitment to Net-Zero Carbon to 2050 for Scope 1, 2 (market-based) and 3.
Italgas’ strategy is outlined in the 2023-2029 Strategic Plan, which highlights the digital transformation and technological innovation that will enable Italgas to play a key role in the energy transition.

In the short term, the main elements influencing the development of the strategy are the regulatory aspects of climate change such as European policy objectives, while in the short-to-medium term, the main elements are the efficient procurement of natural gas, aimed at reducing its impacts on climate change.
As part of the Strategic Plan document, Italgas defines a macro-comprehensive scenario that includes frameworks and trends in energy and environmental policies (decarbonisation - Paris Agreement, Green Deal, RePoweEU, renewables, energy efficiency, sustainable mobility, power to gas, green gas and water) and presents its Sustainable Value Creation Plan, which sets specific actions and ambitious targets for the creation of value for the Group's stakeholders and for the territories in which it is present and operates.
The Group's strategy is developed in line with the UN Sustainable Development Goals and, with regard to combating climate-changing emissions, also with the objectives of the European Green Deal and the "science-based" scenario for limiting global warming to below "1.5°".

Accounting of emission trading schemes and renewable energy certificates

With reference to the request to provide information on the accounting treatments used in the recognition, measurement and presentation of emission trading schemes and renewable energy certificates (including information on the main terms and nature of these schemes), we confirm that the Company is not subject to the obligation to purchase greenhouse gas emission rights.

Power purchase agreements

With reference to Power purchase agreements (PPAs), which concern agreements for the supply of renewable electricity between a producer – who owns the plant – and a purchaser (off-taker), it should be noted that the Company does not have this type of contract in place.

Topics related to climate change

Considering the requirements contained in the European Common Enforcement Priorities of October 2022 on climate-related matters, also confirmed as a priority in the 2023 Public Statement, the ESMA requires that adequate information be provided about climate-related matters and their effects on business development and performance, together with a description of the main risks and uncertainties to which the Italgas Group is exposed.
Also of note is the preparation of the report "Driving innovation for energy transition" which examines the relationship between the Italgas Group's business and climate change impacts in line with the recommendations set by the Task Force on Climate-Related Financial Disclosure (TCFD).
The document not only describes the new opportunities identified in the climate transition and the potential risks, but also the adequacy of the climate strategy implemented by the Group in that regard.
For further details on the inclusion of climate risk in the Business Plan, its impact on sustainability objectives and the main significant risks and uncertainties, please refer to the chapters "Sustainability – the path to decarbonisation" and "Risk and uncertainty factors", "Strategy and forward-looking vision", "Risk management" and "Information on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" in the 2023 Integrated Annual Report.
Finally, set out below are the assessments associated with the main risks considered in the development of the estimates, which could result in a significant adjustment to the carrying value of assets and liabilities.

Impairment testing and expected useful life of tangible and intangible assets

With reference to the impact of climate risks in determining the expected useful life of tangible and intangible fixed assets and their estimated residual value, there are no (i) indicators suggesting that assets have reduced in value, (ii) significant impacts of climate change on the Group's assumptions used in estimating their recoverable value and (iii) there is no need to perform sensitivity analyses of the effects of climate risk within the assumptions made.
At present, therefore, company management does not reasonably expect climate change to have a significant impact on forecast future cash flows of a given asset or cash generating unit (CGU) and, consequently, on the relevant recoverable value.

Effects of the climate risk on measuring expected credit loss

No significant climate and environmental risks are noted worthy of consideration in assessing the credit risk and therefore worthy of inclusion in calculating the ECL (Expected Credit Loss), as required by IFRS 7.

IAS 37 – Provisions for risks and potential liabilities

In accordance with IAS 37, the company management does not believe that there are any provisions for risks or potential liabilities requiring consideration in the financial statements in connection with possible disputes, specific regulatory requirements aimed at mitigating environmental damages, sanctions connected with failure to comply with environmental requirements, contracts that may become onerous, possible restructuring works aimed at achieving the climate objectives required.

Risks associated with the macroeconomic scenario

With reference to the risks related to the conflicts taking place around the world, Italgas confirms that it does not have any production activities or personnel located in the affected areas (Russia/Ukraine, Middle East) nor does it have any commercial and/or financial relations with those countries. Italgas continues to see no materially significant restrictions to the execution of financial transactions or sources of supply. Nevertheless, in a market that continues to be characterised by restrictions and slowdowns, especially in relation to the purchase of components, we cannot rule out that the political and economic tension induced by the conflicts may increase such difficulties and have implications, in a way that cannot yet be estimated or predicted, on the effectiveness and timeliness of the Group's procurement capacity.
In light of the above, no significant impacts are reported in the following areas:
- Business Continuity;
- Impairment test of non-financial assets;
- Impairment of financial assets;
- Impacts on governance exercised over affiliated companies;
- Assets or groups of assets held for sale;
- Recognition of deferred tax assets;
- *Fair value* measurement;
- Remeasurement of foreign currency transactions and translation of financial statements in foreign currencies;
- Provisions for contingent liabilities;
- Liabilities arising from insurance contracts.

Public funds received in Italy

With reference to the new rules introduced by Law no. 124 of August 4, 2017 “Annual competition law”, under Article 1, paragraphs 125-129, please note that the following grants from public authorities relating to the construction of gas networks in Italy were collected in 2023.

Beneficiary	Grantor			Type of transaction	Amount €
	Designation Company name	Tax code	VAT Number		
ITALGAS RETI S.P.A.	MORRO D'ORO	81000370676	00516370673	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	14,421.08
ITALGAS RETI S.P.A.	MELITO DI PORTO SALVO	00281270801	00281270801	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	169,849.82
ITALGAS RETI S.P.A.	BELVEDERE MARITTIMO	00346830789	00346830789	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	484,346.54
TOSCANA ENERGIA S.P.A.	BAGNO A RIPOLI	01329130486	01329130486	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	6,998.18
TOSCANA ENERGIA S.P.A.	MONSUMMANO TERME	81004760476	00363790478	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	20,532.89
TOSCANA ENERGIA S.P.A.	PONSACCO	00141490508	00141490508	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	10,300.00

TOSCANA ENERGIA S.P.A.	VINCI	82003210489	01916730482	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	1,425.00
TOSCANA ENERGIA S.P.A.	CASTIGLIONE DELLA PESCAIA	00117100537	00117100537	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	3,369.00
MEDEA S.P.A.	UNIONE DEI COMUNI BASSO	02821190929	02821190929	Plant account grants - Del. 54/28 11.22.2005 Art. 5 of autonomous region of Sardinia	2,299,397.99
TOTAL					**3,010,640.50**

26) *Total revenues and other income*

The breakdown of *Revenues and other income* for the year, which totalled € 2,638,841 thousand for the year ended December 31, 2023 (€ 2,312,476 thousand for the year ended December 31, 2022) is shown in the following table.

(€ thousands)	**For the year ended December 31, 2022**	**For the year ended December 31, 2023**
Revenues	2,182,712	2,564,193
Other income	129,764	74,648
Total revenues and other income	**2,312,476**	**2,638,841**

Group Revenues are generated in Italy and Greece, as described below.

An analysis of Revenues by operating segment is provided in Note 33 "Information by operating segment".

Revenues from related parties are described in Note 35 "Related party transactions".

Revenues

Revenues, which amount to € 2,564,193 thousand (€ 2,182,712 thousand for the year ended December 31, 2022), are analysed in the table below:

(€ thousands)	**For the year ended December 31, 2022**	**For the year ended December 31, 2023**
Gas distribution	1,228,314	1,422,281
Revenues for infrastructure construction and improvements (IFRIC 12)	727,755	787,136
Technical assistance, engineering, IT and various services	50,514	47,199
Energy efficiency interventions	138,973	281,866
Water distribution and sale	8,867	8,435
Gas sales	12,924	1,748
Other ESCo revenues	13,956	13,499
Sale of other products	1,409	2,029
Revenues	**2,182,712**	**2,564,193**

Revenues refer primarily to the consideration for the natural gas distribution service and other regulated revenues (€ 1,422,281 thousand) and revenues deriving from the construction and upgrading of gas and water distribution infrastructure connected with concession agreements pursuant to IFRIC 12 (€ 787,136 thousand).

Revenues from natural gas distribution correspond to the regulatory revenues allowed and therefore contain the positive differential that was generated during the year against the turnover for € 225,259 thousand.

Gas distribution revenues in Italy are reported net of the following items, involving tariff components in addition to the tariff applied to cover gas system expenses of a general nature. The amounts in question are paid, where positive, charged, where negative, for an equal amount, to the CSEA.

(€ thousands)	**For the year ended December 31, 2022**	**For the year ended December 31, 2023**
RE-RS-UG1 fees	4,055	**9,022**
UG3 fees	(1,096)	**(2)**
Gas Bonus and GS fees	(575,977)	**(292,661)**
UG2 fees	(636,821)	**(727,529)**
Total	**(1,209,839)**	**(1,011,170)**

The fees in addition to the distribution service (negative for € 1,011,170 thousand) mainly relate to the following fees: (i) RE, to cover the expenses burdening the Fund for calculating and implementing energy savings and the development of renewable energy sources in the gas sector; (ii) RS, to cover expenses burdening the Account for gas services quality; (iii) UG1, to cover any imbalances in and adjustments to the equalisation system; (iv) UG2, to cover the costs of retail sales marketing; (v) UG3int, to cover expenses connected to the interruption of services; (vi) UG3ui, to cover expenses connected to any imbalances in specific equalisation mechanism balances for the Default Distribution Service Provider (FDD) as well as the expenses for payment delays incurred by Suppliers of Last Instance (FUI), limited to end customers for which the supply cannot be suspended; (vii) UG3ft, to cover the arrears paid to temporary providers on the transport system; (viii) GS, to cover the tariff compensation system for economically disadvantaged customers.

Gas distribution revenue (€ 1,422,281 thousand) refers to natural gas distribution on behalf of all commercial operators requesting access to the networks of the distribution companies based on the Network Code. These revenues include the effects arising from the implementation of Resolution no. 737/2022/R/gas in terms of recognition of the residual value of smart meters of a class not exceeding G6 produced up to the year 2016 and commissioned by the year 2018 (€ 52.3 million), the higher revenues associated with the contribution pursuant to Article 57 of ARERA Resolution no. 570/2019/R/gas relating to the replacement of traditional meters with electronic smart meters and the recovery of non-depreciation (so-called IRMA) pursuant to Consultation Document 545/2020/R/gas, Resolution no. 570/2019/R/gas, Resolution no. 287/2021 and Determination no. 3/2021.

Revenues from energy efficiency interventions (€ 281,866 thousand) mainly relate to work carried out during the year, generally referred to as “superbonus”, as envisaged by the “Relaunch Decree” (Decree Law 34/2020), which introduced the “Superbonus 110”, an incentive to access the tax bonus for work carried out on houses to improve energy efficiency and/or the “sismabonus” that makes it possible to receive 110% of the expense generated and admissible in 4 years.

Revenues from water distribution and sale (€ 8,435 thousand) relate to the water distributed in Campania.

Other income

Other income, amounting to € 74,648 thousand, can be broken down as follows:

(€ thousands)	**For the year ended December 31, 2022**	**For the year ended December 31, 2023**
Income from gas distribution service safety recovery incentives	27,207	27,179
Plant safety assessment pursuant to ARERA Resolution no. 40/04	2,139	1,778
Capital gains from sale of assets	36,709	1,210
Sundry management refunds and chargebacks	3,952	2,509
Contractual penalties receivable	1,340	885
Revenues from regulated activities	10,077	8,472
Release of connection contributions relating to the year	19,233	19,184
Income from real estate investments	200	230
Revenues from seconded personnel	578	357
Sundry other	28,329	12,844
Other income	**129,764**	**74,648**

Income from gas distribution service safety recovery incentives, equal to € 27,179 thousand, relates to refunds paid by the Authority connected to achieving quality and technical standards relating to the natural gas distribution service.

Sundry management refunds and chargebacks include € 2,509 thousand of reimbursements from suppliers related to faulty meters under warranty.

Revenues from capital gains from sale of assets amounted to € 1,210 thousand for the year ended December 31, 2023, mainly refer to the sale of regulated assets to the affiliate Energie Rete Gas.

27) *Total costs and other expenses*

The breakdown of *Total costs and other ìexpenses* for the period, which totalled € 1,412,036 thousand, is shown in the following table:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Costs for raw materials, consumables, supplies and goods	154,746	195,869
Costs for services	656,231	794,466
Lease expenses	102,319	89,133
Personnel costs	265,466	279,587
Provision for risks and charges	(1,797)	1,118
Impairment of trade receivables net	(342)	124
Other expenses	25,440	56,599
To be deducted:		
Increases for own work	**(10,111)**	**(4,860)**
- of which costs for services	(2,137)	(2,073)
- of which personnel costs	(7,974)	(2,787)
Total costs and other expenses	**1,191,952**	**1,412,036**

Operating costs relating to the construction and upgrading of gas distribution and water service infrastructure connected with concession agreements pursuant to what is set forth in IFRIC 12, amount to € 787,136 thousand and are broken down as follows:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Costs for raw materials, consumables, supplies and goods	**111,220**	**159,872**
of which external	*37,570*	*46,190*
of which internal	*73,650*	*113,682*
Costs for services	**483,477**	**501,283**
of which external	*412,984*	*423,360*
of which internal	*70,493*	*77,923*
Lease expenses	**24,988**	**10,172**
of which external	*24,988*	*10,172*
Personnel costs	**104,737**	**113,673**
of which internal	*104,737*	*113,673*
Other expenses	**3,333**	**2,136**
of which external	*3,333*	*2,136*
Total	**727,755**	**787,136**

Costs for raw materials, consumables, supplies and goods

Costs for raw materials, consumables, supplies and goods, amounting to € 195,870 thousand (154,746 for the year ended December 31, 2022), comprise the following:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Inventories	120,178	182,473
Purchase of gas	24,238	3,307
Purchase of water	2,534	2,720
Motive power	2,267	1,279
Purchase of fuel	4,596	4,697
Consumables	933	1,394
Costs for raw materials, consumables, supplies and goods	**154,746**	**195,870**

Inventories refer in particular to the acquisition of meters and gas pipes.
Costs for raw materials, consumables, supplies and goods include costs relating to the construction and upgrading of gas distribution and water service infrastructure of € 159,872 thousand (€ 111,220 thousand for the year ended December 31, 2022) recorded in accordance with IFRIC 12.

Costs for services

Costs for services of € 792,394 thousand relate to:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Project management and plant maintenance	512,015	620,170
Consultancy and professional services	69,219	70,181
Costs for personnel services	15,011	18,803
IT and telecommunications services	38,010	47,737
Electricity, water and other (utility) services	7,208	6,474
Insurance	6,125	6,849
Cleaning, security service and guard services	4,745	4,095
Advertising and entertainment	4,462	5,060
Costs for seconded personnel	494	1,510
Other services	21,342	38,864
Use of risk provision	(22,400)	(25,276)
Costs for services, before deductions for increases for own work	**656,231**	**794,467**
To be deducted:		
Increases for own work	(2,137)	(2,073)
Costs for services	**654,094**	**792,394**

Costs for services include costs relating to the construction and upgrading of gas distribution and water distribution infrastructure amounting to € 501,283 thousand (€ 483,477 thousand for the year ended December 31, 2022) recognised pursuant to IFRIC 12.

Costs for project management and plant maintenance (€ 620,170 thousand) essentially relate to the extension and maintenance of gas distribution plants, as well as work carried out on buildings for energy efficiency purposes.

Lease expenses

Lease expense, of € 89,132 thousand, regard:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Patent, license and concession fees	77,309	78,221
Leases and rentals	25,282	10,934
Use of risk and charges provision	(272)	(23)
Lease expenses	**102,319**	**89,132**

Fees, patents and licences (€ 78,221 thousand) refer primarily to fees recognised to contracting parties for the running of natural gas distribution activities under concession.

Leases and rentals include costs relating to the construction and upgrading of gas distribution infrastructure amounting to € 10,172 thousand (€ 24,988 thousand for the year ended December 31, 2022) recognised in accordance with IFRIC 12.

Personnel costs

Personnel costs, totalling € 276,800 thousand, breaks down as follows:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Wages and salaries	186,491	198,722
Social charges	53,996	57,854
Employee benefits	19,634	17,982
Other expenses	5,345	5,029
Personnel costs, before deductions for increases for own work	**265,466**	**279,587**
To be deducted:		
Increases for own work	(7,974)	(2,787)
Personnel costs	**257,492**	**276,800**

The item includes costs relating to the construction and upgrading of gas distribution infrastructure amounting to € 113,673 thousand (€ 104,737 thousand for the year ended December 31, 2022) recognised pursuant to IFRIC 12.

Employee benefits (€ 17,982 million) mainly regard the employee severance pay accrued, to be paid to pension funds or to INPS.

Other expenses of € 5,029 thousand, in particular refer to charges for the incentive plan for senior executives (co-investment plan). For Stock Grant plans for Company employees, the *fair value* of the option, determined at the time it is granted (calculated on the basis of the "Black-Scholes" economic and actuarial method) is recognised to the income statement as a cost throughout the vesting period, with a corresponding balancing item in a reserve under equity.
More details are provided in the "Provisions for employee benefits" note.

Average number of employees

The average number of payroll employees of the consolidated entities, broken down by status, is as follows:

Professional qualification	**For the year ended December 31, 2022**	**For the year ended December 31, 2023**
Executives	74	75
Middle Managers	378	381
Employees	2,488	2,471
Manual workers	1,457	1,329
Average number of employees	**4,397**	**4,256**

The average number of employees is calculated on the basis of the monthly number of employees for each category. For the year ended December 31, 2023, there were 4,390 employees on average.

Remuneration due to key management personnel

The remuneration due to persons with powers and responsibilities for the planning, management and control of the Company, i.e. executive and non-executive directors, general managers and managers with strategic responsibilities ("key management personnel"), in office for the year ended December 31, 2023, amounted to € 10,144 thousand and breaks down as follows:

(€ thousands)	**For the year ended December 31, 2022**	**For the year ended December 31, 2023**
Wages and salaries	7,893	7,979
Post-employment benefits	725	759
Other long-term benefits	1,442	1,406
Compensation for termination of employment	650	-
Remuneration due to key management personnel	**10,710**	**10,144**

Remuneration due to Directors and Statutory Auditors

Remuneration due to Directors, except for the Chairperson and the CEO who form part of the key management personnel as explained in the foregoing paragraph, amounted to € 2,175 thousand and remuneration due to Statutory Auditors amounted to € 632 thousand (Article 2427, no. 16 of the Italian Civil Code). This remuneration includes emoluments and any other amounts relating to pay, pensions and healthcare due for the performance of duties as a director or statutory auditor giving rise to a cost for the Company, even if not subject to personal income taxes).

Allocations to/releases from provision for risks and charges, amounting to € 1,118 thousand net of utilisations, refer mainly to the provision for risks and charges relative to meters.

For more details on the changes in provisions for risks and charges, please refer to the note "Provisions for risks and charges".

Other expenses, of € 56,600 thousand, are analysed below:

(€ thousands)	**For the year ended December 31, 2022**	**For the year ended December 31, 2023**
Other penalties	1,839	3,069
Indirect taxes, local taxes	8,201	6,625
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	11,377	40,302
Sundry other	4,023	6,604
Other expenses	**25,440**	**56,600**

The capital losses from the disposal/recovery of property, plant and equipment and intangible assets (€ 40,302 thousand) mainly relate to the replacement of meters, pipes and connections.

Capital losses related to meters are partially offset in other items of the income statement (ARERA contribution pursuant to Resolution 737/2022/R/gas, utilisation of the provision for risks related to the repair of faulty meters and other income related to refunds from suppliers for faulty meters).

28) *Amortisation, depreciation and impairment of assets*

Amortisation, depreciation and impairment of assets, totalling € 545,546 thousand, breaks down as follows:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Amortisation and depreciation	**478,291**	**522,530**
- Property, plant and equipment	17,335	17,719
- Right of Use pursuant to IFRS 16	24,625	29,691
- Intangible assets	436,331	475,120
Impairment	**895**	**23,016**
- Impairment of intangible assets	895	23,016
Amortisation, depreciation and impairment of asset	**479,186**	**545,546**

Impairment of intangible assets, of € 23,016 thousand (negative € 895 thousand for the year ended December 31, 2022), mainly relates to faulty smart gas meters.

29) *Net financial expense*

Net financial expense, amounting to € 98,229 thousand, comprises:

(€ thousands)	For the year ended 31 December 2022	For the year ended December 31, 2023
Total financial expense	**(59,399)**	**(94,289)**
Financial expense	(59,570)	(100,009)
Financial income	171	5,720
Total other financial income	**3,124**	**(3,940)**
Other financial expenses	(1,797)	(3,633)
Other financial income	3,872	(230)
Gain/(loss) on derivatives measured at fair value	**1,049**	**(77)**
Net financial expense	**(56,275)**	**(98,229)**

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Net financial expense	**(59,400)**	**(94,389)**
Borrowing costs:	**(59,571)**	**(100,109)**
- Interest expense on bonds	(49,078)	(70,312)
- Commission expense on bank loans and credit lines	(6,016)	(8,960)
- Interest expense on credit line and loan expense due to banks and other lenders	(4,477)	(20,837)
Financial expense capitalised	**-**	**-**
Income on financial receivables:	**171**	**5,720**
- Interest income and other income on financial receivables non-held for operations	171	5,720
Total net financial expense:	**2,076**	**(3,863)**
- Capitalised financial expense	1,565	1,424
- Financial income (expense) connected with the passing of time (accretion discount) (*)	(1,618)	(3,590)
- Expense for Right of Use pursuant to IFRS 16	(321)	(1,132)
- Other expenses	(1,422)	(334)
- Other income	3,872	(231)

(*) The item relates to the increase in the provisions for risks and charges and provisions for employee benefit funds that are specified, at a discounted value, in the notes "Provisions for risks and charges" and "Provisions for employee benefits

30) *Total net income from equity investments*

Net income from equity investments, totalling € 3,068 thousand, breaks down as follows:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Share of the profit of investments in associates/joint ventures	**662**	**1,652**
Income from share of the profit of equity investments in associates/joint ventures	662	1,652
Other income from equity investments	**2,770**	**1,416**
Dividends	48	25
Other income from equity investments	2,722	1,391
Net income from equity investments	**3,432**	**3,068**

Details of capital gains and capital losses from the valuation of equity investments using the equity method can be found in the note "Investments accounted for using the equity method".

31) *Income taxes*

Income taxes for the year, amounting to € 118,626 thousand (€ 152,369 thousand for the year ended December 31, 2022) comprise:

(€ thousands)	For the year ended December 31, 2022			
	IRES	IRAP	FOREIGN	Total
Current taxes	**137,190**	**27,111**	**(3,524)**	**160,777**
Current taxes for the year	138,800	26,973	(3,524)	162,249
Adjustments for current taxes pertaining to previous years	(1,610)	138	-	(1,472)
Deferred and prepaid taxes	**(16,099)**	**291**	**7,400**	**(8,408)**
Deferred taxes	(19,903)	(2,952)	9,006	(13,849)
Prepaid taxes	(3,804)	(3,243)	1,606	(5,441)
Income taxes	**121,091**	**27,402**	**3,876**	**152,369**

(€ thousands)	For the year ended December 31, 2023			
	IRES	IRAP	FOREIGN	Total
Current taxes	**123,374**	**23,902**	**5,309**	**152,585**
Current taxes for the year	116,550	22,549	5,309	144,408
Current taxes relating to previous years	6,824	1,353	-	8,177
Deferred and prepaid taxes	**(40,048)**	**(2,332)**	**8,421**	**(33,959)**
Deferred taxes	(15,988)	(1,643)	8,129	(9,502)
Prepaid taxes	24,060	689	(292)	24,457
Income taxes	**83,326**	**21,570**	**13,730**	**118,626**

Income taxes include current taxes of € 152,585 thousand (€ 160,777 thousand for the year ended December 31, 2022) and net deferred taxes of € 8,408 thousand.

In 2023, Italgas Reti signed an advance agreement with the Revenue Agency to define the methods and criteria for calculating the economic contribution arising from the direct use of intangible assets (so-called Patent Box), for the periods between 2017 and 2021, as set out by art. 1, subsections 37 to 45 of Law no. 190/2014, as subsequently amended and supplemented. The subsidised regime led to the detaxation of 50% of the income deriving from the use of subsidised intangible assets, generating, for financial year 2023, a tax benefit for IRES and IRAP purposes for € 39.4 million.

The rates applied and provided for by the Italian tax regulations for current taxes are 24% for IRES and 4.2% for IRAP. The rate applied and provided for by the Greek tax regulations for current taxes is 22%.

The reconciliation of the theoretical tax charge, calculated by applying the corporation tax (IRES) rate in force in Italy of 24%, with the actual tax charge for the year can be broken down as follows:

(€ thousands)	For the year ended December 31, 2022		For the year ended December 31, 2023	
	Tax rate	Balance	Tax rate	Balance
IRES and FOREIGN				
Profit before taxes		588,496		586,097
IRES tax calculated based on the theoretical tax rate	**24.00%**	**141,239**	**24.00%**	**140,663**
Tax effect on:				
- Income from equity investments	0.5%	3,220	0.7%	3,880
- Patent box	0.0%	-	(5.5)%	(32,065)
- Current taxes for previous years	(0.0)%	(139)	0.0%	140
- “Super Iper amortisation and depreciation” tax benefit	(1.7)%	(10,213)	(1.5)%	(8,738)
- Other permanent differences	(1.6)%	(9,140)	(1.2)%	(6,824)
IRES taxes for the year through profit or loss	**21.2%**	**124,967**	**16.6%**	**97,056**

(€ thousands)	For the year ended December 31, 2022		For the year ended December 31, 2023	
	Tax rate	Balance	Tax rate	Balance
IRAP				
Operating profit for IRAP		619,957		603,239
IRAP tax calculated based on the theoretical tax rate	**4.2%**	**26,038**	**4.2%**	**25,336**
Tax effect on:				
- Taxes for previous years	0.0%	116	0.2%	1,353
- Patent box	0.0%	-	(1.1)%	(6,545)
- Regional IRAP adjustments	0.7%	3,858	0.5%	2,777
- Other permanent differences	(0.4)%	(2,610)	(0.2)%	(1,351)
IRAP taxes for the year through profit or loss	**4.5%**	**27,402**	**3.6%**	**21,570**

An analysis of deferred tax assets and liabilities based on the nature of the significant temporary differences that generated them can be found in the note “Deferred tax liabilities”.

In Italy, pursuant to Article 157 of Decree-Law no. 34 of 19 May 2020, converted, with amendments, by Law no. 77 of July 17, 2020, amended by Article 22-bis of Decree Law no. 183 of 31 December 2020, converted, with amendments, by Law no. 21 of February 26, 2021, notifications of investigations, disputes, imposition of penalties, recovery of tax credits, adjustment and settlement, for which the time limits expired between March 8, 2020 and 31 December 2020 - including documents relating to IRES and IRAP declarations for the 2015 tax year - had to be issued by December 31, 2020, but may be filed in the period between March, 1 and February 28, 2022.

Taxes related to components of comprehensive income

Taxes related to components of comprehensive income can be broken down as follows:

(€ thousands)	For the year ended December 31, 2022			For the year ended December 31, 2023		
	Gross value	Tax impact	Net tax value	Gross value	Tax impact	Net tax value
Remeasurement of defined-benefit plans for employees	11,659	(3,265)	**8,394**	48	(13)	**35**
Change in fair value of investments measured at FVTOCI	802	(193)	**609**	(489)	117	**(372)**
Fair value gain/(loss) arising from hedging instruments during the period	56,593	(13,582)	**43,011**	(19,860)	4,766	**(15,094)**
Other components of comprehensive income	**69,054**	**(17,040)**	**52,014**	**(20,301)**	**4,870**	**(15,431)**
Deferred tax assets/liabilities		**(17,040)**			**4,870**	

32) *Earnings per share*

The *earnings per basic share*, equal to € 0.54, was calculated by dividing the net profit attributable to Italgas (€ 439,568 thousand) by the weighted average number of Italgas shares outstanding during the year (810,745,220 shares).

The diluted earnings per share is calculated by dividing the net profit attributable to Italgas (€ 439,568 thousand) by the weighted average number of shares outstanding during the period, excluding any treasury shares, increased by the number of shares that could potentially be added to those outstanding as a result of the assignment or disposal of treasury shares in the portfolio for stock grant plans. The diluted earnings per share, calculated also considering the co-investment plan, was € 0.54 per share.

33) *Information by operating segment*

In accordance with IFRS 8 "Operating Segments", the Group's identified segments as of and for the year ended December 31, 2023 are as follows:

- Gas distribution;
- Energy efficiency;
- Corporate and other sectors.

The gas distribution and metering operating segment aggregates the activities carried out in Italy and Greece, following the acquisition of the Enaon Group (formerly DEPA Infrastructure) concluded in 2022.

This representation reflects the structure of the reports that are periodically analysed by management for the purpose of managing and planning the Group's business.In fact, the management considered that the two segments have similar economic characteristics considering that:
- gas distribution and metering in Italy and Greece are highly regulated sectors. In both cases the rate system establishes in particular that the reference revenues for the formulation of rates are determined so as to cover the costs incurred by the operator and allow for an adequate return on invested capital;
- the way in which the rate of return (WACC) is determined is quite similar in both cases, and is therefore essentially able to neutralise differences in risk between the two countries;
- the WACC values provided in the two tariff systems, 8.38% in Greece expressed in nominal pre-tax terms, and 5.6% in Italy expressed in real pre-tax terms, are fully comparable;
- access to financial markets by the Enaon Group (formerly DEPA Infrastructure) benefits from being part of the Italgas Group, as it will be able to access financing conditions similar to those within the Group and, therefore, a more established and calmer situation than if left to the market alone.

Moreover, the gas distribution service in Italy and Greece has similar economic characteristics in terms of:
a) nature of the products and services, i.e. gas distribution and metering. Enaon (formerly DEPA Infrastructure), through its subsidiaries, which are active in gas distribution and metering throughout Greece, operates a total of approximately 7,924 kilometres of network and more than 599,211 active re-delivery points;
b) nature of the production processes, i.e. the development and maintenance of assets related to the gas distribution service under concession. The finalisation of the DEPA Infrastructure transaction enabled Italgas to acquire the licence to distribute natural gas in 145 Municipalities on the Greek peninsula, of which 106 are already in operation;
c) type or class of customer according to their products or services, i.e. sales companies;
d) methods used to distribute its products or provide its services; i.e. the transport of gas through local pipeline networks;
e) nature of the regulatory environment, i.e. the management of a regulated business with a similar risk profile.

(€ thousands)	**For the year ended December 31, 2022**			
	Gas distribution	**Energy efficiency**	**Corporate and other sectors**	**Total**
Regulated revenues	1,991,245	150	7,528	**1,998,923**
Unregulated revenues	23,335	155,409	100,633	**279,377**
Revenues	**2,014,580**	**155,559**	**108,161**	**2,278,300**
to be deducted: inter-sector revenues	*(12,648)*	*(2,191)*	*(80,749)*	***(95,588)***
Revenues from third parties	**2,001,932**	**153,368**	**27,412**	**2,182,712**
Other income	131,134	462	4,876	**136,472**
to be deducted: inter-sector other income	*(3,282)*	*(11)*	*(3,415)*	***(6,708)***
Other income from third parties	**127,852**	**451**	**1,461**	**129,764**
Total revenues and other income from third parties	**2,129,784**	**153,819**	**28,873**	**2,312,476**
EBITDA	**1,094,541**	**28,329**	**(2,346)**	**1,120,524**
Depreciation and impairment losses on property, plant, equipment and intangible assets	(472,480)	(3,214)	(3,492)	**(479,186)**
Operating result	**622,061**	**25,115**	**(5,838)**	**641,338**
Investments in property, plant and equipment and intangible assets	**808,850**	**1,004**	**4,466**	**814,320**

(€ thousands)	**For the year ended December 31, 2023**			
	Gas distribution	**Energy efficiency**	**Corporate and other sectors**	**Total**
Regulated revenues	2,246,160	914	2,348	**2,249,422**
Unregulated revenues	21,605	298,713	83,432	**403,750**
Revenues	**2,267,765**	**299,627**	**85,780**	**2,653,172**
to be deducted: inter-sector revenues	*(13,006)*	*(1,667)*	*(74,305)*	***(88,978)***
Total revenues from third parties	**2,254,759**	**297,960**	**11,475**	**2,564,194**

Other income	77,176	282	7,977	**85,435**
to be deducted: inter-sector other income	*(4,011)*	*(75)*	*(6,701)*	***(10,787)***
Other income from third parties	**73,165**	**207**	**1,276**	**74,648**
Total revenues and other income from third parties	**2,327,924**	**298,167**	**12,751**	**2,638,842**
Operating result	**1,175,534**	**54,573**	**(3,302)**	**1,226,805**
Amortization, depreciation and impairment of assets	(538,606)	(3,365)	(3,574)	**(545,545)**
Profit before taxes	**636,928**	**51,208**	**(6,876)**	**681,260**
Investments in property, plant and equipment and intangible assets	**895,014**	**3,501**	**7,945**	**906,460**

34) *Information by geographical area*

In accordance with Subsection 33 of IFRS 8, total revenues and other income, non-current assets and investments by geographic area are shown below:

(€ thousands)

As of and for the year ended December 31, 2023	**Italy**	**Greece**
Total revenues and other income	2,384,087	254,754
Non-current assets	8,579,093	1,178,758
Investments in tangible and intangible assets	799,726	106,734

35) *Related party transactions*

Considering the "de facto" control of CDP S.p.A. over Italgas S.p.A., pursuant to the international accounting standard IFRS 10 - Consolidated Financial Statements, Italgas' related parties, based on the current ownership structure, are represented by Italgas' associates and joint ventures, as well as by the parent company, CDP S.p.A., and by its subsidiaries and associates and direct or indirect subsidiaries, associates and joint ventures of the Ministry of Economy and Finance (MEF). Members of the Board of Directors, Statutory Auditors and managers with strategic responsibilities of the Italgas Group and their families, are also regarded as related parties.

As explained in detail below, related-party transactions involve the trading of goods and the provision of regulated services in the gas sector. Transactions between Italgas and related parties are part of ordinary business operations and are generally settled at arm's length, i.e. at the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group. Pursuant to the provisions of the applicable legislation, the Company has adopted internal procedures to ensure that transactions carried out by the Group or its subsidiaries with related parties are transparent and correct in their substance and procedure. The Directors and Statutory Auditors declare potential interests that they have in relation to the company and the group every six months, and/or when changes in said interests occur; in any case, they promptly inform the Chief Executive Officer (or the Chairperson, in the case of the Chief Executive Officer's interests), who in turn informs the other directors and the Board of Statutory Auditors, of the individual transactions that the company intends to carry out and in which they have an interest.

Italgas is not subject to management and coordination activities. Italgas exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Civil Code.

The amounts involved in commercial, financial and other transactions with the above-mentioned related parties, are shown below. The nature of the most significant transactions is also stated.

With reference in particular to the balances exposed towards the Eni Group and Enel Group, the underlying relations refer to the natural gas distribution service business, according to the terms of the Network Code, defined by the Regulatory Authorities for Energy, Networks and the Environment. The Network Code regulates the non-discriminatory conditions, including tariffs, applicable to distribution users. These relations shall take the form of ordinary transactions concluded at arm's length conditions insofar as part of the core operating business of the Group, as envisaged by the Italgas Compliance Standard "Transactions involving the interests of the Directors and Statutory Auditors and Related Party Transactions".

Commercial and other transactions

Commercial and other transactions are analysed below:

	As of December 31, 2022			For the year ended December 31, 2022			December 31, 2022	
					Costs (a)		Revenues (b)	
(€ thousands)	Receivables	Payables	Guarantees and commitments	Assets	Services	Other	Services	Other
Parent company								
- Cassa Depositi e Prestiti	-	184	-	-	90	9	-	-
Total Parent Company	**-**	**184**	**-**	**-**	**90**	**9**	**-**	**-**
Companies under joint control and associates								
- Umbria Distribuzione Gas	2,649	21	-	-	(14)	-	1,456	318
- Metano Sant'Angelo Lodigiano	489	(2)	-	-	(2)	-	759	146
- Gesam Reti	61	-	-	-	-	-	58	6
- Enerpaper	329	1,613	-	-	4,704	-	-	-
- Energie Rete Gas	2,156	-	-	-	-	-	-	5,090
Total Companies under joint control and associates	**5,684**	**1,632**	**-**	**-**	**4,688**	**-**	**2,273**	**5,560**
Companies owned or controlled by the State								
- Eni Group	13,638	326,492	-	5,005	762	1,168	(148,369)	4,068
- Snam Group	308	359	-	-	218	7	241	49
- Enel Group	5,532	112,783	-	-	74	213	(87,468)	6,817
- Anas Group	20	1,061	-	-	9	482	-	-
- Ferrovie dello Stato Group	265	33	-	-	7	534	1	-
- GSE Gestore Servizi Group	2,033	(8)	-	-	41	153,728	3,866	34
- Poste italiane Group	4	242	-	-	64	-	-	-
- Leonardo Group	-	265	-	-	298	-	-	-
- Saipem Group	-	54	-	-	-	-	-	-
Total Companies owned or controlled by the State	**21,800**	**441,281**	**-**	**5,005**	**1,473**	**156,132**	**(231,729)**	**10,968**
Other related parties								
- Eur Group	-	4	-	-	-	2	-	-
- Valvitalia Group	-	832	-	4,318	-	-	-	-
- Oper Fiber	1	-	-	-	-	-	-	-
- UniCredit Previdenza	-	134	-	-	-	-	-	-
- Dispositivi protezione individuale	1	7	-	2	12	-	-	-
- E-Distribuzione	1	-	-	-	61	1	-	-
- Ferrovienord S.p.A	-	-	-	-	-	6	-	-
- Assicurazioni Generali	1,335	-	-	-	-	-	-	1,335
- Valdarno	-	81	-	-	463	2	-	-
- Trevi	-	66	-	-	66	-	-	-
- CESI - Giacinto Motta	-	13	-	-	-	-	-	-
Total Other related parties	**1,338**	**1,137**	**-**	**4,320**	**602**	**11**	**-**	**1,335**
Total	**28,822**	**444,234**	**-**	**9,325**	**6,853**	**156,152**	**(229,456)**	**17,863**

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

(€ thousands)	As of December 31, 2023			For the year ended December 31, 2023			December 31, 2023	
				Costs (a)			Revenues (b)	
	Receivables	Payables	Guarantees and commitments	Assets	Services	Other	Services	Other
Parent company								
- Cassa Depositi e Prestiti	-	209	-	-	94	21	-	-
Total Parent company	**-**	**209**	**-**	**-**	**94**	**21**	**-**	**-**
Companies under joint control and associates								
- Umbria Distribuzione Gas	4,552	21	-	-	(32)	-	2,749	236
- Metano Sant'Angelo Lodigiano	732	(2)	-	-	(7)	-	426	92
- Gesam Reti	61	-	-	-	-	-	58	6
- Enerpaper	329	2,879	-	-	6,548	-	-	-
- Energie Rete Gas	1,541	5,863	-	-	4,160	1,755	1,352	38
Total Companies under joint control and associates	**7,215**	**8,761**	**-**	**-**	**10,669**	**1,755**	**4,585**	**372**
Companies owned or controlled by the State								
- Eni Group	130,542	41,681	-	6,845	727	2,024	64,497	4,522
- Snam Group	410	477	-	-	161	1	240	(96)
- Enel Group	42,282	9,383	-	(6)	136	611	(28,124)	(3,196)
- Anas Group	839	1,201	-	-	9	410	-	1,063
- Ferrovie dello Stato Group	904	38	-	-	4	700	65	772
- GSE Gestore Servizi Group	956	1,043	-	-	45	68,433	4,601	20
- Poste italiane Group	2	171	-	-	224	-	-	-
- Leonardo Group	28	157	-	-	129	-	-	105
- Saipem Group	3	27	-	-	-	-	-	3
Total Companies owned or controlled by the State	**175,966**	**54,178**	**-**	**6,839**	**1,435**	**72,179**	**41,279**	**3,193**
Other related parties								
- Zecca dello Stato	-	-	-	-	-	-	1	-
- Acqua Campania	-	1,378	-	2,689	-	-	-	-
- Eur Group	-	4	-	-	-	2	-	-
- Valvitalia Group	-	1,112	-	4,637	37	-	-	-
- Gruppo SMAT	-	-	-	-	-	-	-	2
- Autovie Venete	-	-	-	-	-	6	-	-
- Oper Fiber	-	-	-	-	-	-	-	6
- Dispositivi protezione individuale	1	11	-	1	14	14	-	-
- E-Distribuzione	9	1	-	-	190	-	-	-
- Monte Titoli S.p.A.	-	11	-	-	17	-	-	-
- Borsa Italiana	-	-	-	-	193	-	-	-
- Servizio Elettrico Nazionale	-	-	-	-	1	-	-	-
- Zurig Investment Life	-	1	-	-	1	-	-	-
- Ferrovienord S.p.A	-	-	-	-	-	6	-	-
- Petrolig S.r.l.	15	-	-	-	-	-	-	-
- LT S.r.l.	306	1	-	-	380	-	-	-
- CESI - Giacinto Motta	-	21	-	-	19	-	-	-
- Assicurazioni Generali	891	-	-	-	-	-	-	(444)
- Valdarno	-	22	-	-	-	-	-	-
- Trevi	-	287	-	-	250	-	-	-
Total Other related parties	**1,222**	**2,849**	**-**	**7,327**	**1,102**	**28**	**1**	**(436)**
Total	**184,403**	**65,997**	**-**	**14,166**	**13,300**	**73,983**	**45,865**	**3,129**

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

Companies under joint control and associates

With Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. the main receivable commercial transactions mainly refer to IT services and staff services.

With Enerpaper S.r.l. the payable commercial transactions refer to activities related to superbonus construction sites.

Companies owned or controlled by the State

The main receivable commercial transactions refer to:

- the distribution of natural gas to the Eni Group;
- the distribution of natural gas to Enel Energia S.p.A.

The main payable commercial transactions refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group.

The main payable commercial transactions to the GSE refer to:

- acquisition of Energy Efficiency Certificates

Financial transactions

Financial transactions can be broken down as follows:

(€ thousands)	As of December 31, 2022		For the year ended December 31, 2022	
	Receivables	**Payables**	**Income**	**Expense**
Parent company				
- Cassa Depositi e Prestiti	612	(50)	1	-
Total Parent company	**612**	**(50)**	**1**	**-**
Companies under joint control and associates				
- Energie Reti gas	2,126	-	-	-
Total Companies under joint control and associates	**2,126**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	(124)	-	-
- Anas Group	-	(162)	-	-
- Eni Group	-	-	-	-
- Snam Group	-	(1,581)	-	-
Total State-owned or controlled enterprises	**-**	**(1,867)**	**-**	**-**
Other related parties				
- Sace	-	-	-	-
- Acqua Campania	120	-	-	-
- Dispositivi protezione individuale	-	(13)	-	-
Total Other related parties	**120**	**(13)**	**-**	**-**
Total	**2,858**	**(1,930)**	**1**	**-**

(€ thousands)	As of December 31, 2023		For the year ended December 31, 2023	
	Receivables	**Payables**	**Income**	**Expense**
Parent company				
- Cassa Depositi e Prestiti	1,075	-	1	-
Total Parent company	**1,075**	**-**	**1**	**-**
Companies under joint control and associates				
- Energie Reti gas	2,126	-	-	-
Total Companies under joint control and	**2,126**	**-**	**-**	**-**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	-	405	-	-
- Anas Group	-	331	-	-
- Eni Group	-	-	-	-
- Snam Group	-	1,466	-	-
Total State-owned or controlled enterprises	**-**	**2,202**	**-**	**-**
Other related parties				
- Sace	-	-	-	-
- Acqua Campania	2,581	-	-	-
- Dispositivi protezione individuale	-	-	-	-
Total Other related parties	**2,581**	**-**	**-**	**-**
Total	**5,782**	**2,202**	**1**	**-**

Relations with the parent company CDP

The main financial transactions carried out with CDP specifically concern commissions on subscribed loans.

Companies under joint control and associates

The main financial transactions with Energie Reti Gas S.r.l. relate to a shareholder loan agreement.

Other related parties

The main financial transactions entertained with Sace Ft S.p.A. relate to financial commission following the transfer of receivables.

Transactions with Directors, Statutory Auditors and key managers, with reference in particular to their remuneration, are described in the note "Operating costs", to which reference is made.

Impact of related-party transactions or positions on the statement of financial position, income statement and statement of cash flows

The impact of related-party transactions or positions on the Statement of Financial Position is summarised in the following table:

(€ thousands)	As of December 31, 2022			As of December 31, 2023		
	Total	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Statement of Financial Position						
Current financial assets	5,770	2,246	38.93%	4,248	2,127	50.07%
Trade and other receivables	1,142,950	28,586	2.50%	853,488	184,114	21.57%
Other current financial assets	17,455	-	0.00%	18,094	-	0.00%
Other current non-financial assets	80,775	4	0.00%	152,864	2	0.00%
Non-current financial assets	22,945	612	2.67%	23,778	3,655	15.37%
Other non-current financial assets	35,442	-	0.00%	13,708	-	0.00%
Other non-current non-financial assets	153,575	232	0.15%	417,069	287	0.07%
Current financial liabilities	142,437	118	0.08%	1,033,434	636	0.06%
Trade and other payables	1,197,117	444,040	37.09%	829,862	65,775	7.93%
Other current financial liabilities	290	-	0.00%	-	-	0.00%
Other current non-financial liabilities	30,072	194	0.65%	17,393	222	1.28%
Non-current financial liabilities	6,402,913	(2,048)	(0.03)%	5,886,922	1,566	0.03%
Other non-current financial liabilities	34	-	0.00%	-	-	0.00%
Other non-current non-financial liabilities	545,192	-	0.00%	527,884	-	0.00%

The impact of related-party transactions on the income statement is summarised in the following table:

(€ thousands)	For the year ended December 31, 2022			For the year ended December 31, 2023		
	Total	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Income Statement						
Revenues	2,182,712	(229,456)	(10.51)%	2,564,193	45,865	1.79%
Other income	129,764	17,863	13.77%	74,648	3,129	4.19%
Costs for raw materials, consumables, supplies and goods	154,746	9,325	6.03%	195,869	14,166	7.23%
Costs for services	654,094	6,853	1.05%	792,394	13,300	1.68%
Lease expenses	102,319	1,021	1.00%	89,133	1,125	1.26%
Personnel costs	257,492	-	0.00%	276,800	-	0.00%
Other expenses	25,440	155,131	609.79%	56,600	72,859	128.73%
Financial expense	61,367	-	0.00%	103,642	-	0.00%
Financial income	4,043	1	0.02%	5,490	1	0.02%

Related-party transactions are generally carried out at arm's length, i.e. at the conditions that would be applied between two independent parties

The principal cash flows with related parties are shown in the following table:

(€ thousands)	For the year ended December 31, 2022	For the year ended December 31, 2023
Revenues and income	(211,593)	48,994
Costs and charges	172,330	101,449
Change in current financial assets	(121)	119
Change in trade and other current receivables	197,245	(155,526)
Change in non-current financial assets	(612)	(3,043)
Change in other assets	436	(55)
Change in trade and other payables	407,357	(378,265)
Change in other current liabilities	19	28
Interest collected (paid)	(1)	(1)
Net cash flow from /(used in) operating activities	**565,060**	**(386,300)**
Net investments		
- (Purchase) Sale of equity investments	(12,128)	-
Net cash flow used in investment activities	**(12,128)**	**-**
Dividends distributed to non-controlling interests	(94,334)	(101,470)
Increase (decrease) in financial debt	(3,745)	4,132
Net cash flow used in financing activities	**(98,079)**	**(97,338)**
Net cash flow for the year from/to related entities	**454,853**	**(483,638)**

The incidence of cash flows with related parties are shown in the following table:

(€ thousands)	For the year ended December 31, 2022			For the year ended December 31, 2023		
	Total	Related entities	Incidence %	Total	Related entities	Incidence %
Cash flow from / (used in) operating activities	548,169	565,060	103.08%	572,672	(386,300)	(67.46)%
Cash flow used in investment activities	(1,283,826)	(12,128)	0.94%	(857,604)	-	0.00%
Cash flow from / (used in) financing activities	(204,160)	(98,079)	48.04%	82,949	(97,338)	(117.35)%

36) *Significant non-recurring events and transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no significant non-recurring events or transactions took place during the course of the year.

37) *Positions or transactions arising from atypical and/or unusual transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no atypical and/or unusual positions or transactions took place during the course of the year.

38) *Business combination*

During the 2022 financial year, the Enaon Group (formerly DEPA Infrastructure) was acquired for a total consideration of € 929,146 thousand. The net value of the acquired assets, including the license, had a *fair value* of € 813,357 thousand, which therefore resulted in goodwill of € 115,789 thousand.

Furthermore, Janagas S.r.l. was acquired in 2022. for a total consideration of € 30,901 thousand. The net value of the acquired assets had a *fair value* of € 44,459 thousand, which therefore resulted in a bargain of € 13,558 thousand recorded in the income statement in 2022.

The purchase price allocations for all 2022 acquisitions were finalized during the year.

39) *Significant events after year end*

Further post-reference date events are described in the section “Other information” contained in the Directors’ Report.

40) *Publication of the financial statements*

The financial statements were authorised for publication by the Board of Directors of Italgas at its meeting of March 12, 2024. The Board of Directors authorised the Chairman and the Chief Executive Officer to make any changes which might be necessary or appropriate for finalising the form of the document.

Certification of the consolidated financial statements pursuant to Article 154-bis, paragraph 5 of Legislative Decree 58/1998 (Consolidated Finance Act)

1. Pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998, the undersigned Paolo Gallo and Gianfranco Maria Amoroso, as Chief Executive Officer and Director in charge of preparing company accounting documents of Italgas S.p.A. respectively, certify:
   - the adequacy, considering the Group's characteristics, and
   - the effective implementation

   of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2023.
2. The administrative and accounting procedures for the preparation of the consolidated financial statements at December 31, 2023 were defined and their adequacy was assessed using the rules and methods in line with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a benchmark framework for the internal control system generally accepted at international level.
3. It is also certified that:

3.1 The consolidated financial statements at December 31, 2023:

d) were prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

e) are consistent with the accounting books and records;

f) are able to provide a true and fair view of the financial position, results of operations and cash flows of the issuer and the consolidated companies.

3.2 The Directors' Report includes a reliable analysis of the operating performance and results, as well as the position of the issuer and of all the companies included in the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

March 12, 2024

Chief Executive Officer	Executive responsible for preparing the corporate accounting documents
Paolo Gallo	Gianfranco Maria Amoroso

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Italgas S.p.A.

To the Shareholders of
Italgas S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Italgas S.p.A. and its subsidiaries ("Italgas Group" or "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the income statement and the consolidated statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Italgas S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in service concession agreements for the natural gas distribution and metering services and related impairment test	
Description of the key audit matter	As at December 31, 2023, the Group accounts for intangible assets including the captions "Service concession agreements" and "Work in progress and payments on account IFRC 12", respectively equal to euro 8,211,480 thousand and euro 222,479 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy and Greece. Investments made in the financial year relating to these items of intangible assets totaled euro 788,269 thousand. The goodwill allocated to the cash-generating units for the "distribution and metering of natural gas and other gases" and for the "distribution and metering of natural gas abroad" amounts to euro 66,200 thousand and euro 115,789 respectively. The natural gas distribution and metering activity is regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA") and Greek Regulatory Authority for Energy ("RAE"), which define, among the others, the rules for the remuneration of the natural gas distribution and metering services. In particular, the regulated revenues for the natural gas distribution and metering services provided by the Group are determined by ARERA and by RAE and provide for recognition of a predefined return on net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), relative depreciation and certain operating expenses – the so-called "revenue cap". The RAB value is mainly determined through the "revalued historical cost" and the "historical cost" method, respectively by ARERA and by RAE. At the end of the financial year, the Group's Management assessed the recoverability of non-financial fixed assets related to the natural gas distribution and metering services comparing the carrying amount, represented by the net invested capital of the relative cash-generating unit, with the corresponding recoverable amount. In performing the impairment test, the recoverable amount of the cash-generating unit "distribution and metering of natural gas and other gases" and the cash-generating unit "distribution and metering of natural gas abroad" were estimated respectively according to the methodology of the RAB updated as at the balance sheet date and the value in use estimated on the basis of Discounted Cash Flow methodology. No impairment loss resulted from the test. We believe that investments in service concession agreements related to the natural gas distribution and metering services and the related impairment test represent a key audit matter for the Group's consolidated financial statements as at December 31, 2023 due to: (i) the relevance of the intangible assets related to such service concession agreements compared

	to the Group's total assets, (ii) the relevance of the investments made during the year, (iii) their impact in determining the revenue cap for the remuneration of the natural gas distribution and metering services, and (iv) the estimation component in determining the recoverable amount of the assets. Paragraphs "3) Measurement criteria – Intangible assets", "3) Measurement criteria – Impairment of non-financial fixed assets", "5) Use of estimates" and "13) Intangible assets" of the consolidated financial statements include the disclosure on the investments and the relative impairment test.
Audit procedures performed	With reference to investments in service concession agreements for the natural gas distribution and metering services and the relative impairment test, our audit procedures included, among the others, the following: • Understand the processes and relevant controls related to the recognition of such investments in the financial statements and assessment of their operating effectiveness. • Understand the processes and relevant controls related to impairment test. • Critical analysis of the composition of the intangible assets caption, including the analysis of any unusual item. • For a sample of investment items accounted within intangible assets for which the amortization process begun during the year, test of the accurate start of depreciation when the asset is available for use and aging analysis of the assets capitalized within work in progress. • With reference to investments and disposals occurred during the period, selection of a sample of transactions and test of the compliance with the capitalization and disposal criteria provided by accounting standards. • Assessment of the consistency between the useful life used for the depreciation of the assets under concession and their regulatory useful life and reperforming of the period depreciation. • Discussion meetings with the Group's Management in order to understand the impairment test methodology. • Assessment of the reasonableness of the assumptions underlying the determination of the recoverable amount, also using the work of experts of the Deloitte network. • Mathematical accuracy's test of the recoverable amount estimated by the Management and of the comparison between the recoverable amount and the carrying amount for each cash generating unit. • Test of the sensitivity analysis prepared by the Management. Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Italgas S.p.A. has appointed us on May 12, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Italgas S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the illustrative notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Italgas S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Italgas Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Italgas Group as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Italgas Group as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

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Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Italgas S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
April 5, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Annexes to the Consolidated Financial Statements

Companies and equity investments of Italgas S.p.A. as at December 31, 2023

In compliance with the provisions of Consob communication DEM/6064293 of July 28, 2006 and of articles 38 and 39 of Italian Legislative Decree 127/1991, the list of subsidiary and related companies of Italgas S.p.A as of December 31, 2023, as well as other relevant shareholdings, are reported below.
The companies are broken down by area of activity and are listed in alphabetical order. The name, registered office, share capital, shareholders and respective percentages of ownership are reported for each company. For fully consolidated companies, the consolidated percentage pertaining to Italgas is indicated. The measurement criterion is indicated for non-fully-consolidated subsidiaries of consolidated companies.

As at December 31, 2023, the companies of Italgas S.p.A. they are so divided:

CONSOLIDATING COMPANY

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Business sector
Italgas S.p.A.	Milan	Eur	1,003,227,568.76	CDP Reti S.p.A. Snam S.p.A. Minority shareholders	25.99% 13.47% 60.54%	100.00%	full consolidation	Corporate and other sectors

SUBSIDIARY COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Business sector
Italgas Reti S.p.A.	Turin	Eur	252,263,314	Italgas S.p.A.	100.00%	100.00%	full consolidation	Gas distribution
Nepta S.p.A.	Milan	Eur	50,000	Italgas S.p.A.	100.00%	100.00%	full consolidation	Corporate and other sectors
Geoside S.p.A.	Casalecchio di Reno (BO)	Eur	57,089,254	Italgas S.p.A. Toscana Energia S.p.A.	67.22% 32.78%	83.82%	full consolidation	Energy efficiency
Medea S.p.A.	Sassari	Eur	95,500,000	Italgas Reti S.p.A. Minority shareholders	51.85% 48.15%	51.85%	full consolidation	Gas distribution
Toscana Energia S.p.A.	Florence	Eur	146,214,387	Italgas S.p.A. Minority shareholders	50.66% 49.34%	50.66%	full consolidation	Gas distribution
Italgas Newco S.p.A.	Milan	Eur	50,000,000	Italgas S.p.A. Minority shareholders	90.00% 10.00%	90.00%	full consolidation	Gas distribution
Bludigit S.p.A.	Milan	Eur	11,000,000	Italgas S.p.A.	100.00%	100.00%	full consolidation	Gas distribution
Enaon S.A.	Athens	Eur	79,709,919	Italgas Newco S.p.A.	100.00%	90.00%	full consolidation	Gas distribution
Enaon EDA S.A.	Athens	Eur	243,811,712	Enaon S.A.	100.00%	90.00%	full consolidation	Gas distribution
Immogas S.r.l.	Florence	Eur	1,718,600	Toscana Energia S.p.A.	100.00%	50.66%	full consolidation	Gas distribution
Acqua S.r.l.	Milan	Eur	20,350,000	Nepta S.p.A.	100.00%	100.00%	full consolidation	Corporate and other sectors
Idrolatina S.r.l.	Milan	Eur	6,902,587	Acqua S.r.l.	100.00%	100.00%	full consolidation	Corporate and other sectors
Idrosicilia S.p.A.	Milan	Eur	22,520,000	Acqua S.r.l.	98.70%	98.70%	full consolidation	Corporate and other sectors

ASSOCIATED AND JOINT CONTROL COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Metano Sant'Angelo Lodigiano S.p.A. (a)	Sant'Angelo Lodigiano (LO)	Eur	200,000	Italgas S.p.A. Minority shareholders	50.00% 50.00%	shareholders' equity measurement
Umbria Distribuzione Gas S.p.A. (a)	Terni	Eur	2,120,000	Italgas S.p.A. Minority shareholders	45.00% 55.00%	shareholders' equity measurement
Energie Reti Gas S.r.l. (a)	Milan	Eur	11,000,000	Medea S.p.A. Minority shareholders	49.00% 51.00%	shareholders' equity measurement
Gesam Reti S.p.A.	Lucca	Eur	20,626,657	Toscana Energia S.p.A. Minority shareholders	42.96% 57.04%	shareholders' equity measurement
Enerpaper S.r.l.	Turin	Eur	20,156	Geoside S.p.A. Minority shareholders	20.01% 79.99%	shareholders' equity measurement
Siciliacque S.p.A.	Palermo	Eur	400,000	Idrosicilia S.p.A. Minority shareholders	75.00% 25.00%	shareholders' equity measurement
Acqualatina S.p.A.	Latina	Eur	23,661,533	Idrolatina S.r.l. Minority shareholders	49.00% 51.00%	shareholders' equity measurement

[a] Company subject to joint control

OTHER COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Reti Distribuzione S.r.l.	Ivrea (TO)	Eur	40,100,000	Italgas Reti S.p.A. Minority shareholders	15.00% 85.00%	fair value measurement
Picarro Inc.	Santa Clara (USA)	Dollar		Italgas S.p.A. Minority shareholders	6.00% 94.00%	fair value measurement
Gaxa S.p.A.	Cagliari	Eur	50,000	Italgas S.p.A. Minority shareholders	5.00% 95.00%	fair value measurement

CHANGE IN SCOPE OF CONSOLIDATION

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Nepta S.p.A. (*)	Mialn	Eur	50,000	Italgas S.p.A.	100.00%	full consolidation
EDA Attikis S.A. (**)	Lykovrisi	Eur	243,811,712	DEPA Infrastructure S.A.	100.00%	full consolidation
EDA Thess S.A. (**)	Menemeni	Eur	247,127,605	DEPA Infrastructure S.A.	100.00%	full consolidation
Janagas S.r.l. (***)	Rome	Eur	10,000	Medea S.p.A.	100.00%	full consolidation
Gaxa S.p.A. (****)	Cagliari	Eur	100,000	Italgas S.p.A.	5.00%	fair value measurement
Acqua S.r.l.	Milan	Eur	20,350,000	Nepta S.p.A.	100.00%	full consolidation
Idrolatina S.r.l.	Milan	Eur	6,902,587	Acqua S.r.l.	100.00%	full consolidation
Idrosicilia S.p.A.	Milan	Eur	22,520,000	Acqua S.r.l.	98.70%	full consolidation
Siciliaque S.p.A.	Palermo	Eur	400,000	Idrosicilia S.p.A.	75.00%	shareholders' equity measurement
Acqualatina S.p.A.	Latina	Eur	23,661,533	Idrolatina S.r.l.	51.00%	shareholders' equity measurement

(*) Change of company name from Italgas Acqua S.p.A. as Nepta S.p.A.
(**) Company left the scope of consolidation following its incorporation into Enaon S.A.
(***) Company left the scope of consolidation following its incorporation into Medea S.p.A.
(****) Reduction of the shareholding (from 15.56% to 5.00%) against the partial sale of the company and consequent valuation at fair value.

Fees for auditing and services other than auditing

Pursuant to art. 149-duodecies, second paragraph of Consob resolution 11971 of 14 May 1999, and subsequent amendments, the fees for the year due to the auditing firm Deloitte & Touche S.p.A. are indicated below. for the services provided to the parent company Italgas S.p.A, its subsidiaries and jointly controlled companies.

(€ thousands)

Type of services	Subject that provided the service	Recipient	Remuneration
Audit (*)	Parent company auditor	Parent company	270
	Parent company auditor	Subsidiaries	798
	Parent company auditor	Jointly controlled company	32
Certification services (**)	Parent company auditor	Parent company	179
	Parent company auditor	Subsidiaries	23
	Parent company auditor	Jointly controlled company	6
Total			**1.308**

(*) The auditing services basically include: (i) the audit of the annual financial statements; (ii) the limited audit of the annual reporting package; (iii) the limited audit of the half-yearly reporting package; (iv) the audit of the separate annual accounts pursuant to the Integrated Text on Accounting Unbundling (TIUC).
(**) The certification services regard: (i) the review of the financial reporting control system; (ii) procedures performed in relation to the EMTN programme; (iii) procedures associated with the certification of investments for tariff purposes.

Consolidated Financial Statements of the Italgas Group as of and for the year ended December 31, 2022

Consolidated Statement of Financial Position

(€ thousands)	Notes	As of December 31, 2021 Total	As of December 31, 2021 *of which, related parties*	As of December 31, 2022 Total	As of December 31, 2022 *of which, related parties*
ASSETS					
Cash and cash equivalents	(7)	1,391,763		451,946	
Current financial assets	(8)	5,120		5,770	*2,246*
Trade and other receivables	(9)	588,098	*225,831*	1,142,950	*28,586*
Inventories	(10)	105,294		120,486	
Current tax receivables	(11)	21,625		8,703	
Other current financial assets	(20)	-		17,455	
Other current non-financial assets	(12)	54,079	*4*	80,775	*4*
Total current assets		**2,165,979**		**1,828,085**	
Property, plant and equipment	(13)	372,108		379,026	
Intangible assets	(14)	7,469,805		8,509,368	
Investments accounted for using the equity method	(15)	30,108		47,243	
Non-current financial assets	(16)	7,855		22,945	*612*
Non-current tax receivables	(11)	22,936		54,862	
Other non-current financial assets	(20)	670		35,442	
Other non-current non-financial assets	(12)	80,366	*668*	153,575	*232*
Total non-current assets		**7,983,848**		**9,202,461**	
Assets held for sale	(17)	**2,180**		**11**	
TOTAL ASSETS		**10,152,007**		**11,030,557**	
LIABILITIES AND EQUITY					
Current financial liabilities	(18)	591,188	*464*	142,437	*118*
Trade and other payables	(19)	769,137	*36,683*	1,197,117	*444,040*
Current tax liabilities	(11)	3,430		16,105	
Other current financial liabilities	(20)	290		290	
Other current non-financial liabilities	(21)	13,111	*175*	30,072	*194*
Total current liabilities		**1,377,156**		**1,386,021**	
Non-current financial liabilities	(18)	5,785,707	*1,351*	6,402,913	*(2,048)*
Provisions for risks and charges	(22)	159,506		144,277	
Provisions for employee benefits	(23)	95,648		69,917	
Non-current income tax liabilities	(11)	-		-	
Deferred tax liabilities	(24)	50,791		91,633	
Other non-current financial liabilities	(20)	6,283		34	
Other non-current non-financial liabilities	(21)	534,425		545,192	
Total non-current liabilities		**6,632,360**		**7,253,966**	
Liabilities directly associated with non-current assets held for sale		-		-	
TOTAL LIABILITIES		**8,009,516**		**8,639,987**	
EQUITY	(25)				
Share capital		1,002,016		1,002,608	
Other reserves		154,510		202,360	
Retained earnings		372,075		496,006	
Profit for the year		362,813		407,288	
Treasury shares		-		-	
Equity attributable to the Owners of the parent company		**1,891,414**		**2,108,262**	
Non-controlling interests		**251,077**		**282,308**	
TOTAL EQUITY		**2,142,491**		**2,390,570**	
TOTAL LIABILITIES AND EQUITY		**10,152,007**		**11,030,557**	

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Income Statement

(€ thousands)	Notes	For the year ended December 31, 2021		For the year ended December 31, 2022	
		Total	***of which, related parties***	**Total**	***of which, related parties***
Revenues		2,098,463	*806,219*	2,182,712	*(229,456)*
Other income		64,769	*5,726*	129,764	*17,863*
Total revenues and other income	(27)	**2,163,232**		**2,312,476**	
Costs for raw materials, consumables, supplies and goods		(150,932)	*(11,096)*	(154,746)	*(9,325)*
Costs for services		(614,223)	*(2,926)*	(654,094)	*(6,853)*
Lease expenses		(90,780)	*(1,142)*	(102,319)	*(1,021)*
Personnel costs		(254,580)		(257,492)	
Allocations to provisions for risks and charges net		1,868		1,797	
Impairment of trade receivables net		(320)		342	
Other expenses		(25,783)	*(99,170)*	(25,440)	*(155,131)*
Total costs and other expenses	(28)	**(1,134,750)**		**(1,191,952)**	
Amortisation, depreciation and impairment of assets	(29)	**(445,251)**		**(479,186)**	
Operating result		**583,231**		**641,338**	
Financial expense		(64,645)	*(914)*	(61,367)	-
Financial income		3,630		4,043	*1*
Gain/(loss) on derivative financial instruments measured at fair value		636		1,049	
Total net financial expense	(30)	**(60,379)**		**(56,275)**	
Share of the profit of investments in associates/joint ventures		2,011	*2,011*	662	*662*
Dividends		50	*50*	48	*48*
Other income (expense) from equity investments		391		2,722	
Total net income from equity investments	(31)	**2,452**		**3,432**	
Profit before taxes		**525,304**		**588,495**	
Income taxes	(32)	141,884		152,369	
Profit for the year		**383,420**		**436,126**	
Attributable to:					
Owners of the parent company		362,813		407,288	
Non-controlling interests		20,607		28,838	
Earnings per share (€ per share)	(33)				
- basic and diluted from continuing operations		0.45		0.50	
- total basic and diluted		0.45		0.50	

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

	For the year ended December 31, 2021			For the year ended December 31, 2022		
(€ thousands)	**Attributable to the parent company**	**Attributable to non-controlling interests**	**Total**	**Attributable to the parent company**	**Attributable to non-controlling interests**	**Total**
Profit for the year	**362,813**	**20,607**	**383,420**	**407,288**	**28,838**	**436,126**
Other comprehensive income						
Components that may be reclassified subsequently to the income statement:						
Fair value gain/(loss) arising from hedging instruments during the period	14,753	-	14,753	56,593	-	56,593
Tax effect	(3,541)	-	(3,541)	(13,582)	-	(13,582)
Total components that may be reclassified subsequently to the income statement	**11,212**	**-**	**11,212**	**43,011**	**-**	**43,011**
Components that will not be reclassified to the income statement:						
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	1,761	168	1,929	11,035	624	11,659
Change in fair value of investments measured at FVTOCI	-	-	-	802	-	802
Tax effect	(493)	(47)	(540)	(3,283)	(175)	(3,458)
Total components that will not be reclassified to the income statement	**1,268**	**121**	**1,389**	**8,554**	**449**	**9,003**
Total other components of comprehensive income, net of tax effect	**12,480**	**121**	**12,601**	**51,565**	**449**	**52,014**
Total comprehensive income for the year	**375,293**	**20,728**	**396,021**	**458,853**	**29,287**	**488,140**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of changes in Equity

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Profit for the year	Equity attributable to Owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2021 (a) (Note 25)	**1,001,232**	**(323,907)**	**620,130**	**200,246**	**(16,408)**	**(15,962)**	**(349,839)**	**5,635**	-	**19,926**	**211,755**	**384,626**	**1,737,434**	**239,989**	**1,977,423**
2021 profit for the year	-	-	-	-	-	-	-	-	-	-	-	**362,813**	**362,813**	**20,607**	**383,420**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
-Fair value gain/(loss) arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	11,212	-	-	-	-	-	-	**11,212**	-	**11,212**
Components will not be reclassified to the income statement:															
- Actuarial gains on remeasurement of defined-benefit plans for employees	-	-	-	-	1,268	-	-	-	-	-	-	-	**1,268**	**121**	**1,389**
- Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income 2021 (b)	-	-	-	-	**1,268**	**11,212**	-	-	-	-	-	**362,813**	**375,293**	**20,728**	**396,021**
Transactions with shareholders:															
- Allocation of 2020 profit for the year	-	-	-	-	-	-	-	-	-	-	384,626	(384,626)	-	-	-
- Dividends to Owners of the parent company	-	-	-	-	-	-	-	-	-	-	(224,306)	-	**(224,306)**	-	**(224,306)**
- Payment of share capital by non-controlling interests shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	**11,267**	**11,267**
- Dividends to non-controlling interests shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	**(19,500)**	**(19,500)**
- Change in Stock grant reserve	-	-	-	-	-	-	-	2,214	-	-	-	-	**2,214**	-	**2,214**

- Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders (c)	-	-	-	-	-	-	-	**2,214**	-	-	**160,320**	**(384,626)**	**(222,092)**	**(8,233)**	**(230,325)**
Other changes in equity (d)	**784**	-	**2,247**	-	-	-	-	**(2,247)**	-	**(5)**	-	-	**779**	**(1,407)**	**(628)**
Balance as of December 31, 2021 (e=a+b+c+d) (Note 25)	**1,002,016**	**(323,907)**	**622,377**	**200,246**	**(15,140)**	**(4,750)**	**(349,839)**	**5,602**	-	**19,921**	**372,075**	**362,813**	**1,891,414**	**251,077**	**2,142,491**

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Profit for the year	Equity attributable to Owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2022	**1,002,016**	**(323,907)**	**622,377**	**200,246**	**(15,140)**	**(4,750)**	**(349,839)**	**5,602**	-	**19,921**	**372,075**	**362,813**	**1,891,414**	**251,077**	**2,142,491**
2022 profit for the year	-	-	-	-	-	-	-	-	-	-	-	**407,288**	**407,288**	**28,838**	**436,126**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
- Fair value gain/ (loss) arising from hedging instruments during the period, net of tax effect	-	-	-	-	-	43,011	-	-	-	-	-	-	**43,011**	-	**43,011**
Components will not be reclassified to the income statement:															
- Actuarial gains on remeasurement of defined-benefit plans for employees	-	-	-	-	7,945	-	-	-	-	-	-	-	**7,945**	**449**	**8,394**
- Change in fair value of investments measured at FVTOCI, net of tax effect		-	-	-	-	-	-	-	609	-	-	-	**609**	-	**609**
- Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income 2022 (b)	-	-	-	-	**7,945**	**43,011**	-	-	**609**	-	-	**407,288**	**458,853**	**29,287**	**488,140**
Transactions with shareholders:															
- Allocation of 2021 profit for the year	-	-	-	-	-	-	-	-	-	-	362,813	(362,813)	-	-	-
- Dividends to Owners of the parent company	-	-	-	-	-	-	-	-	-	-	(238,882)	-	**(238,882)**	-	**(238,882)**
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	**(14,244)**	**(14,244)**
- Change in Stock grant reserve	-	-	-	-	-	-	-	451	-	-	-	-	**451**	-	**451**
- Change in scope of consolidation	-	-	-	-	-	-	-	-	-	(1,964)	-	-	**(1,964)**	**(1,065)**	**(3,029)**
Total transactions with shareholders (c)	-	-	-	-	-	-	-	**451**	-	**(1,964)**	**123,931**	**(362,813)**	**(240,395)**	**(15,309)**	**(255,704)**
Other changes in equity (d)	**592**	-	**2,072**	-	-	-	-	**1,149**	-	**(5,423)**	-	-	**(1,610)**	**17,253**	**15,643**
Balance as of December 31, 2022 (e=a+b+c+d) (Note 25)	**1,002,608**	**(323,907)**	**624,449**	**200,246**	**(7,195)**	**38,261**	**(349,839)**	**7,202**	**609**	**12,534**	**496,006**	**407,288**	**2,108,262**	**282,308**	**2,390,570**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flow

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Profit for the year	**383,420**	**436,126**
Adjustments for:		
Amortisation and depreciation	444,387	478,290
Net impairment of assets	864	895
Share of the profit of investments in associates/joint ventures	(2,011)	(662)
Other income from equity investments	(391)	(2,722)
Stock grant	3,375	7,958
(Gains)/Losses arising from the disposal of non-current assets	3,553	(25,357)
Dividends	(50)	(48)
Financial income	(3,630)	(5,092)
Financial expense	65,281	61,413
Income taxes	141,884	152,369
Change in provisions for employee benefits	(9,581)	(17,574)
Changes in working capital:		
- Inventories	(3,518)	(4,751)
- Trade receivables	73,560	65,399
- Trade payables	(2,115)	400,375
- Provisions for risks and charges	(43,507)	(38,584)
- Other assets and liabilities	49,935	(759,189)
Dividends cashed in	1,254	1,372
Financial income collected	3,630	4,043
Financial expense paid	(59,783)	(53,720)
Income taxes paid, net of tax credits reimbursed	(206,923)	(152,372)
Net cash flow from operating activities	**839,634**	**548,169**
of which, related parties	*731,289*	*565,060*
Investments:		
- Property, plant and equipment	(30,836)	(10,645)
- Intangible assets	(788,747)	(766,585)
- Business combinations, net of cash acquired	(21,264)	(874,741)
- Change in payables and receivables for investments	14,605	47,733
Disinvestments:		
- Assets held for sale	-	5,050
- Property, plant and equipment	961	2,502
- Intangible assets	296	293,213
- Business units	-	19,647
- Change in receivables for disinvestments	11,244	-
Net cash flow used in investing activities	**(813,741)**	**(1,283,826)**
of which, related parties	*(807)*	*(12,128)*
Proceeds from non-current financial debt	1,492,298	602,660
Repayment of non-current financial debt	(313,514)	(194,717)
Decrease in current financial debt	(223,535)	(347,117)
Capital contributions from non-controlling interest	11,267	12,254
Sale of non-controlling interests	-	5,008
Proceeds from financial asset	-	(1,133)
Dividends paid	(243,143)	(253,250)
Repayment of lease liabilities	(21,529)	(27,865)
Net cash flow from/ (used in) financing activities	**701,844**	**(204,160)**
of which, related parties	*(89,464)*	*(98,079)*
Net cash flow for the year	**727,737**	**(939,817)**
Opening cash and cash equivalents	**664,026**	**1,391,763**
Closing cash and cash equivalents	**1,391,763**	**451,946**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Group information

The Italgas Group, comprising the parent company Italgas S.p.A. and its subsidiaries (collectively referred to “Italgas”, the “Italgas Group” or “Group”), operates in the regulated activities of natural gas distribution.

Italgas S.p.A. is a joint stock company incorporated under Italian law and listed on the Milan Stock Exchange, with registered offices in Milan, via Carlo Bo 11.

CDP S.p.A. has “de facto” control over Italgas S.p.A. pursuant to the accounting principle IFRS 10 “Consolidated Financial Statements”.
As of December 31, 2022, CDP S.p.A. owns, via CDP Reti S.p.A.[33] 26.01% of the share capital of Italgas S.p.A.

The parent company Italgas S.p.A. is not subject to management and coordination activities. Italgas S.p.A. exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Italian Civil Code.

1) *Basis of preparation*

The Consolidated Financial Statements have been prepared in accordance with the 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 Article 6 of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 and pursuant to Article 9 of Legislative Decree 38/2005. The IFRS also include the International Accounting Standards (“IAS”) as well as the interpretive documents still in force issued by the IFRS Interpretations Committee (“IFRS IC”), including those previously issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and, before that, by the Standing Interpretations Committee (“SIC”). For sake of simplicity, all of the aforementioned standards and interpretations will hereafter be referred to as “IFRS” or “International Accounting Standards”.

In the 2022 Consolidated Financial Statements, the same consolidation principles and valuation criteria of the previous year are applied, except for the international accounting standards that came into effect on January 1, 2022, as detailed in the following section “Accounting principles and interpretations applicable from 2022” of these Consolidated Financial Statements. The Consolidated Financial Statements are prepared on a going-concern basis, using the historical cost method, taking into account, where appropriate, value adjustments with the exception of the items which, according to IFRS, must be measured at *fair value*, as described in the valuation criteria.

The Consolidated Financial Statements as of and for the year ended December 31, 2022, approved by the Board of Directors of Italgas S.p.A. in the meeting of March 9, 2023, were subjected to an audit by Deloitte & Touche S.p.A. As the main auditor, it is responsible for auditing the separate financial statements of Italgas S.p.A. and its subsidiaries.

The Consolidated Financial Statements are presented in Euro. Amounts in the Consolidated Financial Statements and related Notes, considering their significance, are expressed in thousands of Euro, unless otherwise indicated.
Certain information contained in the Notes to the Consolidated Financial Statements when extracted from the XHTML format in an XBRL instance document, due to certain technical limitations may not be reproduced identically to the corresponding information displayed in the Consolidated Financial Statements.

Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board), approved by the European Union (EU) and that came into effect on January 1, 2022

The following provisions issued by the IASB (International Accounting Standards Board) came into effect in the European Union on January 1, 2022:

[33] CDP S.p.A. holds 59.10%.

IASB AND IFRS DOCUMENTS	EU effective date	Date of endorsement	Date of publication in the Official Journal
Amendments to IFRS 3 Business Combinations IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued May 14, 2020)	January 1, 2022	June 28, 2021	July 2, 2021

On May 14, 2020, the IASB published the document "**Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)**", with which a very special case was regulated concerning the possibility of deducting, from the costs of assets under construction or not fully operational, the revenues from the sale of products obtained in the meantime from the same assets. The IASB has specified that sales revenues must be recognised in the income statement and must not be deducted from the costs of these assets.

On May 14, 2020, the IASB published the “Annual Improvements to IFRS Standards 2018–2020” document, containing amendments to certain IFRS standards as a result of the IASB’s annual improvement project. In particular, the changes concerned:

- paragraph 16 of IFRS 1 “First-time Adoption of International Financial Reporting Standards”, which essentially allows a subsidiary, which adopts IFRS for the first time after its parent company, to measure its assets and liabilities at the carrying amounts recorded in the consolidated financial statements of the parent company at the date of transition to IFRS by said parent company. In such a case, the permissible change consists in allowing the subsidiary in the transition phase to IFRS to assume the values defined by its parent company on a cumulative basis;
- paragraph B3.3.6 of IFRS 9 “Financial instruments”, which indicates which paid or received fees are to be considered in the “10 per cent” test carried out to establish whether an issuer reacquiring its own financial instrument, for example for the purposes of re-issuing it later on, can consider that instrument derecognised; In this regard, the fees to be considered are only those paid or received between the borrowing company and the lending company;
- illustrative Example 13 accompanying IFRS 16 “Leasing”, from which references to repayments made by the lessor to the lessee have been removed, in the event that the latter has made improvements to third-party assets, as such repayments are not to be considered incentives for leasing pursuant to IFRS 16.

On May 14, 2020, the IASB published the **“Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)”** document, amending the standard by detailing which contractual costs a company has to consider for the purposes of provisions under IAS 37, which governs Provisions for risks and charges. In the case of termination of a contract with charges to be borne by the company, the provision to be made must include “costs that relate directly to the contract” such as direct costs (e.g., labour, materials) or an allocation of other costs that nonetheless relate to the performance of contracts (an example might be the allocation of depreciation for an item of property, plant and equipment used in the performance of the contract).

The adoption of these amendments had no effect on the Consolidated Financial Statements of the Group.

New accounting standards, amendments and interpretations issued previously and approved by the European Union but not yet in force

On February 12, 2021, the IASB published the "**Definition of Accounting Estimates (Amendments to IAS 8)**” document to help entities distinguish between changes in accounting policies and changes in accounting estimates. Specifically, changes in accounting policies must be applied retroactively, while changes in accounting estimates must be accounted for prospectively. The amendments to IAS 8 focus on accounting estimates, clarifying that such estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. A change in the accounting estimate that results from new information or new developments is therefore not the correction of an error and may affect only the current period’s profit or loss, and/or the profit or loss of future periods. The changes are effective for financial years starting from January 1, 2023.

On February 12, 2021, the IASB issued the “**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)”** document, containing amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. IAS 1 states that “an entity shall disclose its significant accounting policies”, but no definition is provided for the term “significant” (material). Therefore, the IASB amended/supplemented the standard with information that an entity can use to identify material accounting policy information. For example, it is clarified that a policy is material if changing it has a significant impact on disclosures in

the financial statements or if its application requires significant estimates. The amendments also clarify that the accounting policy information may be: (i) material because of its nature, even if the related amounts are immaterial; (ii) material if users of an entity's financial statements would need it to understand other material information in the financial statements; (iii) extended to immaterial information, as long as this does not obscure material information. In addition, the IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the "materiality process". The changes to the IAS 1 are effective for financial years beginning from January 1, 2023.
The adoption of such amendments is not expected to have effects on the Consolidated Financial Statements of the Group.

Accounting standards, amendments and interpretations not yet approved by the European Union as at the date of reference of December 31, 2022

On September 22, 2022, the IASB issued the document "**Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)**" with amendments that clarify how a seller of an asset, subsequently a lessee of the same asset, should measure sale and leaseback transactions pursuant to IFRS 15.

The Board established that the seller-lessee must measure the Liabilities arising from the leaseback in a way that does not recognise any gain or loss connected to the right to continue to use the asset.

The amendments are effective for financial years beginning from January 1, 2024. Early application is permitted.

On October 31, 2022, the IASB issued "**Non-current Liabilities with Covenants (Amendments to IAS 1)**" to clarify that, for the purposes of classification of financial liabilities as current or non-current, reference is only made to the covenants with which an entity must comply on or before the reporting date. The amendments to IAS 1 specify that the covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. In any case, an entity shall disclose information in the notes that enables users of the financial statements to understand the risk that non-current liabilities subject to covenants may be repaid within 12 months.

The amendments are effective for financial years beginning from January 1, 2024.

The adoption of such amendments is not expected to have effects on the Consolidated Financial Statements of the Group.

2) *Consolidation principles*

The Consolidated Financial Statements include the financial statements of Italgas S.p.A. and those of the entities over which the Company has the right to exercise direct or indirect control, as defined by IFRS 10 – "Consolidated Financial Statements". Specifically, control exists where the controlling entity simultaneously:

- has the power to make decisions concerning the affiliate;
- is entitled to receive a share of or is exposed to the variable profits and losses of the affiliate;
- is able to exercise power over the affiliate in such a way as to affect the amount of its economic returns.

The proof of control must be verified on an ongoing basis by the Company, with a view to identifying all the facts or circumstances that may imply a change in one or more of the elements on which the existence of control over an affiliate depends.

Subsidiaries, joint ventures, associates and other significant equity investments are indicated separately in the Appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. as of December 31, 2022", which is an integral part of these notes.

All financial statements of consolidated companies close at 31 December and are presented in Euro.

Companies included in the scope of consolidation

Subsidiaries are fully consolidated on a line-by-line basis ("*full consolidation*") from the date the Company obtains control (either directly or indirectly) and are deconsolidated from the date the Company loses control. In the event of loss of control, the Group derecognises the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and other equity components related to the subsidiary and recognises the *fair value* of any consideration received for the transaction. Any investment held in the previously subsidiary is measured at *fair value* on the date control is lost.

The equity shares and profit or loss attributable to non-controlling interests are separately recorded in specific items of Equity, Income Statement and Statement of Comprehensive Income.

Changes in the equity investments held directly or indirectly by the Group in subsidiaries that do not result in a change in the qualification of the investment as a subsidiary are recorded as equity transactions. The carrying amount of the equity attributable to owners of the parent company and non-controlling interests are adjusted to reflect the change in the equity investment. The difference between the carrying amount of non-controlling interests and the *fair value* of the consideration paid or received is recorded directly under equity attributable to owners of the parent company.

Otherwise, the selling of interests entailing loss of control requires the posting to the income statement of: (i) any capital gains or losses calculated as the difference between the consideration received and the corresponding portion of consolidated equity transferred; (ii) the effect of the revaluation of any residual equity investment maintained, to align it with the relative fair value; and (iii) any amounts recognised to other components of comprehensive income relating to the former subsidiary which will be reversed to the income statement. The fair value of any equity investment maintained at the date of loss of control represents the new carrying amount of the equity investment, and therefore the reference value for the successive valuation of the equity investment according to the applicable valuation criteria.

Investments in associates and joint ventures

An associate is a participated company in relation to which the investor holds significant influence or the power to participate in determining financial and operating policies but does not have control or joint control[34]. It is assumed that the investor has significant influence (unless there is proof to the contrary) if it holds, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.

A joint venture is a joint arrangement in which the parties that hold joint control have rights to the net assets subject to the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle.

Business combinations

Business combinations are recorded using the acquisition method in accordance with IFRS 3 - “Business Combinations”. Accordingly, the consideration transferred in a business combination is determined at the date on which control is assumed, and equals the fair value of the assets transferred, the liabilities incurred or assumed, and any equity instruments issued by the acquirer. Costs directly attributable to the transaction are recognised in the income statement when they are incurred.

The equity of these participated companies is determined by attributing to each asset and liability its fair value at the date of acquisition of control. If positive, any difference from the acquisition or transfer cost is recognised to the asset item “Goodwill”; if negative, it is recognised to the income statement.

Where total control is not acquired, the share of equity attributable to non-controlling interests is determined based on the share of the current values attributed to assets and liabilities at the date of acquisition of control, net of any goodwill (the “partial goodwill method”). Alternatively, the full amount of the goodwill generated by the acquisition is recognised, therefore also taking into account the portion attributable to non-controlling interests (the “full goodwill method”). In this case, non-controlling interests are expressed at their total fair value, including the attributable share of goodwill. The choice of how to determine goodwill (“Partial goodwill method” or “Full goodwill method”) is made based on each individual business combination transaction.

If control is assumed in successive stages, the acquisition cost is determined by adding together the fair value of the equity investment previously held in the acquired company and the amount paid for the remaining portion. The difference between the fair value of the previously held equity investment (redetermined at the time of acquisition of control) and the relative carrying amount is recognised to the income statement. Upon acquisition of control, any components previously recorded under other components of comprehensive income are recognised to the income statement or to another item of equity, if no provisions are made for reversal to the income statement.

When the values of the assets and liabilities of the acquired entity are determined provisionally in the financial year in which the business combination is concluded, the figures recorded are adjusted, with retroactive effect, no later than 12 months after the acquisition date, to take into account new information about facts and circumstances in existence at the acquisition date.

Business combinations involving entities under joint control

Business combinations involving companies that are ultimately controlled by the same company or companies before and after the business combination, and where such control is not temporary, are classed as “business combinations of entities under common control”. Such transactions do not fall within the scope of application of IFRS 3 and are not governed by any other IFRS. In the absence of a reference accounting standard, the selection of an accounting standard for such transactions, for which a significant influence on future cash flows cannot be established, is guided by the principle of prudence, which dictates that the principle of continuity be applied to the values of the net assets acquired. The assets are measured at the carrying amount from the financial statements of the companies being acquired predating the transaction

[34] Joint control is the contractual sharing of control pursuant to an agreement, which exists only where the unanimous consent of all the parties that share power is required for decisions relating to significant activities.

or, where available, at the values from the Consolidated Financial Statements of the common ultimate parent. With regard to business combinations under common control, the transferee entity should record the business transferred at its historical carrying amount increasing its equity by this amount; the transferring entity will record the equity investment in the transferee entity for the same amount as the increase in the equity of the latter.

This accounting treatment is based on the Preliminary Guidelines on IFRS (OPI 1 Revised) - "Accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements" issued by Assirevi in October 2016.

Intragroup transactions that are eliminated in the consolidation process

Unrealised gains from transactions between consolidated companies are derecognised, as are receivables, payables, income, expenses, guarantees, commitments and risks between consolidated companies. The portion pertaining to the Group of unrealised gains with companies valued using the equity method is derecognised. In both cases, intragroup losses are not derecognised because they effectively represent impairment of the asset transferred.

3) *Material accounting policies*

The most significant accounting policies adopted when preparing the Consolidated Financial Statements are described below.

Property, plant and equipment

Property, plant and equipment is recognised at the cost of purchase or production, including directly allocable ancillary costs needed to make the assets available for use.

Property, plant and equipment may not be revalued, even through the application of specific laws.

The costs of incremental improvements, upgrades and transformations to value of property, plant and equipment are recognised to assets when it is likely that they will increase the future economic benefits expected. The costs of replacing identifiable components of complex assets are allocated to statement of financial position assets and depreciated over their useful life. The remaining carrying amount of the component being replaced is allocated to the income statement. Ordinary maintenance and repair expenses are recognised to the income statement in the period when they are incurred.

If impairment indicators are present, the carrying amount of property, plant and equipment is verified to identify any impairment (see the paragraph "Impairment of property, plant and equipment and intangible assets with a finite useful life" for more details).

Rights of use

A contract is, or contains, a lease if it attributes to an undertaking the right to control the use of an identified asset for a certain period of time in exchange for consideration.

For leases with a duration of over 12 months, (i) an asset, within the item "Property, plant and equipment", which is representative of the right of use of the assets, and (ii) a financial liability representative of the obligation to make the payments envisaged by the contract, are recognised to the financial statements at the effective date, i.e. when the asset is made available for use.

The cost of the asset consisting of right of use comprises:

e) the amount of the initial measurement of the liability of the lease;

f) the payments due for the lease made on the date or before the starting date, net of lease incentives received;

g) the initial direct costs incurred;

h) the costs for dismantling and restoring the site.

Lease liabilities include the following payments for the right of use of the underlying asset over the lease term that remain unpaid as at the commencement date:

f) the fixed payments, net of any lease incentives receivable;

g) the variable payments due for the lease that depend on an index or rate;

h) the amounts payable as residual value guarantees;

i) the exercise price of the purchase option when is reasonably certain the option will be exercised;

j) termination penalties when the lease is expected to be terminated.

The discount rate used is the implicit interest rate of the lease for the lease term. If this rate cannot be easily determined, the Group's incremental borrowing rate, taking into account the frequency and payments under the lease agreement, is used.

In determining the duration of the lease, the Group considered the presence of renewal and cancellation options respectively for the lessee, the lessor or both.

As the standard allows, the short-term leases and the leases for assets of a modest amount were excluded.

Lease term is calculated by considering the "non-cancellable" period, together with any periods covered by an extension or early termination option, whose exercise is deemed reasonably certain using information available at the inception date. In significant changes occur in facts and circumstances under the Group's control that would modify the assessment of the reasonable certainty of exercising the options, the Group will reassess the lease term.

After initial recognition, the right-of-use asset is adjusted to take into account (i) the amortisation portions, (ii) any impairment losses and (iii) the related effects and any restatements of the leasing liability.

Depreciation of property, plant and equipment

Property, plant and equipment is systematically depreciated on a straight-line basis over its useful life, defined as the period of time during which the asset is expected to be usable by the entity. Depreciation begins when the asset is available and ready for use.

The depreciable amount is represented by the carrying amount, reduced by the estimated net realisable value at the end of its useful life, if significant and reasonably determinable.

The table below shows the annual depreciation rates used for the current year, broken down into homogeneous categories, together with the relevant period of application:

	Annual depreciation rate (%)
Land and building	
- Industrial buildings	2%
- Civil buildings	3%
Plant and equipment	
- Other plant and equipment	4% - 6.6%
Industrial and commercial equipment	
- Office furniture and machinery	12% - 33.3%
- Vehicles	20% - 25%
Rights of use	Depending on the term of the lease agreements

When an item included in "Property, plant and equipment" consists of several significant components with different useful lives, depreciation is applied to each component separately ("component approach").

Land, even when purchased together with a building, construction in progress; neither is property, plant and equipment held for sale (for more details, refer to section "Assets held for sale").

Depreciation rates are reviewed each year and adjusted if no longer appropriately reflect the expected future benefits. Any changes to the depreciation plan arising from revision of the useful life of an asset, its residual value or ways of obtaining economic benefit from it are recognised prospectively.

Freely transferable assets are depreciated during the period of the concession or of the useful life of the asset, if lower.

Intangible assets

Intangible assets are those assets without identifiable physical substance, but are identifiable, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired for consideration. Intangible assets are recognised at the cost of purchase or internal production, when it is probable that their use will generate future economic benefits and their cost can be reliably determined.

Revaluations are not permitted, even under specific laws.

Development costs are recognised as intangible assets only when the Group can prove the technical feasibility of completing the intangible asset, as well as the ability, intention and availability of resources to complete the asset for use or sale. Research costs are recognised in the income statement.

Intangible assets with a defined useful life are measured at cost, net of accumulated amortisation and impairment losses.

Goodwill and other intangible assets with an indefinite useful life are not amortised, but are tested for impairment at each reporting date, as required by IAS standard 36, to determine if any impairment losses need to be reflected in the financial statements.

Intangible assets are derecognised when the disposal of or when no future economic benefit is expected from their use; the related gain or loss is recognised in the income statement.

Service concession arrangements

Intangible assets include service concession agreements between the public and private sectors for the development, financing, management and maintenance of infrastructures under concession where the grantor: (i) controls or regulates the services provided by the operator through the infrastructure and the related price to be applied; and (ii) controls any significant remaining interest in the infrastructure at the end of the concession by owning or holding benefits, or in some other way. The accounting provisions relating to the service concession agreements are applicable for Italgas in its role as a public service distributor of natural gas and other gases, i.e. they are applicable to the agreements under which the operator is committed to providing the public natural gas distribution service at the tariff established by the ARERA, in Italy, and in Greece the Regulatory Authority for Energy (RAE or PAE from Ρυθμιστική Αρχή Ενέργειας) (each separately or jointly "Authority"), holding the right to use the infrastructure, controlled by the grantor, to deliver the public service. These provisions also apply to the integrated water service agreements.

The Group applies the intangible asset model as provided by IFRIC 12 for accounting of service concession agreements. The intangible asset is recognised at cost both at initial recognition and for subsequent recognition. Construction activities of network and other services are recognised and measured applying IFRS 15. Construction services and improvements carried out on behalf of the grantor are accounted for as changes to work in progress on order.

Amortisation of intangible assets

Intangible assets with a defined useful life are amortised systematically over their useful life, defined as the period of time in which the asset is expected to be unusable by the entity. Amortisation begins when the intangible asset is available for use.

The amount to be amortised is the carrying amount, reduced by the estimated net realisable value at the end of its useful life if significant and reasonably determined.

The table below shows the annual amortisation rates used for the current year, broken down into homogeneous categories, together with the relevant period of application:

	Annual amortisation rate (%)
Patent rights and intellectual property rights	20% - 33.3%
Concession expenses	Depending on the duration of the agreement
Land and buildings (concession agreements)	
- Industrial buildings	1.67% - 5%
- Other constructions	9% - 10%
Plant and equipment (concession agreements)	
- Network	1.67% - 5%
- Principal and secondary facilities	4% - 6%
- Derivation plants	2% - 10%
Industrial and commercial equipment (concession agreements)	
- Metering and control equipment	6.7% - 20%

Grants

Capital grants given by public authorities are recognised when there is reasonable certainty that the conditions set by the granting government agencies for their allocation will be met, and they are recognised as a reduction in the purchase, contribution or production cost of the related assets.

Operating grants are recognised in the income statement on an accrual basis, consistent with the relative costs incurred.

Impairment of non-financial assets

Impairment of property, plant and equipment and intangible assets with a finite useful life

When events occur leading to the assumption of impairment of property, plant and equipment or intangible assets with a finite useful life, their recoverability is tested by comparing the carrying amount with its recoverable amount, as the higher of the *fair value* less costs to *sell* (see "Fair value measurement") and the *value in use.*

The recoverable amount of non-current non-financial assets that fall under the scope of regulated activities is determined by considering: (i) the amount quantified by the Authority based on the rules used to define the tariffs for provision of the services for which they are intended; (ii) the possible value that the Group expects to recover from their sale or at the end of the concession regulating the service; (iii) the value of expected cash flows deriving from the use of the asset and, if significant and can be reasonably determined, from its sale at the end of its useful life, net of any disposal costs. Similarly to what happens for the quantification of tariffs, also the quantification of the recoverable value of the assets falling within the scope of regulated activities takes place on the basis of current regulatory provisions.

The value in use of non-current non-financial assets not within the scope of the regulated activities is determined by discounting the expected cash flows resulting from the use of the asset and, if significant and reasonably determined, from its sale at the end of its useful life, net of any disposal costs. Cash flows are determined based on reasonable, documentable assumptions representing the best estimate of future economic conditions expected to occur during the remaining useful life of the asset, with a greater emphasis on outside information. Discounting is done at a rate reflecting current market conditions for the time value of money and specific risks of the asset not reflected in the estimated cash flows.

The assessment is carried out for each individual asset or for the smallest identifiable group of assets which, through continuous use, generate cash inflows largely independent of those of other assets or groups of assets ("Cash-Generating Units" or "CGUs").

The CGUs identified by the Group are as follows: Distribution and metering of natural and other gases (regulated activity), Distribution and metering of natural gas abroad (regulated activity), Sale of natural and other gases, Integrated water service (regulated activity), Other activities (ESCos).

Compared to last year, it is noted that the CGU "Distribution and metering of natural gas abroad" was introduced due to the business combination involving the DSOs of the DEPA Infrastructure Group operating in Greece.

If the reasons for impairment losses no longer exist, assets are revised, and the adjustment is recognised to the income statement as a revaluation (recovery of value). The recovery of value is applied to the lower of the recoverable value and the carrying amount before any impairment losses previously carried out, reduced by the depreciation that would have been recognised if an impairment loss had not been recorded for the asset.

Impairment of goodwill, intangible assets with an indefinite useful life and intangible assets not yet available for use

The recoverability of the carrying amount of goodwill, intangible assets with an indefinite useful life and intangible assets not yet available for use is tested at least annually and whenever events occur that suggest a reduction in value. For goodwill, the tests is performed at the level of the smallest group based on which, on the basis of which the management evaluates, directly or indirectly, the return on investment, including goodwill itself. When the carrying amount of the CGU, including the goodwill attributed to it, exceeds the recoverable value, the difference is the impairment, which is first allocated to the goodwill up to its amount; any excess of the impairment over goodwill is allocated proportionally to the carrying amount of the assets which constitute the CGU. Goodwill impairment losses cannot be reversed.

Investments accounted for using the equity method

Equity investments in joint ventures and associates are accounted using the equity method.

Under the equity method, investments in joint venture and associates are initially recognised at cost and subsequently adjusted to account for: (i) the participant's share of the investee's profits or losses after the acquisition date, and (ii) the participant's share of the other comprehensive income of the investee. Dividends paid out by the investee are recognised as a reduction of the carrying amount of the investment. For the application of the equity method, adjustments required for consolidation purposes are considered (see also the "Consolidation principles" section).

In the case of acquiring a joint control in successive stages, the cost of the equity investment is measured as the sum of the *fair value* of the previously held interest and the *fair value* of the consideration transferred at the date on which the investment is qualified as associated (or under joint control). The effect of revaluing the carrying amount of the equity investments held before assuming the joint control (or significant influence) is recognised to the income statement, including any components recognised in other comprehensive income. The sale of equity investments resulting in the loss of joint control or significant influence over the investee results in the recognition in the income statement: (i) any gains or losses calculated as the difference between the consideration received and the corresponding portion of the carrying amount of the disposed interest; (ii) the effect of revaluating any residual equity investment maintained, to align it with the relative *fair value*; and (iii) any amounts recognised in other comprehensive income relating to the equity investee that are required to be classified to the income statement. The value of any equity investment maintained, aligned with its *fair value* at the date of loss of joint control or significant influence, represents the new carrying amount, and therefore the value for subsequent valuation according to the applicable valuation criteria.

If there is objective evidence of impairment, the recoverability of the amount recognised is tested by comparing the carrying amount with the related recoverable value determined using the criteria indicated in the section "Impairment of non-financial assets".

When the reasons for the impairment losses entered no longer exist, equity investments are revalued up to the amount of the impairment losses entered with the effect recognised in the income statement under "Income (expense) from equity investments".

The parent company's share of any losses of the participated company, greater than the equity investment's carrying amount, is recognised in a special provision to the extent that the parent company is committed to fulfilling its legal or implied obligations to the participated company or, in any event, to covering its losses.

Other minor equity investments

Financial assets representing other minor equity investments, since they are not held for trading, are measured at *fair value* with the effects recognised in the income statement.

Inventories

Inventories, including meters, are recorded at the lower of purchase or production cost and net realisable value, which is the amount that the company expects to receive from their sale in the ordinary course of business.

The cost of natural gas inventories is determined using the weighted average cost method.

The value of obsolete and slow-moving inventories is written down in relation to the possibility of use or realisation, through the allocation of a specific obsolescence fund.

Cash and cash equivalents

Cash and cash equivalents include cash amounts, on demand deposits, and other short-term financial assets with a term of less than three months, readily convertible into cash and subject to a negligible risk of a change in their value.

They are recorded at their nominal value, which corresponds to the *fair value*.

Financial instruments

Financial instruments refer to any contracts that give rise to a financial asset for one entity and a financial liability or equity instrument for another entity; they are recognised and measured in accordance with IAS 32 and IFRS 9.

Financial assets - debt instruments

Depending on the characteristics of the instrument and of the business model adopted for its management, financial assets representing debt instruments are classified in the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at *fair value* with the effects recognised in the other comprehensive income components ("OCI"); (iii) financial assets measured at *fair value* with the effects recognised in the income statement.

Initial recognition is at *fair value*; for those trade receivables without a significant financial component, the initial carrying amount is represented by the transaction price.

Following initial recognition, financial assets that generate cash flows representing only payments of capital and interest are measured at amortised cost if held with the aim of collecting their contractual cash flows (so-called hold to collect business model). Based on the amortised cost method, the initial carrying amount is then adjusted to account for repayments of principal, any impairment losses and the amortisation of the difference between the repayment amount and the initial carrying amount.

Amortisation is carried out using the effective internal interest rate, which represents the rate that would make equal, at initial recording, the present value of expected cash flows and the initial carrying amount.

Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of their provision for impairment losses.

Financial assets representing debt instruments where the business model provides both the possibility to collect contractual cash flows and to realise capital gains through sales (so-called "hold-to-collect-and-sell" business model) are measured at *fair value* with the effects recorded on OCI ("FVTOCI").

In this case the *fair value* changes in the instrument are recognised in equity under other comprehensive income. The cumulative amount of the *fair value* changes, recognised in the equity reserve other comprehensive income, is reversed to the income statement upon the derecognition of the instrument. Interest income, calculated using the effective interest rate, exchange rate differences and impairment losses, is recognised on the income statement.

A financial asset representing a debt instrument that is not measured at amortised cost or at FVTOCI is measured at *fair value* with the effects recognised in the income statement ("FVTPL").

When the purchase or sale of financial assets is executed according to a contract that requires settlement and delivery of the assets within a certain number of days, set by the market control authorities or by market agreements (e.g. purchase of securities on regulated markets), the transaction is recognised on the settlement date.

Disposals of financial assets are derecognised from the statement of financial position when the contractual rights to receive the associated cash flows associated from the financial instrument expire or are transferred to third parties.

Impairment of financial assets

Recoverability of the financial assets representing debt instruments not measured at *fair value* with effects on the income statement is measured on the basis of the so-called "expected credit loss" model.

In particular, the expected losses are generally determined based on the product between: (i) the exposure to the counterparty net of the relevant guarantees ("Exposure At Default" or "EAD"); (ii) the probability that the counterparty does not meet its payment obligation ("Probability of Default" or "PD"); (iii) the estimated percentage terms of credit loss that will not be recovered in the event of default ("Loss Given Default" or "LGD") defined based on past experience and potential recovery actions (e.g. out-of-court actions, legal disputes, etc.).

In this regard, in order to determine the probability of default of the counterparties internal ratings already used for concession purposes have been adopted. The probability of default for the counterparties represented by state entities and in particular for the national oil companies, basically depicted by the probability of a late payment, is determined using the country risk premiums adopted to determine WACCs for the impairment of the non-financial assets as input.

For retail customers, who do not have internal ratings, the expected losses are based on a provision matrix, built by grouping credits, where appropriate, into relevant clusters and applying impairment percentages defined based on past experience, adjusted, when necessary, for forward-looking credit risk information.

Financial liabilities

Financial liabilities other than derivative instruments, including financial debts, trade payables, other payables and other liabilities, are initially recognised at *fair value* less any transaction-related costs; they are subsequently recognised at amortised cost using the effective interest rate for method, as described in "Financial assets" section above.

Financial liabilities are derecognised upon extinguishment or when the obligation specified in the contract is fulfilled, cancelled, or expired.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net base (i.e. realising the asset and at the same time extinguish the liability).

Derivative financial instruments and hedge accounting

Derivative financial instruments, including embedded derivatives, are initially measured at *fair value* according to the criteria indicated under the following section "Fair value measurement".

As part of the risk management strategy and objectives, the qualification of transactions as hedging requires: (i) verification of the existence of an economic relationship between hedged item and hedging instrument, such that their value changes offset each other and this offsetting ability is not impaired by the counterparty's level of credit risk; (ii) the definition of a hedge ratio consistent with the risk management objectives, within the defined risk management strategy, including the appropriate rebalancing actions, if needed. Changes in risk management objectives, the cessation of conditions for hedge qualification, or implementation of rebalancing transactions will result in prospective total or partial discontinuation of the hedge.

When derivatives hedge the *fair value* risk of the hedged items ("fair value hedge"; including, but not limited to, hedging the variability of the *fair value* of fixed rate asset/liability), derivatives are recognised at *fair value* with the effects recognised in the income statement; consistently, the hedged items are adjusted for *fair value* changes associated with the hedged risk in the income statement, regardless of the normal measurement criteria generally applied to the instrument.

When the derivatives hedge the cash flow risk of the hedged items ("cash flow hedge"; including, but not limited to, hedging the variability of cash flows of the asset/liability due to interest rates or exchange rates fluctuations), the changes in *fair value* of the derivatives considered effective are initially recognised in the equity reserve under other comprehensive income and afterwards reclassified in the income statement in line with the economic effects of the hedged transaction. In the case of hedging future transactions involving the recognition of a non-financial asset or liability, the cumulative *fair value* changes of the hedge derivatives recognised in equity are reclassified to adjust the initial carrying amount of the non-financial item hedged (the "basis adjustment").

Any ineffective components of hedging derivatives are recognised in the income statement under "Gain/(loss) on derivative financial instruments measured at fair value".

Fair value changes of derivatives that do not meet the hedging criteria, including any ineffective components of the hedge derivatives, are recorded in the income statement. Specifically, fair value changes of derivatives on interest rates and currencies that do not meet the hedging criteria are recognised in the income statement under “Gain/(loss) on derivative financial instruments measured at *fair value*”.

Embedded derivatives incorporated in financial assets are no longer separated in accounting; in this case, the entire hybrid instrument is classified based on the general financial asset classification criteria for financial assets. Embedded derivatives incorporated in financial liabilities and/or non-financial assets are separated from the main contract and accounted for separately if the embedded instrument: (i) meets the definition of derivative; (ii) as a whole is not measured at *fair value* with the effects recognised in the income statement (FVTPL); (iii) the characteristics and risks of the derivative are not closely related to those of the main contract. The existence of embedded derivatives to separate and measure separately is checked when the company joins the contract and afterwards when there are amendments to the conditions of the contract that bring about significant changes in the cash flows it generates.

Fair value measurement

The *fair value* is the amount that may be received for the sale of an asset or that may be paid for the transfer of a liability in a regular transaction between market participant as at the valuation date (i.e. exit price).

Fair value of an asset or liability is determined using the valuations that market participants would use to in determining the price of the asset or liability. The *fair value* measurement also assumes that the asset or liability would be traded on the main market or, failing that, on the most advantageous market accessible to the entity.

The *fair value* of a non-financial asset is determined by considering the market participant ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would maximise its value. The determination of highest and best use of the asset is determined from the perspective of market participant, even if the entity intends to use it differently; it is assumed that the entity’s current use of a non-financial asset is the highest and best use, unless the market conditions or other factors suggest otherwise.

The *fair value* measurement of a financial or non-financial liability, or of an equity instrument, considers the quoted price for transferring an identical or similar liability or equity instrument; if such quoted price is not available, the valuation of a corresponding asset held by a market participant as at the valuation date is considered. The *fair value* of the financial instruments considers the credit risk of the counterparty of a financial asset (“Credit Valuation Adjustment” or “CVA”) and the entity’s own default risk related to a financial liability (“Debit Valuation Adjustment” or “DVA”).

When determining *fair value*, a hierarchy of inputs based on the origin, type and quality of the information used in the calculation is defined. This classification aims to establish a hierarchy in terms of the reliability in *fair value*, prioritizing the use of observable market parameters that reflect assumptions that market participants would use in measuring the asset/liability. The *fair value* hierarchy includes the following levels:

- level 1: inputs represented by (unmodified) quoted prices in active markets for identical assets or liabilities that are accessible as at the measurement date;
- level 2: inputs, other than quoted prices included in Level 1, that are observable, directly or indirectly for the assets or liabilities to be measured;
- level 3: unobservable inputs for the asset or liability.

In the absence of available market quotes, the fair value is determined by using valuation techniques appropriate for each situation, maximising the use of significant observable inputs and minimising the use of unobservable inputs.

Assets held for sale

Non-current assets and current and non-current assets of disposal groups are classified as held for sale if the carrying amount will be recovered mainly by their sale rather than through their continued use. This condition is regarded as fulfilled when the sale is highly probable, and the asset or discontinued operations are available for immediate sale in their current condition. In the case of a programme for the sale of a subsidiary that results in loss of control, all assets and liabilities of that affiliate are classified as held for sale, regardless of whether a non-controlling investment is maintained following the sale. Checking that the conditions required to classify an item as held for sale requires that the management made subjective assessments and formulate reasonable and realistic assumptions based on the information available.

Assets held for sale, current and non-current assets related to disposal groups and directly associated liabilities are recognised in the Statement of Financial Position separately from other assets and liabilities.

Assets and liabilities falling within a disposal group are measured according to the accounting standards applicable to them right before being classified as held for sale. Afterwards, the assets held for sale are not amortised or depreciated and are measured at the lower between the carrying amount and the related *fair value*, less costs to sale (see section "Fair value measurement").

The classification as "held for sale" of equity investments accounted for using the equity method implies suspended application of the measurement criteria. Therefore, in this case, the carrying amount is equal to the value resulting from the application of the equity method at the date of reclassification.

Any negative difference between the carrying amount of the non-current assets and the *fair value* less costs to sell is recognised to the income statement as an impairment; any subsequent reversal of impairment losses is recognised up to the amount of the previously recognised impairment losses, including those recognised prior to the asset being classified as held for sale.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a specific nature and of certain or probable existence, which, at the end of the year, are uncertain but for which the amount or date of occurrence cannot be determined at the end of the year.

Provisions are recognised when: (i) it is probable that there is a current legal or constructive obligation, arising from a past event; (ii) it is probable that fulfilling the obligation will be onerous; and (iii) the amount of the obligation can be reliably determined. Provisions are recorded at a value representing the best estimate of the amount that the company would reasonably pay to extinguish the obligation or transfer it to third parties at the closing date of the financial year. Provisions related to onerous contracts are recorded at the lower of the cost necessary to fulfil the obligation, less the expected economic benefits deriving from the contract, and the cost to terminate the contract.

When the financial impact of time is significant, and the payment dates of the obligations can be reliably estimated, the provision is calculated by discounting the expected cash flows in consideration of the risks associated with the obligation; the increase in the provision due to the passing of time is recognised to the income statement under "Financial income (expense)".

When the liability relates to property, plant and equipment (e.g. site dismantlement and restoration), the provision is recognised against the related asset and the charge to the income statement occurs through depreciation. The costs that the Company expects to incur for implementing restructuring programmes are recognised in the period in which the programme is formally defined, and a valid expectation has been generated among the affected parties that the restructuring will take place.

Provisions are periodically updated to reflect changes in cost estimates, selling periods and the discount rate; revisions in provision estimates are allocated to the same item of the income statement where the provision was previously reported or, when the liability is related to property, plant and equipment (e.g. site dismantling and restoration), against the related asset, up to the carrying amount; any excess is recognised in the income statement.

The notes to the financial statements describe contingent liabilities represented by: (i) possible (but not probable) obligations resulting from past events, whose existence will be confirmed only if one or more future uncertain events occur not entirely under the Group's control; and (ii) current obligations resulting from past events, whose amount cannot be reliably estimated, or whose fulfilment of which is likely to be onerous.

Provisions for employee benefits

Post-employment benefits

Post-employment benefits are defined according to programmes, including non-formalised programmes, which, depending on their characteristics, are grouped as “defined-benefit” plan and “defined-contribution” plans.

- **Defined-benefit plans**

  The liability associated with defined-benefit plans is determined by estimating the present value of the future benefits accrued by the employees during the current year and in previous years, and by calculating the *fair value* of any assets servicing the plan. The present value of the obligations is determined based on actuarial assumptions and is recognised on an accrual basis consistent with the employment period necessary to obtain the benefits.

  Actuarial gains and losses relating to defined-benefit plans arising from changes in actuarial assumptions or experience adjustments are recognised in other comprehensive income when occurred and are not subsequently recognised in the income statement. When a plan is changed, reduced or extinguished, the its effects are recognised in the income statement.

  Net financial expense represents the change that the net liability undergoes during the year due to the passing of time. Net interest is determined by applying the discount rate to the liabilities, net of any assets servicing the plan. The net financial expense of defined-benefit plans is recognised in “Financial income (expense)”.

- **Defined-contribution plans**

  In defined-contribution plans, the Group’s obligation is calculated, limited to the payment of state contributions or to equity or a legally separate entity (fund), based on contributions due.

  Costs arising from defined-contribution plans are recognised in the income statement as incurred.

Other long-term plans

Obligations relating to other long-term benefits are calculated using actuarial assumptions; the effects arising from the amendments to the actuarial assumptions or the characteristics of the benefits are recognised entirely in the income statement.

Dividends payments

The distribution of dividends to Group’s shareholders entails the recording of a payable in the financial statements for the period in which distribution was approved by the Group’s Shareholders or, in the case of interim dividends, by the Board of Directors.

Revenues

The recognition of *revenues* from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the price of the transaction; (iv) allocation of the price of the transactions to the performance obligations identified based on the standalone selling price of each good or service; (v) recognition of the revenue when its performance obligation has been met, or when the promised good or service is transferred to the customer; the transfer is considered completed when the customer gains control of the good or service, which can occur over time or at a specific point in time.

For the activities carried out by the Italgas Group, the moment of recognition of revenues occurs when the service is provided. The largest share of revenues relates to regulated activities, the income from which is governed by the regulatory framework established in Italy by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA), in Greece by the Regulatory Authority for Energy (RAE). Therefore, the economic conditions of the services provided are defined in regulatory schemes and not on a negotiation basis. In the case of natural gas distribution in Italy, the difference between revenues recognised by the regulator (“Revenue cap”) and the revenue charged to customers for services actually rendered is recorded in the Statement of Financial Position, if positive, under “Trade and other receivables” and, if negative, under “Trade and other payables”, as it will be subject to financial settlement by CSEA.

In relation to natural gas distribution and metering in Greece, the differential between revenues recognised by the Regulator and actual accrued revenues are recognised, if positive, to the Statement of financial position under the item “Other current and non-current non-financial assets” and, if negative, to the item “Other current and non-current non-financial liabilities", since the operator has satisfied the related performance obligation and holds the title to recover or the obligation to return within subsequent regulation periods or at the end of the concession the amounts not charged or overcharged to customers during the financial year.

With regard to the recognition of revenues relating to the so-called "Municipalities in start-up", mainly concentrated in Sardinia, the remuneration mechanism provides for a limit ("cap") to tariff recognitions for investments in distribution networks for locations with year of first supply after 2017, in the amount of € 5,250 per re-delivery point, expressed at 2017 prices, determined by Resolution no. 704/2016/R/gas. Payment of the price by ARERA is made on the basis of the "three-phase" system, whereby the first phase lasts three years (in addition to the year of first supply), during which investments are recognised in full; this is then followed by a second phase during which a cap applies, calculated on the basis of a prospective valuation of the delivery points, which may potentially be connected to the network, based on the penetration curves of the typical users of each tariff area and, finally, a third phase, which starts from the sixth year of service management, during which, if the cap is exceeded, the investments recognised from the first year of service management will be cut retroactively. Resolution no. 525/2022/R/gas subsequently governed the operating procedures for application of the cap on the tariff recognition of capital costs in locations in the start-up phase and the application methods of the mechanism, relating in particular to the determination of the service deployment ratio and the procedures for verifying that the maximum unit expenditure threshold has been exceeded, for the second and third stages of the mechanism. In connection with these municipalities, the Group records the revenue on the basis of the RAB expected at the sixth year of supply, considering it to be highly likely that on the basis of the expected delivery points, there will not be any significant reversal of revenues accrued after resolving the uncertainty.

Allocations of revenues relating to services partially rendered are recognised by the fee accrued, as long as it is possible to reliably determine the stage of completion and there are no significant uncertainties over the amount and the existence of the revenue and the related costs; otherwise they are recognised within the limits of the actual recoverable costs.

Items of property, plant and equipment not used in concession services, transferred from customers (or realised with the cash transferred from customers) and depending on their connection to a network for the provision of supply, are recognised at *fair value* as a contra-entry to revenues in the income statement. When the agreement stipulates the provision of multiple services (e.g. connection and supply of goods), the service for which the asset was transferred from the customer is checked and, accordingly, the disclosure of the revenue is recognised on connection or for the shorter of the term of the supply and the useful life of the asset.

Revenues are recorded net of returns, discounts, allowances and bonuses, as well as directly related taxes.

Revenues are reported net of items involving regulation components, in addition to the Italian tariff, applied to cover gas system expenses of a general nature. Amounts received from Italgas are paid in full to the Energy and Environmental Services Fund (CSEA). Gross and net presentation of revenue is described in more detail in the Notes to the consolidated financial statements (see "Revenues" note).

Since they do not represent sales transactions, exchanges between goods or services of a similar nature and value are not recognised in revenues and costs.

Dividends received

Dividends are recognised at the date of the resolution passed by the Shareholders' Meeting, unless it is not reasonably certain that the shares will be sold before the ex-dividend date.

Costs

Costs are recognised in the period when they relate to goods and services sold or consumed during the same period or when it is not possible to identify their future use.

Costs sustained for share capital increases are recorded as a reduction of equity, net of taxes.

Energy efficiency certificates

The Energy Efficiency Certificates purchased during the year are entered in the income statement at the cost borne. The relevant contribution that CSEA will pay at the time the certificates are cancelled is booked as a reduction of the cost borne and is calculated based on the repayment price scheduled at year-end. A special risk provision is allocated to cover the future expected charges to fulfil the year's objective calculated as the difference between the cost to be borne and its cancellation contribution.

Income taxes

Current income taxes are calculated by estimating the taxable income. Receivables and payables for current income taxes are recognised based on the amount which is expected to be paid/recovered to/from the tax authorities under the prevailing tax regulations and rates or those essentially approved at the reporting date.

Regarding the Italian corporation tax ("IRES"), Italgas has exercised the option to join the national tax consolidation scheme, to which all the consolidated companies have officially signed up. The projected payable is recognised under "Current income tax liabilities".

The regulations governing Italgas Group companies' participation in the national tax consolidation scheme stipulates that:

- subsidiaries with positive taxable income pay the amount due to Italgas. The taxable income of the subsidiary, used to determine the tax, is adjusted to account for the recovery of negative components that would have been non-deductible without the consolidation scheme (e.g. interest expense), the so-called ACE (help for economic growth) effect and any negative taxable income relating to the subsidiary's equity investments in consolidated companies;
- subsidiaries with negative taxable income, if and insofar as they have prospective profitability which, without the national tax consolidation scheme, would have enabled them to recognise deferred tax assets related to the negative taxable income on the separate financial statements, receive from their shareholders – in the event that these are companies with a positive taxable income or a negative taxable income with prospective profitability – or from Italgas in other cases, compensation amounting to the lower of the tax saving realised by the Group and the aforementioned deferred tax assets.

Tax receivables and tax payables on Italian regional production tax ("IRAP") are recognised under the item "Current tax liabilities" and "Current tax receivables", respectively.

Some Italian Group companies have adhered to the Italian national consolidation option, which makes it possible to determine current IRES on a taxable base that coincides with the algebraic sum of the positive and negative taxable income of the participating companies. Economic transactions, as well as the reciprocal responsibilities and obligations, are regulated by specific agreements between the parties, according to which, in the event of positive taxable income, the subsidiaries transfer the financial resources corresponding to the higher tax due by them as a result of their participation in the national consolidation scheme to the parent company and, in the event of negative taxable income, receive compensation equal to the relative tax savings achieved by the parent company.

As for Greece, corporate income tax is calculated according to the tax laws in force in the country. Current income tax includes those calculated based on the profits reported in the tax returns, the higher income taxes deriving from special provisions of the law or from tax audits by the Financial Administration and provisions for higher taxes and surcharges for tax periods not verified and are calculated according to the rates in force at the reporting date.

Deferred income tax assets and liabilities are calculated on the timing differences between the values of the assets and liabilities entered in the Statement of Financial Position and the corresponding values recognised for tax purposes, based on the prevailing tax regulations and rates or those essentially approved for future years. Deferred tax assets are recognised when their recovery is considered probable; specifically, the recoverability of deferred tax assets is considered probable when taxable income is expected to be available in the period in which the temporary difference is cancelled, allowing the activation of the tax deduction. Similarly, unused tax receivables and prepaid taxes on tax losses are recognised up to the limit of recoverability.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at individual company level if they refer to taxes which can be offset. The balance of the offsetting, if it results in an asset, is recognised under the item "Deferred tax assets"; if it results in a liability, it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, prepaid and deferred current taxes are also recognised to equity.

Income tax assets with elements of uncertainty are recognised when they are regarded as likely to be obtained.

Operating segments

The Group operates mainly in gas distribution and metering services, and is residually active in gas sales, integrated water service, energy service company (ESCo) business and the IT services business.

With reference to DEPA Infrastructure Group, the main gas distribution operator in Greece, it is considered that the gas distribution service in Italy and in Greece present similar economic characteristics insofar as the DEPA Infrastructure Group carries out activities similar to those of Italgas in a market with a similar regulatory framework.

In addition, the two activities are similar with respect to:

a) nature of the products and services, i.e. gas distribution and metering;

b) the nature of the production processes, i.e. the development and maintenance of assets related to the gas distribution service under concession;
c) type or class of customers according to their products and services, or sales companies;
d) methods used to distribute its products or provide its services; i.e. transporting gas through local pipeline networks, and
e) nature of the regulatory environment, i.e. the operation of a regulated business that is essentially based on the return on invested capital and the coverage of costs incurred by the operator. In fact, both regulatory systems guarantee a return on investment and coverage of the management costs regardless of volumes and the WACC formulas. They are entirely similar and essentially able to neutralise differences in risk between the two countries; therefore, can be aggregated into a single operational sector.

In light of the above, in compliance with IFRS 8 – Operating Segments, and given the insignificance of the residual activities reported, based on the provisions of subsections 12 and 13 of IFRS 8 governing segment reporting, a single operating segment was identified as Gas Distribution and Metering.

4) *Financial Statements*

The formats adopted for the preparation of the financial statements are consistent with the provisions of IAS 1 - "Presentation of financial statements" (hereinafter "IAS 1"). In particular:

- the Statement of Financial Position items are broken down into assets and liabilities, and then further into "current or non-current items[35]";
- the Income Statement classifies costs by type, since this is deemed to be the best way of representing the Group's operations and is in line with international best practice;
- the Statement of Comprehensive Income shows the profit or loss in addition to the income and expense recognised directly in equity as expressly provided for by the IFRS;
- the Statement of changes in Equity reports the total income (expense) for the financial year, shareholder transactions and the other changes in equity;
- the Statement of Cash Flows is prepared using the "indirect" method, adjusting the profit for the year of non-monetary components.

It is believed that these statements adequately represent the Group's situation with regard to its Statement of Financial Position, Income Statement and Statement of Cash Flows.

Moreover, pursuant to Consob Resolution No. 15519 of July 28, 2006, any income and expense from non-recurring operations is shown separately in the income statement.

With regard to the same Consob Resolution, the balances of receivables/payables and transactions with related parties, described in more detail in the note "Related party transactions", are shown separately in the financial statements.

5) *Use of estimates*

The application of generally accepted accounting principles for the preparation of financial statements involves management making accounting estimates based on complex and/or subjective judgements, estimates based on past experience and assumptions regarded as reasonable and realistic on the basis of the information known at the time of the estimate. The use of these accounting estimates has an influence on the carrying amount of the assets and liabilities and on the information about potential assets and liabilities at the reporting date, as well as the amount of revenues and costs in the reference period. The actual results may differ from the estimated results owing to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

Details are given below about the main accounting estimates involved in the process of preparing the financial statements and interim reports, since they involve a high degree of recourse to subjective judgements, assumptions and estimates regarding matters that are by nature uncertain. Any change in the conditions forming the basis of the judgements, assumptions and estimates used could have a significant impact on results of subsequent years.

Impairment of non-financial assets

Measurement of tangible and intangible assets, including goodwill, requires recording of these in the financial statements for a value no higher than their recoverable value (so-called Impairment test).

In determining the recoverable amount, the Group applies the higher of the *fair value* less cost to sell criterion and the value in use criterion. "*Fair value* less cost to sell" is:

(viii) In Italy, the estimated value of net invested Capital updated to the reference date attributed to these assets for tariff purposes (RAB - Regulatory Asset Base) by the Authority, net of the flat-rate components, employee severance pay and contributions received. RAB is the reference basis for determining the service tariffs and, therefore, the cash flows generated from assets[36]. The RAB value is defined using the revalued

[35] The assets and liabilities are classified as current if: (i) their realisation/settlement is expected in the Group's normal operating cycle or within twelve months after the financial year-end; (ii) they are composed of cash or cash equivalents which do not have restrictions on their use over the twelve months following the year-end date; (iii) they are mainly held for trading purposes; or (iv) with reference to liabilities, the company does not have the unconditional right to defer settlement of the liability for at least twelve months from the financial year closing date.

[36] The use of the RAB for estimating recoverable amount is a generally accepted method in regulated utility sectors.

historical cost method for Fixed Capital and on a flat-rate basis for Working Capital and employee severance pay;

(ix) In Greece, the estimated value of net invested capital updated to the reference date attributed to these assets for tariff purposes (RAB – Regulatory Asset Base) by the Authority, net of the flat-rate components related to working capital and connection costs;

(x) the reimbursement value (RV) valid for ATEM (Minimum Territorial Areas) tenders, which is the value to be paid to the operator selling the infrastructure after the tender procedure. In Greece, the reimbursement value is calculated as the value of the RAB at the date of interruption/expiry of the licence, increased by at least 15%;

(xi) the market value of the asset observable in a recent transaction net of sales costs.

Value in use refers to:

(xii) the present value of the future cash flows expected to be derived from the asset being measured. These flows are determined in line with the most recent business plan approved by management, which is based not only on developments in the regulations, but also on estimates relating to reference market trends and investment and divestment decisions. In the process of determining the recoverable value, flows are discounted at a discount rate that reflects current market conditions, the time value of money and the specific risks of the asset.

More information on the impairment test carried out by the Group's management on Property, plant and equipment and on Intangible assets can be found in the "Impairment of non-financial assets" section.

The recoverable value is sensitive to the estimates and assumptions used to determine the total invested capital, cash flows and discount rates applied. Therefore, possible variations in the estimation of the factors on which the calculation of the aforesaid recoverable values is based could result in different measurements.

Analysis of each of the groups of non-financial assets is unique and requires use by the Group's management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.

Business combinations

Recognition of business combination transactions requires determination of the *fair value* of any assets and liabilities acquired as a result of obtaining control of the business. With the help of independent professionals, the Group's management measured the *fair value* of assets, liabilities and potential liabilities, on the basis of information on facts and circumstances available at the acquisition date.

Determination of the *fair value* of assets and liabilities acquired is subject to estimates and measurements by the Group's management. Possible variations in the estimation of the factors on which determination of the *fair value* is based could generate different measurements.

Analysis of each business combination transaction is unique and requires use by the Group's management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.

Environmental liabilities

The Italgas Group is subject, in relation to its activities, to numerous laws and regulations on environmental protection at European, national, regional and local level, including the laws which implement international conventions and protocols relating to the activities carried out.

The measurement of future liabilities in connection with reclamation and restoration obligations in relation to sites and/or land on which the company carries out its business is a complex process based on technical and financial assumptions made by the Group's management and supported by independent experts where necessary.

The restoration cost estimate is discounted using a risk-free rate in accordance with IAS 37. The estimate is made using a principle of prudence based on the known market, legislative and technological conditions at the time of measurement.

The estimates are reviewed at each reference date to verify that the amounts recorded are the best reflection of the costs the Group will face. If any significant variations are found, the amounts are adjusted. The key factors for revising cost estimates are the revision of the timeframes for implementing the site reclamation and restoration plan, developments in the technologies and environmental regulations and discount rate trends.

Measurement of environmental liabilities recorded in the financial statements takes into account the environmental legislation currently in force. However, this measurement could be subject to variations, even to a significant extent, in relation to: (i) the possibility of further contamination arising; (ii) the results of current and future refurbishment and the other possible effects arising from the application of the laws in force; (iii) the possible effects of new laws and regulations for environmental protection; (iv) the effects of any technological innovations for environmental cleansing; and (v) the possibility of disputes concerning the environmental liability for specific sites and the difficulty of determining the potential consequences of this, including in relation to the liability of other parties and any indemnity.

Provisions for employee benefits

Defined-benefit plans are accounted for on the basis of uncertain events and actuarial assumptions which include, inter alia, the discount rates, the expected returns on the assets servicing the plans (where they exist), the level of future remuneration, mortality rates, the retirement age and future trends in the healthcare expenses covered.

The main assumptions used to quantify defined-benefit plans are determined as follows: (i) the discount and inflation rates representing the base rates at which the obligation to employees might actually be fulfilled are based on the rates which mature on high-quality bonds and on inflation expectations; (ii) the level of future remuneration is determined on the basis of elements such as inflation expectations, productivity, career advancement and seniority; (iii) the future cost of healthcare services is determined on the basis of elements such as present and past trends in healthcare costs, including assumptions regarding the inflationary growth of costs, and changes in the health of the participating employees; and (iv) the demographic assumptions reflect the best estimates of trends in variables such as mortality, turnover, invalidity and others in relation to the population of the participating employees.

Differences in the value of net liabilities relating to employee benefit plans, arising due to changes in the actuarial assumptions used and the difference between the actuarial assumptions previously adopted and actual events, occur routinely and are called actuarial gains and losses. Actuarial gains and losses relating to defined-benefit plans are recognised in the statement of comprehensive income. Actuarial assumptions are also used to determine other long-term employee benefit obligations; to this end, the effects arising from changes to the actuarial assumptions or the characteristics of the benefit are fully recognised in the income statement.

Provisions for risks and charges

In addition to the amounts allocated to the provisions for environmental liabilities, Italgas recorded provisions mainly relating to the following in the financial statements: (i) operational restoration of metering instruments; (ii) legal and tax disputes; (iii) staff leaving incentives; (iv) expenses related to meeting the Energy Efficiency Certificates targets (EEC) set by the Authority; (v) provision for contractual risks.

The provision for operational restoration of metering instruments is determined by the Group's management on the basis of assumptions that take into account (i) hypothesised malfunctioning of smart meters currently installed; (ii) the warranties agreed with the meter suppliers; (iii) the estimated costs for replacing the smart meters.

Provisions are made to cover the risk of future outlay for the cases set out above. The value of the provisions recorded in the financial statements for such risks reflects the best estimate made by the Group's management with the support of independent professionals at the preparation date of this document. This estimate involves making assumptions based on factors that may vary over time, which could, therefore, produce a significantly different outcome with respect to the current estimates made by the Group's management for the preparation of the Group's financial statements.

6) *Business combination transactions*

During the financial year, the equity investments in DEPA Infrastructure Single Member S.A. (hereinafter DEPA Infrastructure) and Janagas S.r.l. were acquired.

As part of the public tender called by the Greek government for the privatization of the distribution operator DEPA Infrastructure, on September 9, 2021 Italgas was declared the "preferred bidder" by the Greek privatization fund (HRADF); on 10 December 2021 the preliminary purchase and sale contract was signed. At that date DEPA Infrastructure owned 51% of Thessaloniki - Thessalia Gas Distribution S.A. (EDA Thess), 100% of Attiki Natural Gas Distribution Single Member Company S.A. (EDA Attikis) and 100% of public Gas Distribution Networks S.A. (DEDA), the three main players in gas distribution in Greece.

Furthermore, as at July 31, 2021 DEPA Infrastructure had undertaken to acquire from ENI Plenitude Società Benefit S.p.A. the remaining 49% of the share capital of EDA Thess, upon the occurrence of the same conditions precedent to which the acquisition of DEPA Infrastructure was subject as well as the completion of the acquisition of the same company.

The acquisition transaction was finalized as at September 1, 2022, following the occurrence of the conditions precedent set forth in the sales agreements, for a total consideration of € 929,146 thousand.

The signing of the acquisition agreements by Italgas Newco S.p.A. of 100% of DEPA Infrastructure and by DEPA Infrastructure of the remaining share of the share capital of EDA Thess took place respectively on September 1, 2022 for a consideration of € 763,949 thousand and as at 19 December 2022 for a consideration of € 165,196 thousand.

The provisional allocation of the purchase price based on the information available led to adjustments to redetermine the net assets acquired at their *fair value* for € 101,883 thousand, against:

a) the recognition of Intangible assets relating to the licences for natural gas distribution for € 134,055 thousand and the related deferred tax for € 29,492 thousand;
b) the recognition of prepaid tax on previous tax losses for € 11,120 thousand;
c) higher liabilities for provisions for risks and charges for € 13,800 thousand;

The residual value against the purchase cost was recognised to the item “Goodwill” for € 115,789 thousand.

As at August 2, 2022, Italgas signed a binding agreement for the acquisition from Fiamma 2000 Group of the LPG distribution and sales business, with related networks and plants, managed in 12 municipalities in Sardinia.

Following the fulfilment of the conditions precedent set out in the purchase and sale contract, on 13 December 2022 the purchase from the Fiamma 2000 Group of the entire share capital of Janagas S.r.l. by Medea S.p.A. was finalised. Janagas S.r.l. is the corporate vehicle to which the Fiamma 2000 Group transferred the LPG distribution and sales networks in Sardinia, which will subsequently be converted to natural gas.

The provisional allocation of the purchase price based on the information available led to *fair value* adjustments of the net assets acquired for € 13,222 thousand, against:

a) the greater value of Intangible assets relating to the distribution and metering of other gases for € 7,946 thousand;
b) the development of the customer list, for € 1,070 thousand, and related deferred tax for € 257 thousand;
c) the recognition of prepaid tax on depreciation and amortisation recoverable through tax, for € 4,462 thousand;

The negative difference between the purchase price and the *fair value* of the net assets acquired has been recognised to the income statement for € 13,558 thousand.
The analysis of the transactions is given below.

(€ thousands)	Acquisition of companies	
	JANAGAS S.r.l	**DEPA INFRASTRUCTURE Group**
Cash and cash equivalents	12	107,118
Trade and other receivables	695	19,876
Inventories	201	10,919
Tax assets	-	1,230
Other current assets	15	6,680
Current assets	**923**	**145,823**
Property, plant and equipment	-	11,537
Intangible assets	41,150	873,222
Equity investments	-	-
Financial assets	-	-
Deferred tax assets	4,463	11,120
Other non-current assets	-	43,724
Non-current assets	**45,613**	**939,603**

TOTAL ASSETS	**46,536**	**1,085,426**
Short-term financial liabilities	45	18,789
Trade and other payables	893	43,747
Tax liabilities	-	8,550
Other current liabilities	196	2,762
Current liabilities	**1,134**	**73,848**
Long-term financial liabilities	-	87,690
Provisions for risks and charges	51	22,644
Provisions for employee benefits	396	2,615
Deferred tax liabilities	257	50,591
Other non-current liabilities	239	34,681
Non-current liabilities	**943**	**198,221**
TOTAL LIABILITIES	**2,077**	**272,069**
NET VALUE OF ACQUIRED ASSETS	**44,459**	**813,357**
GOODWILL	**(13,558)**	**115,789**
PRICE OF THE ACQUIRED ASSETS	**30,901**	**929,146**
of which paid	**30,700**	**929,146**
to be paid	**201**	**-**

With regard to the acquisition transactions, it should be noted that the values entered are subject to the valuation period referred to in paragraph 45 of IFRS 3 which allows provisional amounts to be recognised in the closing financial statements, pending acquisition within a year. additional information that may derive from any adjustments relating to the assets and liabilities acquired.

7) *Cash and cash equivalents*

Cash and cash equivalents, equal to € 451,946 thousand (€ 1,391,763 thousand as of December 31, 2021), refer to current account deposits held at banks.

Cash and cash equivalents are not subject to any usage restrictions.

A comprehensive analysis of the financial situation and major cash commitments during the year can be found in the Statement of Cash Flows.

8) *Current financial assets*

Current financial assets, amounting to € 5,770 thousand, (€ 5,120 thousand as of December 31, 2021), relate mainly to financial receivables from credit institutions that can be liquidated in the short-term, essentially as guarantee of M&A operations with Conscoop (€ 5,001 thousand), and to the remaining amount of the equity investment of Italgas Reti S.p.A. in Acqua Campania S.p.A. (€ 119 thousand).

9) *Trade and other receivables*

Trade and other receivables, amounting to € 1,142,950 thousand (€ 588,098 thousand as of December 31, 2021) comprise the following:

(€ thousands)	As of 31 December 2021	As of 31 December 2022
Trade receivables	388,614	315,708
Receivables from acquisition/ disposal activities	5,278	5,278
Other receivables	194,206	821,964
Trade and other receivables	**588,098**	**1,142,950**

Trade receivables (€ 315,708 thousand as of December 31, 2022 and € 388,614 thousand as of December 31, 2021), decreased by € 72,906 thousand mainly due to the reduction in receivables from sales companies (negative € 232,800 thousand), from customers (negative € 31,900 thousand) and due to the deconsolidation of Gaxa (negative € 16,100 thousand) partially offset by higher receivables related to the "Super/Ecobonus" (€ 114,536 thousand), from the CSEA mainly related to the equalisation balance (€ 61,500 thousand) and the first-time consolidation of DEPA Infrastructure (€ 28,148 thousand).

Trade and other receivables are presented net of the bad debt provision (€ 16,742 thousand at December 31, 2022 and € 15,643 thousand at December 31, 2021). Changes in the bad debt provision during the year are shown below:

(€ thousands)	As of 31 December 2020	Acquired through business combination	Provisions	Uses	Other changes	As of December 31, 2021
Trade receivables	14,606	1,213	320	(1,384)	888	**15,643**
Other receivables	888	-	-	-	(888)	-
Bad debt provision	**15,494**	**1,213**	**320**	**(1,384)**	**-**	**15,643**

(€ thousands)	As of December 31, 2021	Acquired through business combination	Provisions	Uses	Other changes	As of December 31, 2022
Trade receivables	15,643	183	8	(350)	(108)	15,376
Other receivables	-	405	-	-	961	1,366
Bad debt provision	**15,643**	**588**	**8**	**(350)**	**853**	**16,742**

Bad debt provision reflects estimated losses in connection with the Group's credit portfolio. Impairment is made for expected losses on receivables, estimated both on the basis of past experience with receivables with similar credit risk and on the basis of future expected loss on open positions as of the reference date, as well as careful monitoring of the quality of credit portfolios.

Receivables from acquisition /disposal activities (€ 5,278 thousand as of December 31, 2022 unchanged compared to December 31, 2021) refer to proceeds from the sale of property, plant and equipment and intangible assets.

Other receivables (€ 821,964 thousand as of December 31, 2022 and € 194,206 thousand as of December 31, 2021) break down as follows:

(€ thousands)	As of December 31, 2021	As of December 31, 2022
IRES receivables for the national tax consolidation regime	16,285	16,516
VAT receivables for liquidation of Group VAT	2	-
Receivables expected to be collected from CSEA	130,575	744,101
Receivables from the Public administration	5,979	6,654
Prepayments	32,805	45,976
Receivables from personnel	2,258	2,088
Sundry other	6,302	6,629
Other receivables	**194,206**	**821,964**

IRES receivables for the national tax consolidation regime (€ 16,516 thousand as of December 31, 2022) mainly concern receivables from the former parent company, Eni S.p.A, relating to the IRES refund request resulting from the partial IRAP deduction relating to tax years 2004 to 2007 (pursuant to Article 6 of Decree-Law no. 185 of November 28, 2008, converted by Law no. 2 of January 28, 2009) and to tax years 2007 to 2011 (pursuant to Decree-Law no. 201/2011).

Receivables expected to be collected from CSEA (€ 744,101 thousand as of December 31, 2022) mainly refer to additional gas distribution tariff components (Safety Incentives, UG2[37] and the Gas Bonus[38]) for € 706,024 thousand and

[37] Additional component of the distribution tariff for the purpose of containing the cost of the gas service for low consumption end users.
[38] Component relating to requests for subsidies for natural gas provision by economically disadvantaged customers.

for safety incentives for € 38,076 thousand. The change compared to the previous period refers to Resolutions issued by ARERA to address the increase in energy prices and energy bills. For more details, please see item “27) Revenues”.

Receivables from Public administrations (€ 6,654 thousand at December 31, 2022) relate to receivables from Municipalities, mainly for Cosap.

The market value of trade and other receivables is analysed in the Note “Guarantees, commitments and risks - Other information about financial instruments”. All receivables are in Euro.

The fair value measurement of trade and other receivables has no material impact considering the short period of time from when the receivable arises and its due date and contractual conditions.

The following table provides the aging of Trade and other receivables

(€ thousands)	As of December 31, 2021			As of December 31, 2022		
	Trade receivables	**Other receivables**	**Total**	**Trade receivables**	**Other receivables**	**Total**
Receivables not overdue	364,628	199,484	564,112	227,483	821,964	1,049,447
Receivables overdue:	23,986	-	23,986	88,225	-	88,225
- from 0 to 3 months	5,575	-	5,575	47,713	-	47,713
- from 3 to 6 months	1,375	-	1,375	12,314	-	12,314
- from 6 to 12 months	2,438	-	2,438	18,768	-	18,768
- over 12 months	14,598	-	14,598	9,430	-	9,430
Trade and other receivables	**388,614**	**199,484**	**588,098**	**315,708**	**821,964**	**1,137,672**

Receivables overdue, amounting to € 88,225 thousand, mainly relate to receivables from end users for gas and water supply (€ 27,411 thousand) and ESCo service customers (€ 64,373 thousand).

As of December 31, 2022 there were no significant credit risks. Note that on average 98.44% of trade receivables relating to gas distribution are settled by the due date and over 99.67% within the following 4 days, confirming the strong reliability of the customers.

Receivables from related parties are described in the note “Related party transactions”.

Specific information on credit risk is provided in the note “Guarantees, commitments and risks - Financial risk management - Credit risk”.

10) *Inventories*

Inventories, amounting to € 120,486 thousand, are analysed in the table below:

(€ thousands)	As of December 31, 2021			As of December 31, 2022		
	Gross value	**Provision for impairment losses**	**Net value**	**Gross value**	**Provision for impairment losses**	**Net value**
Raw materials, consumables and supplies	106,013	(719)	105,294	124,733	(4,247)	120,486
Inventories	**106,013**	**(719)**	**105,294**	**124,733**	**(4,247)**	**120,486**

Inventories of raw materials, consumables and supplies (€ 120,486 thousand at December 31, 2022) mainly consisted of gas meters.

Provision for impairment losses on inventories of raw materials, consumables and supplies amounts to € 4,247 thousand (€ 719 thousand as of December 31, 2021).

Inventories are not collateralised. Inventories do not secure liabilities, nor are they recognised at net realisable value.

11) *Current and non-current tax receivables/liabilities*

Current and non-current income tax assets/liabilities break down as follows:

(€ thousands)	As of December 31, 2021			As of December 31, 2022		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Tax receivables	**21,625**	**22,936**	**44,561**	**8,703**	**54,862**	**63,565**
- IRES	18,153	22,936	41,089	4,328	54,862	59,190
- IRAP	3,472	-	3,472	720	-	720
- Foreign Taxes		-		3,655	-	3,655
Tax liabilities	**3,430**	**-**	**3,430**	**16,105**	**-**	**16,105**
- IRES	3,162	-	3,162	6,856	-	6,856
- IRAP	268	-	268	3,776	-	3,776
- Foreign Taxes	-	-	-	5,473	-	5,473

The change in income tax assets of € 19,005 thousand is mainly due to accrued tax credits for energy efficiency works falling under the legislation of Superbonus incentives as provided for in the Relaunch Decree (Decree-Law 34/2020). The tax credits arising from the Superbonus as of December 31, 2022 amount to € 37,209 thousand and can be used in 4 years, as envisaged by legislation. The Superbonus credits are related to the company Geoside S.p.A., which is part of the tax consolidation scheme of Italgas S.p.A., and Management therefore expects recovery through the taxable base of that company and of the tax consolidation scheme.

Taxes pertaining to the year under review are shown in the note “Income taxes”.

12) *Other current and non-current non-financial assets*

Other current non-financial assets, amounting to € 80,775 thousand, and *other non-current non-financial assets*, amounting to € 153,575 thousand, break down as follows:

(€ thousands)	As of December 31, 2021			As of December 31, 2022		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Other regulated activities	38,664	77,175	115,839	38,424	73,919	112,343
Other assets	15,415	3,191	18,606	42,351	79,656	122,007
- Other current taxes	10,710	-	10,710	36,645	-	36,645
- Accrued income and deferrals	4,701	163	4,864	5,706	76,376	82,082
- Security deposits	-	2,970	2,970	-	3,221	3,221
- Other	4	58	62	-	59	59
Other current and non-current non-financial assets	**54,079**	**80,366**	**134,445**	**80,775**	**153,575**	**234,350**

Other regulated activities (€ 112,343 thousand as of December 31, 2022) essentially relate to the tariff recognition, by the Authority, following the plan to replace traditional meters with electronic meters pursuant to Article 57 of ARERA Resolution no. 367/14, as amended, due to the change in methodology over previous years and the recovery of non-depreciation (so-called IRMA) pursuant to Consultation Document 545/2020/R/gas and Resolution no. 570/2019/R/gas and Determination no. 3/2021.

The Other current tax assets, amounting to € 36,645 thousand (€ 10,710 thousand as of December 31, 2021) refer to VAT receivables for € 23,061 thousand (€ 6,976 thousand as of December 31, 2021) and to other taxes for € 13,584 thousand (€ 3,734 thousand as of December 31, 2021).

It should be noted that the Group has finalised factoring agreements with financial counterparties on the basis of which the Group’s receivables can be factored without recourse. In particular, with reference to December 31, 2022, we finalised the assignment of VAT receivables in the amount of € 30.0 million.

Accrued income and deferrals amounting to € 82,568 thousand increased mainly as a result of the entry into the scope of consolidation of the DEPA Infrastructure Group (€ 76,729 thousand), which recognises in such item the positive difference between the revenues recognised and the revenues effectively accrued in the years between 2017 and 2022, recoverable through the tariffs of the subsequent regulation periods. The residual part of the item is instead related to prepayments of the Single Equity Charge recognised to Municipalities and insurance policies.

13) *Property, plant and equipment*

Property, plant and equipment, amounting to € 379,026 thousand as of December 31, 2022 (€ 372,108 thousand as of December 31, 2021), breaks down as follows:

	As of December 31, 2021						
(€ thousands)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Work in progress and payments on account**	**Total**
Cost as of 31.12.2020	**13,015**	**460,922**	**34,170**	**162,086**	**37,872**	**18,944**	**727,009**
Right of Use as of 31.12.2020	-	45,627	-	44,709	25,717	-	**116,053**
Additions	2	19,349	2,208	3,576	-	5,705	**30,840**
Right of use Additions	-	1,044	-	4,031	9,829	-	**14,904**
Disposals	(183)	(4,040)	(416)	(13,432)	(960)	(216)	**(19,247)**
Disposals of Right of Use	-	(1,099)	-	(3,509)	(18)	-	**(4,626)**
Reclassifications	-	-	129	793	-	-	**922**
Reclassifications of Right of Use	-	-	-	92	-	-	**92**
Other changes	(96)	11,212	211	2,084	484	(16,955)	**(3,060)**
Other changes in Right of Use		(169)		(39)	(86)	-	**(294)**
Cost as of 31.12.2021	**12,738**	**487,219**	**36,302**	**155,682**	**47,121**	**7,478**	**746,540**
Accumulated depreciation as of 31.12.2020		**(210,377)**	**(14,846)**	**(112,903)**	**(18,296)**	**-**	**(356,422)**
Amortisation of Right of Use as of 31.12.2021	-	(10,010)	-	(18,063)	(6,657)	-	**(34,730)**
Depreciation	-	(7,779)	(1,723)	(6,416)	(270)	-	**(16,188)**
Amortisation of Right of Use	-	(6,687)	-	(10,020)	(6,230)	-	**(22,937)**
Disposals	-	1,986	2	12,576	941	-	**15,505**
Disposals of Right of Use	-	565	-	3,016	6	-	**3,587**
Reclassifications	-	-	(1)	(580)	-	-	**(581)**
Reclassifications of Right of Use	-	-	-	(4)	-	-	**(4)**
Other changes in Right of Use	-	62	-	77	47	-	**186**
Other changes	-	2,534	4	177	(182)	-	**2,533**
Accumulated depreciation as of 31.12.2021	**-**	**(219,696)**	**(16,564)**	**(114,077)**	**(23,984)**	**-**	**(374,321)**
Provision for impairment of asset as of 31.12.2020				**(657)**		**(31)**	**(688)**
Value restorations	-	-	-	-	-	31	**31**
Disposals	-	-	-	653	-	-	**-**
Other changes	-	-	-	4	-	(111)	**(107)**
Provision for impairment of asset as of 31.12.2021	-	-	-	-	-	(111)	**(111)**
Net balance as of 31.12.2020	**13,015**	**250,545**	**19,324**	**48,526**	**19,576**	**18,913**	**369,899**
Net balance as of 31.12.2021	**12,738**	**267,523**	**19,738**	**41,605**	**23,137**	**7,367**	**372,108**
- of which Right of use	-	*29,333*	-	*20,290*	*22,608*	-	***72,231***

(€ thousands)	As of December 31, 2022						
	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Work in progress and payments on account	Total
Cost as of 31.12.2021	**12,738**	**487,219**	**36,302**	**155,682**	**47,121**	**7,478**	**746,540**
Right of use as of 31.12.2021	-	45,403	-	45,284	35,442	-	**126,129**
Additions	-	2,248	812	3,581	121	3,888	**10,650**
Right of Use additions	379	11,145	-	5,633	9,206	-	**26,363**
Disposals	(59)	(1,772)	(889)	(1,151)	(2)	(12)	**(3,885)**
Disposals of Right of Use	(350)	(6,644)	-	(458)	-	-	**(7,452)**
Reclassifications	(149)	696	52	1,661	-	(2,260)	**-**
Reclassifications of Right of Use	2,339	-	-	-	-	-	**2,339**
Assets acquired through business combination	1,949	8,544	2,311	581	15,400	499	**29,284**
Right of Use acquired through business combination	-	8,998	-	2,277	1,889	-	**13,164**
Other changes	(1)	3,793	(159)	144	(223)	(610)	**2,944**
Other changes in Right of Use	-	(1,432)		(37)	2		**(1,467)**
Cost as of 31.12.2022	**16,846**	**512,795**	**38,429**	**167,913**	**73,514**	**8,983**	**818,480**
Accumulated depreciation as of 31.12.2021	**-**	**(219,696)**	**(16,564)**	**(114,077)**	**(23,984)**	**-**	**(374,321)**
Amortisation of Right of Use as of 31.12.2021	-	(16,070)	-	(24,994)	(12,834)	-	**(53,898)**
Depreciation	-	(8,543)	(2,076)	(6,350)	(366)	-	**(17,335)**
Amortisation of Right of Use	(99)	(6,789)	-	(9,763)	(7,974)	-	**(24,625)**
Disposals	-	1,192	4	945	-	-	**2,141**
Disposals of Right of Use	7	3,121	-	316	-	-	**3,444**
Assets acquired through business combination	-	(5,975)	(1,422)	(437)	(13,224)	-	**(21,058)**
Right of use acquired through business combination	-	(4,917)	-	(1,229)	(1,435)	-	**(7,581)**
Other changes in Right of Use	-	(3)	-	5	1	-	**3**
Other changes	-	(2)	(34)	(443)	468		**(11)**
Accumulated depreciation as of 31.12.2022	**(92)**	**(241,612)**	**(20,092)**	**(131,033)**	**(46,514)**	**-**	**(439,343)**
Provision for impairment of asset as of 31.12.2021	**-**	**-**	**-**	**-**	**-**	**(111)**	**(111)**
Provision for impairment of asset as of 31.12.2022	**-**	**-**	**-**	**-**	**-**	**(111)**	**(111)**
Net balance as of 31.12.2021	**12,738**	**267,523**	**19,738**	**41,605**	**23,137**	**7,367**	**372,108**
Net balance as of 31.12.2022	**16,754**	**271,183**	**18,337**	**36,880**	**27,000**	**8,872**	**379,026**
- of which Right of use	*2,276*	*32,812*	*-*	*17,034*	*24,297*	*-*	*76,419*

Additions (€ 37,013 thousand) mainly refer to industrial and commercial equipment (€ 3,581 thousand), office buildings (€ 2,248 thousand) and leased assets (€ 26,363 thousand).

Rights of use are detailed in the following table:

(€ thousands)	As of December 31 , 2021	Depreciation	Acquired through business combination	Increases	Decreases	Reclassificati ons	Other changes	As of December 31 , 2022
Land	**-**	**(99)**	**-**	**379**	**(343)**	**2,339**	**-**	**2,276**
Buildings	**29,333**	**(6,789)**	**4,080**	**11,145**	**(3,523)**	**1**	**(1,435)**	**32,812**
- operating properties	29,333	(6,789)	4,080	11,145	(3,523)	1	(1,435)	32,812
Industrial and commercial equipment	**20,290**	**(9,763)**	**1,048**	**5,633**	**(142)**	**-**	**(32)**	**17,034**
- ICT	5,017	(2,012)	-	4,330		-	-	7,335
- motor vehicles	15,273	(7,751)	1,048	1,303	(142)	-	(32)	9,699
Other assets	**22,608**	**(7,973)**	**454**	**9,206**	**-**	**-**	**2**	**24,297**
Rights of use	**72,231**	**(24,624)**	**5,582**	**26,363**	**(4,008)**	**2,340**	**(1,465)**	**76,419**
Interest expense (included in financial expense)	**290**							**321**

Land and buildings, of € 287,935 thousand, mainly include buildings for office use, workshops, warehouses and depots used in the corporate business, of which rights of use of € 35,088 thousand.

Plant and machinery (€ 18,337 thousand) mainly related to photovoltaic plants (€ 14,661 thousand) and charging stations (€ 2,883 thousand).

Industrial and commercial equipment (€ 36,880 thousand) include rights of use for € 17,034 thousand relating to IT infrastructures and leased vehicles.

During the year, there were no changes in the estimated useful life of assets or in the depreciation rates applied and explained by category in the Note - "Measurement criteria - Property, plant and equipment".

Property, plant and equipment are not collateralised and there are no restrictions on ownership and property.

Contractual commitments to purchase property, plant and equipment, and to provide services related to the construction thereof, are reported in the Note "Guarantees, commitments and risks".

During the year, no impairment indicators were observed, nor any significant variations to the measurement of the recoverability of the value recognised in the financial statements for Property, plant and equipment.

14) *Intangible assets*

Intangible assets, amounting to € 8,509,368 thousand as of December 31, 2022 (€ 7,469,805 as of December 31, 2021) break down as follows:

(€ thousands)	As of December 31, 2021						
	Finite useful life					Indefinite useful life	
	Service concession arrangements	Industrial patent rights and intellectual property rights	Work in progress and payments on account IFRC 12	Work in progress and payments on account	Other Intangible Assets	Goodwill	Total
Cost as of 31.12.2020	**11,320,032**	**470,779**	**315,206**	**11,661**	**75,578**	**67,438**	**12,260,694**
Additions	632,359	6,382	141,394	39,124	15,396	6,501	**841,156**
Government grants	-	-	(33,140)	-		-	**(33,140)**
Assets acquired through business combination	26,864	217	-	-	1,142	-	**28,223**
Disposals	(63,653)	(989)	(87)	(1,880)	(290)	-	**(66,899)**
Reclassifications	(77,757)				77,757	-	**-**
Other changes	106,731	35,261	(105,100)	(36,911)	85	567	**633**
Cost as of 31.12.2021	**11,944,576**	**511,650**	**318,273**	**11,994**	**169,668**	**74,506**	**13,030,667**
Accumulated amortisation as of 31.12.2020	**(4,749,781)**	**(381,823)**	**-**	**-**	**(62,639)**	**-**	**(5,194,243)**
Amortisation	(364,339)	(37,598)	-	-	(3,325)	-	**(405,262)**
Assets acquired through business combination	(1,666)	(207)	-	-	(704)	-	**(2,577)**
Disposals	50,904	288	-	-	287	-	**51,479**
Reclassifications	76,619		-	-	(76,619)	-	**-**
Other changes	(752)	11	-	-	1,136	-	**395**
Accumulated amortisation as of 31.12.2020	**(4,989,015)**	**(419,329)**	**-**	**-**	**(141,864)**	**-**	**(5,550,208)**
Provision for impairment losses as of 31.12.2020	**(9,276)**	**-**	**-**	**(2,147)**	**-**	**-**	**(11,423)**
Write-down	(895)	-	-	-	-	-	**(895)**
Disposals	17	-	-	2,095	-	-	**2,112**
Assets acquired through business combination	-	(10)	-	-	(438)	-	**(448)**
Provision for impairment of assets as of 31.12.2021	**(10,154)**	**(10)**	**-**	**(52)**	**(438)**	**-**	**(10,654)**
Net balance as of 31.12.2020	**6,560,975**	**88,956**	**315,206**	**9,514**	**12,939**	**67,438**	**7,055,028**
Net balance as of 31.12.2021	**6,945,407**	**92,311**	**318,273**	**11,942**	**27,366**	**74,506**	**7,469,805**

(€ thousands) As of December 31, 2022	Finite useful life					Indefinite useful life	
	Service concession arrangements	Industrial patent rights and intellectual property rights	Work in progress and payments on account IFRC 12	Work in progress and payments on account	Other Intangible Assets	Goodwill	Total
Cost as of 31.12.2021	**11,944,576**	**511,650**	**318,273**	**11,994**	**169,668**	**74,506**	**13,030,667**
Additions	630,829	33,518	99,199	13,257	505	-	**777,308**
Government grants	(48)	-	(10,787)	-	-	-	**(10,835)**
Assets acquired through business combination	1,437,696	(2,416)	48,934	(307)	20,206	115,789	**1,619,902**
Disposals	(594,948)	(22)	(4,141)	(64)	(309)	-	**(599,484)**
Reclassifications	184,046	9,945	(184,046)	(9,945)	-	-	**-**
Other changes	(2,408)	12,097	5,261	(214)	(11,789)	168	**3,115**
Cost as of 31.12.2022	**13,599,743**	**564,772**	**272,693**	**14,721**	**178,281**	**190,463**	**14,820,673**
Accumulated amortisation as of 31.12. 2021	**(4,989,015)**	**(419,329)**	**-**	**-**	**(141,864)**	**-**	**(5,550,208)**
Amortisation	(396,361)	(38,092)	-	-	(1,878)	-	**(436,331)**
Assets acquired through business combination	(562,062)	450	-	-	(17,135)	-	**(578,747)**
Disposals	276,639	7	-	-	309	-	**276,955**
Other changes	8,753	(10,943)	-	-	9,411	-	**7,221**
Accumulated amortisation as of 31.12.2022	**(5,662,046)**	**(467,907)**	**-**	**-**	**(151,157)**	**-**	**(6,281,110)**
Provision for impairment losses as of 31.12.2021	**(10,154)**	**(10)**	**-**	**(52)**	**(438)**	**-**	**(10,654)**
Write-down	-	-	(895)	-	-	-	**(895)**
Disposals	8,684	-	147	-	-	-	**8,831**
Assets acquired through business combination	(15,918)	-	-	-	-	-	**(15,918)**
Other changes	(10,659)	-	(98)	52	(854)	-	**(11,559)**
Provision for impairment losses as of 31.12.2022	**(28,047)**	**(10)**	**(846)**	**-**	**(1,292)**	**-**	**(30,195)**
Intangible assets as of 31.12.2021	**6,945,407**	**92,311**	**318,273**	**11,942**	**27,366**	**74,506**	**7,469,805**
Intangible assets as of 31.12.2022	**7,909,650**	**96,855**	**271,847**	**14,721**	**25,832**	**190,463**	**8,509,368**

Service concession arrangements, including the related work in progress, amounting to € 8,181,497 thousand (€ 7,263,680 thousand as of December 31, 2021), refer to agreements between the public and private sectors ("Service concession arrangements") on the development, financing, management and maintenance of infrastructure under concession by a contracting party. The provisions relating to the service concession agreements are applicable for Italgas in its role as a public service natural gas distributor in Italy and Greece and in integrated water service management, i.e. they are applicable to the agreements under which the operator is committed to providing the public natural gas distribution and integrated water service at the tariff established by the Authority, holding the right to use the infrastructure, which is controlled by the grantor, for the purposes of providing the public service.

Service concession arrangements also includes for € 134,055 thousand the value of the intangible asset “licences” measured during the purchase price allocation of the DEPA Infrastructure Group relating to the licences for gas distribution in Greece expiring in 2043 and possibility of renewal for another 30 years.

IFRIC 12 Work in progress and payments on account IFRIC 12 € 271,849 thousand (€ 318,273 thousand at December 31, 2021) mainly refers to new networks under construction and digitisation of natural gas distribution networks.

Industrial patent rights and intellectual property rights of € 96,853 thousand (€ 92,311 thousand as of December 31, 2021) mainly concern information systems and applications in support of operating activities.

Other intangible assets of € 25,833 thousand (€ 27,366 thousand as of December 31, 2021)mainly refer to the customer lists relating to the acquisition of ESCo and gas sales businesses (€ 14,736 thousand).

Intangible assets with an undefined useful life of € 190,463 thousand (€ 74,506 thousand at December 31, 2021) mainly refer to goodwill arising in previous years in relation to the process of allocation of prices paid for the acquired companies.

The increase compared to December 31, 2021 mainly derives from the business combination transaction relating to the DEPA Infrastructure Group (€ 115,789 thousand). For information about the business combination transaction of the DEPA Infrastructure Group, please see subsection “6) Business combination transactions”.

Additions for the year mainly relate to concession agreements for the maintenance and development of the smart metering network and the digitisation of networks. In particular:

- gas distribution investments (€ 712.8 million, -0.8% compared to 2021), which recorded the installation of an additional 532 km of pipeline (2021: 732 km), were largely driven by network development, maintenance and repurposing initiatives. The reduction compared to 2021 is caused by less construction of new gas distribution networks, mainly due to the gradual completion of the methanisation project in Sardinia, where an additional 12 km of new network was built, bringing the total of networks laid to 909 km; in addition, 13 LNG storage plants were installed, with a total of 66 in service. DEPA Infrastructure's subsidiaries made € 26.9 million in investments, of which € 3.7 million went into the construction of new gas distribution networks;
- investments in digitisation (€ 190.9 million, up +30.2% compared to 2021) relate to the installation of digital devices for the acquisition of date for the control and monitoring of the distribution network and plants.
- metering investments (€ 43.3 million, -43.4% compared to 2021, of which 1.9 was made in Greece for 7 thousand units) were affected by the completion of the plan to replace traditional meters in Italy pursuant to ARERA Resolution no. 631/2013/R/gas as amended. In 2022, the Company installed 372 thousand new meters in Italy, of which 89 thousand to replace traditional G4/G6 meters, 269 thousand for the repair of digital meters with anomalies and 14 thousand to replace large-caliber meters. At December 31, 2022[39], a total of 7.6 million smart meters have been installed as part of the plan to replace traditional meters with smart meters (93.0% of the total number of meters and practically all active meters). As of December 31, 2022, the digital meter stock installed by the DEPA Infrastructure Group amounted to 41 thousand units.

“Service concession arrangements”, net of the effect caused by the sale on 1 December 2022, of fixed assets relating to the Municipalities of ATEM Naples 1, increased by € 941.1 million mainly following the acquisition of the DEPA Infrastructure Group, which resulted in the recognition of assets pursuant to IFRIC 12 in the amount of € 824.9 million and goodwill in the amount of € 115.8 million.

On 21 December 2022, the closing of the transaction through which Medea S.p.A. acquired 49% of the share capital of Energie Rete Gas S.r.l. was finalised through the transfer to the same of assets and activities relating to gas transmission to serve the distribution networks operating in the municipalities under concession.

Amortisation refers to economic and technical amortisation determined on the basis of the finite useful life of the intangible assets or their remaining possible use by the Group.

The provision for impairment losses, amounting to € 30,195 thousand, mainly relates to service concession arrangements and increased by € 19,541 mainly due to the entry into the scope of consolidation of Janagas (€ 15,918 thousand).

Advanced research and development costs of the period are not of a considerable amount.

Contractual commitments to purchase intangible assets, and to provide services related to the development thereof, are reported in the section - “Guarantees, commitments and risks”.

Impairment test

The *impairment test* is conducted for all CGUs with impairment indicators and/or goodwill allocated to them. In 2022, the test was performed for all the CGUs, regardless of the presence of impairment indicators and/or goodwill.

The impairment test therefore concerned the following CGUs (Cash Generating Units):

- Distribution and metering of natural and other gases;
- Distribution and metering of natural gas abroad;
- Sale of natural and other gases;
- Integrated water service;
- Other activities (ESCos).

As compared with last year, it is noted that the CGU “Distribution and metering of natural gas abroad” was introduced, by virtue of the business combination relating to the DSOs of the DEPA Infrastructure Group operating in Greece.

As envisaged by IAS 36, impairment testing was conducted on assets and goodwill by determining their recoverable value and comparing this with the net book value of the CGUs to which they belong.
Goodwill posted to the financial statements is allocated to the CGUs as follows:

- Distribution and metering of natural and other gases: € 66.2 million;
- distribution and metering of natural gas abroad: € 115.8 million;

[39] Also taking into account the affiliates, over which Italgas does not exercise control, 406 thousand new meters were installed during the period, bringing the total number of smart meters installed as a 31 December 2022 to 7.7 million (92.5% of the total number of meters and practically all active meters).

- Other activities (ESCos): € 8.3 million.

With reference to the "Distribution and metering of natural and other gases" CGU and the Integrated water service CGU, the recoverable amount was defined in accordance with the estimated value of Net Invested Capital attributed to such assets for tariff purposes (RAB - Regulatory Asset Base) by the Authority.

The "Distribution and metering of natural gas and other gases" CGU includes, as described previously, the "Municipalities in start-up", mainly concentrated in Sardinia, for which the remuneration mechanism provides for a limit to tariff recognitions for investments in distribution networks for locations with year of first supply after 2017, in the amount of € 5,250 (expressed at 2017 prices) per delivery point set by resolution no. 704/2016/R/gas. The RAB considered is based on the achievement of break-even delivery points.

The use of the RAB for estimating recoverable amount is a generally accepted method in regulated utility sectors; reasonable changes in valuation inputs would not result in losses of value in the asset

With reference to the CGU "Distribution and metering of natural gas abroad", the recoverable amount was defined on the basis of the price of a recent market transaction (sale of 10% of the capital of Italgas Newco S.p.A. to a minority shareholder at a price corresponding to an implicit measurement of the equity investment of 100% in DEPA Infrastructure in line with the price offered by Italgas for the purchase during privatisation).

With reference to the "Sale of natural and other gases" CGU, the recoverable amount was defined on the basis of the price of recent market transactions.

With reference to the CGU "Other activities", the recoverable amount was determined using the Discounted Cash Flow (DCF) Method based on the flows resulting from the 2022-2028 Business Plan. No impairment was found as a result of the test carried out. A sensitivity analysis was also carried out on the WACC used to determine the recoverable value.

15) *Investments accounted for using the equity method*

Investments accounted for using the equity method, amounting to € 47,243 thousand (€ 30,108 thousand at December 31, 2021) break down as follows:

(€ thousands)	As of December 31, 2021	Investments	Share of the results of investments in associates/joint ventures	Dividends paid	Other changes	As of December 31, 2022
Umbria Distribuzione Gas SpA	1,515	-	(118)	-	-	1,397
Sant'Angelo Lodigiano S.p.A.	1,103	-	43	(113)	-	1,033
Gesam Reti S.p.A.	21,633	-	708	(1,211)	-	21,130
Valdarno S.r.l.	5,461	-	-	-	(5,461)	-
Enerpaper S.r.l.	396	-	29	-	63	488
Gaxa S.p.A.		-	-	-	93	93
Energie Rete Gas S.r.l.		23,102	-	-	-	23,102
Investments accounted for using the equity method	**30,108**	**23,102**	**662**	**(1,324)**	**(5,305)**	**47,243**

During the financial year, the following was reported:

- the divestment, as of May 4, 2022, of 36.29% of Gaxa S.p.A.; the company was deconsolidated and entered into the scope of investments accounted for using the equity method;
- the investment, as of 21 December 2022, into 49% of the share capital of Energie Rete Gas S.r.l. through the transfer of a number of gas transmission assets located in Sardinia;
- the non-proportional partial demerger of Valdarno S.p.A., which transferred part of the assets held to the newly formed Immogas S.r.l., fully consolidated.

Income from valuation using the equity method, of € 662 thousand, refers mainly to the company Gesam Reti (€ 708 thousand).

The decrease for dividends, of € 1,324 thousand concerns the company Gesam Reti (€ 1,211 thousand) and Metano Sant'Angelo Lodigiano (€ 113 thousand).

Equity investments are not collateralised.

With regard to the recoverable amount of equity investments, for companies operating exclusively in regulated businesses, it is calculated using the adjusted RAB value of the net financial position, while for companies operating in other businesses, it is estimated based on future cash flows deriving from the business plans. In the light of the positive performance of those companies, the value estimated in this way is higher for all equity investments than the value recorded in the financial statements, and therefore there are no losses in value.

Consolidated companies, joint ventures, associates and other significant equity investments are indicated separately in the Appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. at December 31, 2022", which is an integral part of these notes.

Other information on equity investments

In accordance with the provisions of IFRS 12 - "Disclosure of interests in other entities", the economic and financial data for joint ventures and associates are provided below.

Equity investments in joint ventures

The IFRS-compliant economic and financial data on equity investments in joint ventures operating in the distribution of natural gas[40] are reported below according to their relevance.

	As of December 31, 2022	
(€ thousands)	**Gas distribution companies under joint control**	**Gas transmission companies under joint control**
Current assets	5,971	17,459
- of which Cash and Cash equivalents	*3,590*	*4,675*
Non-current assets	16,973	95,099
Total assets	**22,944**	**112,558**
Current liabilities	(12,618)	(9,885)
- of which Current financial liabilities	*(1,568)*	*(2,388)*
Non-current liabilities	(5,160)	(61,162)
- of which Non-current financial liabilities	*(2,000)*	*(61,112)*
Total liabilities	**(17,778)**	**(71,047)**
Equity	**5,166**	**41,511**
Equity attributable to the Group	2,428	20,340
Other adjustments	2	2,762
Carrying amount	**2,430**	**23,102**
Revenues	6,953	12,650
Operating costs	(6,075)	(2,765)
Amortisation, depreciation and impairment of assets	(778)	(2,077)
Operating result	**100**	**7,808**
Financial Income (Expense)	(68)	428
Income taxes	(59)	(2,281)
Net profit	**(27)**	**5,955**
Total comprehensive income	**(27)**	**5,955**

[40] Unless otherwise indicated, the financial statement figures for joint ventures, reported in full, have been updated to include adjustments made by the Parent Company pursuant to the equity-accounting method.

Umbria Distribuzione Gas S.p.A.

Umbria Distribuzione Gas S.p.A. operates in the natural gas distribution segment in Umbria.

The share capital of Umbria Distribuzione Gas S.p.A. is held by Italgas S.p.A. (45%), by A.S.M. Terni S.p.A. (40%) and by Acea S.p.A. (15%).

Umbria Distribuzione Gas manages the natural gas distribution service in the Terni municipality, making use of an integrated system of infrastructures, mainly owned by Terni Reti S.r.l., a wholly-owned subsidiary of the Terni municipality, comprising stations for withdrawing gas from the transportation network, pressure reduction plants, the local transportation and distribution network, user derivation plants and redelivery points comprising technical equipment featuring meters at the end users.

The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the private partners (Italgas S.p.A. and Acea S.p.A.) and the Public Partner (Municipalities).

Metano Sant'Angelo Lodigiano S.p.A.

Metano Sant'Angelo Lodigiano S.p.A. operates in the natural gas distribution sector in the municipalities of Sant'Angelo Lodigiano (LO), Villanova del Sillaro, Bargano (LO), Castiraga Vidardo (LO), Marudo (LO) and Villanterio (PV).

The share capital of Metano Sant'Angelo Lodigiano S.p.A. is held by Italgas S.p.A. (50%) and by Comune di Sant'Angelo Lodigiano (50%). The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the private partner (Italgas S.p.A.) and the Public Partner (Municipalities).

Energie Rete Gas S.r.l.

Energie Rete Gas S.r.l. is a company active in gas transmission through a network of regional methane pipelines located in Valle D'Aosta, Piedmont, Liguria, Tuscany and Sardinia.

The share capital of the company is held by Energetica S.p.A. (51%) and Medea S.p.A. (49%). The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the partners.

Equity investments in associates

The IFRS-compliant economic and financial data for each significant associate, are reported below:

(€ thousands)	As of December 31, 2022	
	Gesam Reti	**Enerpaper**
Current assets	9,989	1,819
- of which Cash and Cash equivalents	*1,841*	*200*
Non-current assets	56,781	423
Total assets	**66,770**	**2,242**
Current liabilities	(11,159)	(506)
- of which Current financial liabilities	*(2,533)*	*(163)*
Non-current liabilities	(18,296)	(786)
- of which Non-current financial liabilities	*(14,510)*	*(700)*
Total liabilities	**(29,455)**	**(1,292)**
Equity	**37,315**	**950**
Equity investment held by the Group %	42.96%	20.01%
Equity attributable to the Group	16,031	190
Other adjustments	5,099	298
Carrying Amount	**21,130**	**488**
Revenues	13,902	5,986
Operating costs	(7,180)	(5,107)
Amortisation, depreciation and impairment of asset	(3,484)	(140)
Operating Result	**3,238**	**739**
Financial Income (Expense)	(284)	(79)
Income taxes	(950)	(100)
Net profit	**2,004**	**560**
Total comprehensive income	**2,004**	**560**

Gesam Reti S.p.A.

Gesam Reti S.p.A. operates in the natural gas distribution and network management sector (owned 42.96% by Toscana Energia S.p.A.) in the municipality of Lucca and in another 7 municipalities of the province.

Enerpaper S.r.l.

Enerpaper S.r.l. operates in Turin, is 20.01% owned through Geoside S.p.A., whose activities carried out on its own behalf or on behalf of third parties are mostly focused on energy efficiency, building production in general, development, production, installation and sale of innovative products or services having high technological value.

Gaxa S.p.A.

Gaxa S.p.A. is a company active in the sale of natural gas and other gases in Sardinia, in which Italgas holds a 15.56% stake.

16) *Non-current financial assets*

Non-current financial assets, amounting to € 22,945 thousand (€ 7,855 thousand as of December 31, 2021), are broken down as follows:

(€ thousands)	As of December 31, 2021	As of December 31, 2022
Financial receivables	2,848	3,984
Other equity investments	5,007	18,961
Non-current financial assets	**7,855**	**22,945**

Other equity investments of € 13,956 thousand relates to the fair value measurement of the investments in Picarro Inc. and Reti Distribuzione S.p.A. The increase in the item, equal to € 13,954 thousand, is mainly due to the acquisition of a stake in Picarro, on March 2, 2022, with an outlay of $ 15 million.

17) *Assets held for sale*

Assets held for sale, amounting to € 11 thousand (€ 2,180 thousand at December 31, 2021) decrease by € 2,169 thousand, mainly due to the sale of the real estate complex in via Avezzana, Milan and the gas distribution plants in certain municipalities of the ATEM Milan 1 to another operator awarded the related area tender.

18) *Current and non-current financial liabilities*

Current financial liabilities, amounting to € 142,437 thousand (€ 591,188 thousand as of December 31, 2021) and *non-current financial liabilities*, totalling € 6,545,350 thousand (€ 5,785,707 thousand as of December 31, 2021), break down as follows:

	As of December 31, 2021					
	Current liabilities			Non-current liabilities		
(€ thousands)	Current liabilities	Current portion of non-current liabilities	Total current liabilities	Non-current portion due within 5 years	Non-current portion due beyond 5 years	Total non-current liabilities
Bank loans	350,470	42,186	392,656	830,429	458,494	1,288,923
Notes	-	146,111	146,111	880,791	3,564,619	4,445,410
Lease liabilities (IFRS 16)	-	19,625	19,625	45,066	5,307	50,373
Other shareholders	32,796	-	32,796	1,001	-	1,001
Current and non-current financial liabilities	**383,266**	**207,922**	**591,188**	**1,757,287**	**4,028,420**	**5,785,707**

	As of December 31, 2022					
	Current liabilities			Non-current liabilities		
(€ thousands)	Current liabilities	Current portion of non-current liabilities	Total current liabilities	Non-current portion due within 5 years	Non-current portion due beyond 5 years	Total non-current liabilities
Bank loans	1,060	67,713	68,773	1,040,937	598,203	1,639,140
Notes	-	49,993	49,993	933,448	3,745,076	4,678,524
Lease liabilities (IFRS 16)	-	21,571	21,571	40,415	10,062	50,477
Other shareholders loans	2,065	35	2,100	22	34,750	34,772
Current and non-current financial liabilities	**3,125**	**139,312**	**142,437**	**2,014,822**	**4,388,091**	**6,402,913**

Bank loans are initially recognised at cost represented by the fair value of the amount received net of incidental charges for obtaining the loan. After this initial recognition, loans are recognised with the amortised cost criterion calculated using the effective interest rate. All financial liabilities are accounted for using the amortised cost method.

On September 15, 2022, the Board of Directors resolved on the renewal of the EMTN Programme launched in 2016 and already renewed in all prior financial years, confirming the maximum nominal amount of € 6.5 billion, which was subscribed on October 26, 2022.

On May 23, 2022 Italgas took out a floating-rate loan with Banca Intesa Sanpaolo for a total amount of € 250 million and for a duration of three years.

On September 20, 2022 Italgas signed a fixed-rate framework loan with the European Investment Bank (EIB) to support the works to be carried out in Italy through Geoside, the Group's Energy Service Company, for a total amount of € 150 million and a duration of 14 years.

On September 30, 2022, DEPA Infrastructure signed a loan package with a leading Greek bank for a total nominal amount of € 580 million. On 13 December 2022, the provision was released for the first tranche of the bond loan necessary to finance the purchase of the remaining 49% of the capital of EDA Thess on December 19, 2022.

Financial debt to other lenders for € 34,750 thousand refers to a shareholder loan granted by Pheaton S.A. to settle part of the consideration paid for the acquisition of 10% of Italgas Newco S.p.A.

As required by IAS 7 (§44A), below is the statement showing the prospectus containing a reconciliation of the changes in liabilities deriving from financing, distinguishing between changes deriving from cash flow and other non-monetary changes.

(€ thousands)	As of December 31, 2021	Cash flow	Other non-monetary changes				As of December 31, 2022
			Conversion differences	**Other changes**	**Business combinations**	**Total change**	
Bank loans	1,681,579	171,111	-	(156,903)	12,126	26,334	1,707,913
of which current	*392,656*	*(387,891)*	-	*63,882*	*126*	*(323,883)*	*68,773*
of which non-current	*1,288,923*	*559,002*	-	*(220,785)*	*12,000*	*350,217*	*1,639,140*
Notes	4,591,521	(156,066)	-	204,916	88,146	136,996	4,728,517
of which current	*146,111*	*(146,111)*	-	*33,340*	*16,653*	*(96,118)*	*49,993*
of which non-current	*4,445,410*	*(9,955)*	-	*171,576*	*71,493*	*233,114*	*4,678,524*
Lease liabilities (IFRS 16)	69,998	(2,355)	-	(1,475)	5,880	2,050	72,048
of which current	*19,625*	*(50)*	-	-	*1,996*	*1,946*	*21,571*
of which non-current	*50,373*	*(2,305)*	-	*(1,475)*	*3,884*	*104*	*50,477*
Other loans	33,797	3,078	-	(48)	45	3,075	36,872
of which current	*32,796*	*(30,671)*	-	*(70)*	*45*	*(30,696)*	*2,100*
of which non-current	*1,001*	*33,749*	-	*22*	-	*33,771*	*34,772*
Current and non-current financial liabilities	**6,376,895**	**15,768**	**-**	**46,490**	**106,197**	**168,455**	**6,545,350**

Current financial liabilities

Current financial liabilities, of € 142,437 thousand (€ 591,188 thousand as of December 31, 2021), including the short-term portions of long-term liabilities, mainly refer to the use of uncommitted credit lines. The reduction of € 448,751 thousand is mainly due to the decreased use of the credit lines.

There are no short-term financial liabilities denominated in currencies other than the Euro.

Non-current financial liabilities

Non-current financial liabilities amounting to € 6,402,913 thousand overall (€ 5,785,707 thousand as of December 31, 2021).

Net of lease liabilities, the increase compared to December 31, 2021, of € 166,405 thousand, is primarily due to the consolidation of bank loans subscribed by DEPA Infrastructure Group companies (€ 240,120 thousand), partially offset by a decrease in the use of bank lines by Italgas S.p.A.

The breakdown of the notes (€ 4,728,517 thousand), with the issuing company, year of issue, currency, average interest rate and due date, is provided in the following table.

(€ thousands)

Issuing company	Issue (year)	Currency	Nominal Value	Adjustments to amortized cost (a)	Balance as of 31.12.2022	Rate (%)	Due date (year)
Euro Medium Term Notes							
ITALGAS S.p.A.	2017	euro	750,000	7,888	757,888	1.625%	2027
ITALGAS S.p.A.	2017	euro	381,326	3,022	384,348	1.125%	2024
ITALGAS S.p.A.	2017	euro	750,000	8,755	758,755	1.625%	2029
ITALGAS S.p.A.	2019	euro	600,000	(2,443)	597,557	0.875%	2030
ITALGAS S.p.A.	2019	euro	500,000	(3,713)	496,287	1.000%	2031
ITALGAS S.p.A.	2020	euro	500,000	(2,087)	497,913	0.250%	2025
ITALGAS S.p.A.	2021	euro	500,000	(5,469)	494,531	0.000%	2028
ITALGAS S.p.A.	2021	euro	500,000	(3,604)	496,396	0.500%	2033
EDA ATTIKIS	2021	euro	25,000	(5,575)	19,425	1.90% + 3M Euribor	2027
EDA THESS	2018	euro	3,600	(1,200)	2,400	2.30% + 3M Euribor	2023
EDA THESS	2019	euro	13,750	(1,250)	12,500	2.17% + 3M Euribor	2027
EDA THESS	2020	euro	13,000	(1,000)	12,000	1.90% + 3M Euribor	2028
EDA THESS	2021	euro	38,500	(1,069)	37,431	1.85% + 3M Euribor	2031
DEPA INFRASTRUCTURE	2022	euro	166,000	(4,914)	161,086	1.70% + 3M Euribor	2029
Total			**4,741,176**	**(12,659)**	**4,728,517**		

(a) Includes issue discount/premium and interest rate.

The breakdown of bank loans, amounting to € 1,707,913 thousand is provided in the table below.

(€ thousands)

Type	Issue (year)	Currency	Nominal Value	Adjustments to amortized cost (a)	Balance as of 31.12.2022	Rate (%)	Due date (year)
ITALGAS S.p.A. - EIB	2017	euro	360,000	(250)	359,750	0.35+Euribor 6M	15.12.2037
ITALGAS S.p.A. - EIB	2015	euro	107,467	24	107,491	0.14+Euribor 6M	22.10.2035
ITALGAS S.p.A. - EIB	2016	euro	250,000	(291)	249,709	0.47+Euribor 6M	30.11.2032
ITALGAS S.p.A. - EIB	2022	euro	150,000	284	150,284	3.180%	15.12.2037
TOSCANA ENERGIA S.p.A - EIB	2016	euro	90,000	(16,364)	73,636	1.049%	30.06.2031
ITALGAS S.p.A. - TL MEDIOBANCA	2021	euro	200,000		200,000	0.000%	15.10.2024
ITALGAS S.p.A. - TL INTESA SANPAOLO	2021	euro	300,000		300,000	0.000%	27.10.2024
ITALGAS S.p.A. - TL INTESA SANPAOLO	2022	euro	250,000	1,346	251,346	0.60+Euribor 3M	20.05.2025
GEOSIDE - FIN LT INTESA SANPAOLO	2021	euro	1,342		1,342	0.830%	23.12.2025
DEDA - European Investment Bank (EIB)	2022	euro	12,000		12,000	2.772%	2042
Financial payables due to other banks					2,355		
Total			**1,720,809**	**(15,251)**	**1,707,913**		

(a) Includes issue discount/premium and interest rate.

There are no non-current bank loans denominated in currencies other than the Euro.

There were no breaches of loan agreements as of the reporting date.

There were no breaches of loan agreements as of the reporting date. See the “Financial covenants and negative pledge contractual clauses” paragraph.

Breakdown of total financial liabilities by interest rate type

As of December 31, 2022, the breakdown of debt by type of interest rate, inclusive of liabilities for leases pursuant to IFRS 16 was as follows:

(€ million)	As of December 31, 2021		As of December 31, 2022	
	Value	**%**	**Value**	**%**
Fixed rate	5,910.9	**92.7%**	5,940.6	**90.8%**
Floating rate	466.0	**7.3%**	605.0	**9.2%**
Total	**6,376.9**	**100.0%**	**6,545.6**	**100.0%**

Financial covenants and negative pledge contractual clauses

As of December 31, 2022, there were no loan agreements containing financial covenants and/or secured by collateral, with the exception of the EIB loan taken out by Toscana Energia, and loans taken out by several subsidiaries of DEPA Infrastructure, which require compliance with certain financial covenants[41]. 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 of December 31, 2022, these commitments were respected.

The option for the lender to request additional guarantees if Italgas' credit rating is below BBB- (Fitch Ratings Limited) or Baa3 (Moody's) is envisaged only for the EIB loans taken out by Italgas. As of December 31, 2022, these criteria were met (see "Rating risk").

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas and Toscana Energia failure to comply and could trigger the early repayment of the relative loan.

Breakdown of net financial debt

Below is the net financial position in line with the CONSOB provisions of July 28, 2006 and with the provisions of ESMA guideline no. 39 issued on March 4, 2021, applicable from May 5, 2021 and CONSOB's Warning Notice no. 5/21 issued on April 29, 2021, reconciled with the financial debt prepared according to the Italgas Group representation methods.

(€ thousands)	As of December 31, 2021	As of 31 December 2022
A. Cash	1,390,711	450,894
B. Cash equivalents	1,052	1,052
C. Other current financial assets	5,120	23,225
D. Liquidity (A+B+C)	**1,396,883**	**475,171**
E. Current financial debt	383,556	3,415
F. Current portion of non-current financial debt (*)	207,922	139,312
G. Current financial debt (E+F)	**591,478**	**142,727**
of which, related parties	*464*	*118*
H. Net current financial debt (G-D)	**(805,405)**	**(332,444)**
I. Non-current financial debt (excluding the current portion and debt instruments) (*)	1,345,910	1,688,981
J. Debt instruments	4,445,410	4,678,525
K. Trade and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	**5,791,320**	**6,367,506**
of which, related parties	*1,351*	*(2,048)*
M. Net financial debt (H+L)	**4,985,915**	**6,035,062**

For a better presentation of the items with reference to the provisions contained in the ESMA Guidelines on reporting obligations pursuant to Regulation (EU) 2017/1129, net financial debt for 2022 considers the value of the assets from derivative financial instruments to hedge financial debt. As a result, the items "E. Current financial debt (including debt instruments but excluding the portion of non-current financial debt)" and "I. Non-current financial debt (excluding the current portion and debt instruments)" relating to 2021 have been recalculated in order to provide a homogeneous comparison.

[41]The contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as of 31 December 2022 have been respected.

Net financial debt as of December 31, 2022, including the effects of the application of IFRS 16, of € 72,048 million, amounted to € 6,035,062 thousand, up by € 1,049,147 thousand (€ 4,985,915 thousand as of December 31, 2021). Net of that effect, the net financial debt amounted to € 5,963,014 thousand (€ 4,915,917 thousand as of December 31, 2021, up by € 1,047,097 thousand).

Financial and bond debt as of December 31, 2022 totalled € 6,545,350 thousand (€ 6,376,895 thousand as of December 31, 2021) and mainly refer to: bonds (€ 4,728,517 thousand), loan agreements with the European Investment Bank (EIB) (€ 952,870 thousand), (iii) payables to banks (€ 755,043 thousand) and financial liabilities pursuant to IFRS 16 (€ 72,048 thousand).

Cash, amounting to € 451,946 thousand, is held in current accounts and fixed-term deposits that can be immediately liquidated with leading banks.

Net financial debt does not include payables for dividends resolved and yet to be distributed and payables for investments.

19) *Trade and other payables*

Trade and other payables, amounting to € 1,197,117 thousand (€ 769,137 thousand as of December 31, 2021), comprise the following:

(€ thousands)	As of December 31, 2021	As of December 31, 2022
Trade payables	300,906	709,352
Payments on account and prepayments	2,269	4,173
Payables for investment activities	247,055	308,745
Other payables	218,907	174,847
Trade and other payables	**769,137**	**1,197,117**

Trade payables of € 709,352 thousand (€ 300,906 thousand as of December 31, 2021) relate to payables to suppliers. The increase of € 408,445 thousand was mainly due to the effect of the debt position with sales companies (€ 445,942 thousand) referring to the Resolutions issued by ARERA to address the increase in energy prices and energy bills; for more details, please see item “27) Revenues”.

Payables for investment activities equal to € 308,745 thousand (€ 247,055 thousand as of December 31, 2021) mainly relate to payables to suppliers for technical activities.

The 2021 purchase of the concession of Olevano sul Tusciano is subject to a price adjustment clause according to the ultimate RAB to be approved by ARERA following the upholding of a specific request for correction of the equity data submitted by the seller on September 14, 2018 as concession-holder, in accordance with the provisions of RTDG 2014-2019, subject to the final tariffs of 2020. The Group has reflected the best estimate available of said value in the financial statements.

Other payables (€ 174,847 thousand at December 31, 2022 and € 218,907 thousand as of December 31, 2021) break down as follows:

(€ thousands)	As of December 31, 2021	As of December 31, 2022
Payables - shareholders for dividends		874
Payables to the public administration	75,816	83,591
Payables to CSEA	71,578	34,708
Payables to personnel	29,523	29,300
Payables to social security institutions	15,045	7,947
Payables to consultants and professionals	6,628	8,148
Sundry other	20,317	10,279
Other payables	**218,907**	**174,847**

Payables to the public administration (€ 83,591 thousand; € 75,816 thousand as of December 31, 2021) primarily involve payables to municipalities for concession fees for the gas distribution business.

Payables to the CSEA (€ 34,708 thousand; € 71,578 as of December 31, 2021) relate to safety penalties for € 11,681 thousand (€ 11,694 as of December 31, 2021) and to several ancillary components of tariffs relating to the gas distribution service to be paid to this Fund (RE, RS, UG1 and GS)[42] for the remaining amount.

[42] These components refer to: (i) RE - Variable portion to cover the expenses for calculating and implementing energy savings and the development of renewable energy sources in the natural gas sector; (ii) RS - Variable portion as coverage for expenses for gas services quality; (iii) UG1 - Variable portion to cover any imbalances in the equalisation system and to cover any adjustments; and (iv) GS - Variable portion to cover the tariff compensation system for economically disadvantaged customers.

Payables to related parties are described in the note "Related party transactions".

The carrying amount of trade and other payables, considering the limited time interval between the occurrence of the payable and its maturity, is an approximation of the fair value. See the "Guarantees, commitments and risks - Other information on financial instruments" note for the market value of the trade payables and other payables.

20) *Other current and non-current financial assets/liabilities*

Other current and non-current financial assets/liabilities are analysed below:

(€ thousands)	As of December 31, 2021			As of December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Other assets	**-**	**670**	**670**	**17,455**	**35,442**	**52,897**
Derivative financial instruments Cash flow hedge						
- Fair value interest rate hedging instruments	-	-	-	16,809	34,368	51,177
Derivative financial instruments for foreign exchange risk						
- Fair value instruments for foreign exchange risk	-	670	670	646	1,074	1,720
Other liabilities	**(290)**	**(6,283)**	**(6,573)**	**(290)**	**(34)**	**(324)**
Derivative financial instruments Cash flow hedge						
- Fair value interest rate hedging instruments	(290)	(6,283)	(6,573)	(290)	(34)	(324)

Other current and non-current assets for € 52,897 thousand is essentially related to the *fair value* of derivative financial instruments to hedge the risk of fluctuations in interest rates accounting for according to IFRS 9 in hedge accounting. The item also contains, for a net value of € 1,396 thousand, the fair value of the instrument for foreign exchange risk to hedge future payment flows in USD on Picarro invoices, the total hedged amount for which is $ 14.9 million. The Group did not apply hedge accounting under IFRS 9 for instruments to hedge payment flows in USD, as it is for operational hedging only.

	Date stipulated	Initial amount as of 15.01.2021 USD hedging	Residual value as of 31.12.2022 USD	Foreign exchange rate on the subscription date	Foreign exchange rate on expiry (*)	Expiry date (last hedge)
Foreign exchange risk derivative	15.01.2021	16,300,000.00	14,980,000.00	1.2131	from 1.2143 to 1.2517	31.10.2024

(*) based on future instalments.

On December 28, 2017 Italgas entered into an EIB loan for an amount of € 360 million, expiring on 15 December 2037. The loan involves the payment of half-yearly coupons at a variable rate of Euribor 6M + spread 0.355%.

On January 15, 2018 Italgas entered into an Interest Rate Swap, effective from January 15, 2018, expiring in 2024 and with the same coupon frequency as the loans.

On December 12, 2016 Italgas entered into an EIB loan for an amount of € 300 million, expiring on November 30, 2032. The loan involves the payment of half-yearly coupons at a variable rate of Euribor 6M + spread 0.47%.

On July 24, 2019 Italgas also entered into an Interest Rate Swap, effective from July 24, 2019, expiring in 2029 and with the same coupon frequency as the loans.

The IRS characteristics are summarised below:

	Date stipulated	Amount	ITG rate	Bank rate	Coupon	Expiration date
"Italgas Gas Network Upgrade" EIB loan	28.12.2017	360,000,000	var. EUR 6M + spread 0.355%		half-yearly	15.12.2037
IRS derivative	15.01.2018	360,000,000	0.62%	var EUR 6m	half-yearly	15.12.2024
"Smart Metering" EIB loan	12.12.2016	250,000,000	var. EUR 6M + spread 0.47%		half-yearly	30.11.2032
IRS derivative	24.07.2019	250,000,000	(0.06)%	var EUR 6m	half-yearly	30.11.2029

The derivatives stipulated to hedge the interest rate are booked according to the rules of hedge accounting. The effectiveness testing carried out as of December 31, 2022 did not show any impacts on the income statement in terms of ineffectiveness.

21) *Other current and non-current non-financial liabilities*

Other current non-financial liabilities, amounting to € 30,072 thousand (€ 13,111 thousand as of December 31, 2021) and *other non-current non-financial liabilities*, amounting to € 545,192 thousand (€ 534,425 thousand as of December 31, 2021), are broken down as follows:

(€ thousands)	As of December 31, 2021			As of December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Other tax liabilities	8,686	-	8,686	12,073	-	12,073
Accruals and deferrals connection fees	-	531,678	531,678	-	510,760	510,760
Liabilities for security deposits	-	2,747	2,747	-	4,683	4,683
Sundry other	4,425	-	4,425	17,999	29,749	47,748
Other current and non-current non-financial liabilities	**13,111**	**534,425**	**547,536**	**30,072**	**545,192**	**575,264**

Current Other tax liabilities of € 12,073 thousand mainly refer to payables to the tax authorities for IRPEF withholdings for employees.

Other non-current non-financial liabilities of € 545,192 thousand mainly relate to connection contributions of € 510,760 thousand and non-current advances of € 23,137 thousand relating to the DEPA Infrastructure Group. The decrease during the year is mainly related to the sale of the facilities of the ATEM Naples 1 to another operator.

22) *Provisions for risks and charges*

Provisions for risks and charges, amounting to € 144,277 thousand as of December 31, 2022 (€ 159,506 thousand as of December 31, 2021), comprise the following:

(€ thousand)	As of December 31, 2021							
	Opening balance	Business combinations	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	108,482	-	-	774	(13,703)	(6,094)	(5,650)	83,809
Provisions for site decommissioning risks and charges	5,677	-	-	(818)	(6)	-	4	4,857
Risk provision for litigation	12,799	-	7,667	-	(5,367)	(1,732)	(1)	13,366
Provisions for other risks - energy efficiency certificates	8,239	-	3,043	-	(492)	(4,903)	(1)	5,886
Provision for retirement risks	12,782	-	-	-	(1,124)	-	-	11,658
Provision for operational restoration of metering instruments	44,550	-	-	-	(14,130)	-	-	30,420
Other personnel risk provisions	3,035	-	664	-	(942)	(16)	(7)	2,734
Risk provision for tax disputes	171	-	152	-	-	(41)	1	283
Other provisions	6,882	18	237	-	(534)	-	(110)	6,493
Provisions for risks and charges	**202,617**	**18**	**11,763**	**(44)**	**(36,298)**	**(12,786)**	**(5,764)**	**159,506**

(€ thousand)	As of December 31, 2022							
	Opening balance	Business Combinations	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	83,809	-	-	(176)	(8,525)	(60)	-	75,048
Provisions for site decommissioning risks and charges	4,857	-	-	(4)	(94)	-	(826)	3,933
Risk provision for litigation	13,366	3,740	1,190	-	(1,480)	(4,607)	(959)	11,250
Provisions for other risks - energy efficiency certificates	5,886	-	2,562	-	(4,205)	(822)	-	3,421
Provision for retirement risks	11,658	-	-	-	(1,981)	-	-	9,677
Provision for operational restoration of metering instruments	30,420	-	-	-	(14,715)	-	(2,858)	12,847
Other personnel risk provisions	2,734	-	782	-	(819)	(53)	163	2,807
Risk provision for tax disputes	283	-	-	-	-	-	-	283
Other provisions	6,493	18,954	257	-	(685)	-	(8)	25,011
Provisions for risks and charges	**159,506**	**22,694**	**4,791**	**(180)**	**(32,504)**	**(5,542)**	**(4,488)**	**144,277**

Provision for environmental risks and charges of € 75,048 thousand (€ 83,809 thousand as of December 31, 2021) mainly included costs for environmental soil reclamation, pursuant to Law no. 471/1999, as subsequently amended, primarily for the disposal of solid waste, in relation to the gas distribution business. The decrease of € 8,761, thousand, is mainly due to uses in view of period expenses (€ 8,525 thousand).

Risk provision for litigation (€ 11,250 thousand) included costs which the Group has estimated it will incur for existing lawsuits. The net decrease of € 2,116 thousand is mainly due to the combined effect of the entry into the scope of consolidation of the DEPA Infrastructure Group, for € 3,690 thousand, and releases for € 4,607 thousand following favourable rulings received during the financial year. For further information, please see subsection “Disputes and other measures”.

Provision for other risk - energy efficiency certificates risk provision (EEC) of € 3,421 thousand (€ 5,886 thousand as of December 31, 2021) is connected with reaching the targets set by the Authority.

Provision for operational restoration of metering instruments (€ 12,847 thousand as of December 31, 2022 and € 30,420 thousand as of December 31, 2021), was determined by management based on assumptions that take into account (i) the number of meters that have already malfunctioned and assumptions on future occurrences; (ii) the guarantees agreed upon with meter suppliers to resolve faults; (iii) the estimated costs to restore the functionality of smart meters that have operational problems.

The reduction, of € 17,573 thousand, is mainly due to uses in respect of expenses incurred during the year.

Risk provision for early retirement of € 9,677 thousand (€ 11,658 thousand as of December 31, 2021) involves personnel incentive and mobility schemes for the 2021-2023 period.

In accordance with ESMA Recommendation 2015/1608 of October 27, 2015, the effects on provisions of risks and charges arising from a reasonably possible change to the discount rate used at year-end are shown below. The sensitivity analysis on the discounting rates shows the change in value of the actuarial liabilities obtained with the year-end assessment data, by changing the discounting rate, without prejudice to other hypotheses.

(€ thousands)	% change in discounting rates	
Effect on net obligation at 31.12.2022	**10% reduction**	**10% increase**
Provision for site decommissioning risks and charges	135	(127)
Provisions for environmental risks and charges	660	(435)

23) *Provisions for employee benefits*

Provisions for employee benefits, amounting to € 69,917 thousand as of December 31, 2022 (€ 95,648 thousand as of December 31, 2021) comprise the following:

(€ thousands)	As of December 31, 2021	As of December 31, 2022
Employee severance pay (TFR)	62,445	49,824
Supplementary healthcare provision for company executives of Eni (FISDE)	8,868	6,543
Gas Fund	20,479	9,942
Other provisions for employee benefits	3,856	3,608
Provisions for employee benefits	**95,648**	**69,917**

Employee severance pay (TFR), governed by Article 2120 of the Italian Civil Code, represents the estimated liability determined on the basis of actuarial procedures for the amount to be paid to employees at the time that the employment is terminated. The principal amount of the benefit is equal to the sum of portions of the allocation calculated on compensation items paid during the employment and revalued until the time that such relationship is terminated. Due to the legislative changes introduced from 1January 2007 for companies with more than 50 employees, a significant part of severance pay to be accrued is classified as a defined-contribution plan since the Group’s only obligation is to pay the contributions to the pension funds or to INPS.

The supplementary healthcare provision (€ 6,543 thousand as of December 31, 2022) includes the estimate of costs (determined on an actuarial basis) related to contributions benefiting current[43] and retired executives.

FISDE provides financial supplementary healthcare benefits to Eni Group[44] executives and retired executives whose most recent contract of employment was as an executive with the Eni Group. FISDE is funded through the payment of: (i) contributions from member companies; (ii) contributions from individual members for themselves and their immediate family; and (iii) ad hoc contributions for specific benefits. The amount of the liability and the healthcare cost are determined on the basis, as an approximation of the estimated healthcare expenses paid by the fund, of the contributions paid by the company in favour of pensioners.

The Gas Fund (€ 9,942 thousand at December 31, 2022) relates to the estimate, made on an actuarial basis, of the charges sustained by the employer due to the elimination, as of 1 December 2015, of the fund pursuant to Law no. 125 of August 6, 2015. In particular, Articles 9-decies and 9-undecies of the Law stipulate that the employer must cover: (i) an extraordinary contribution to cover expenses related to supplementary pension benefits in place at the time of the

[43] For executives in service, contributions are calculated from the year in which the employee retires and refer to the years of service provided.
[44] The fund provides the same benefits for Italgas Group executives.

elimination of the Gas Fund for the years 2015 to 2020[45]; and (ii) a contribution in favour of those registered or in voluntary continuation of the contribution, that as of November 30, 2015 were not entitled to supplementary pension benefits from the eliminated Gas Fund, of 1% for each year of registration in the supplementary fund, multiplied by the social security tax base relating to the same supplementary fund for 2014, to be allocated through the employer or the supplementary pension scheme.

At present, the criteria, procedures and time periods for payment of the extraordinary contribution have not yet been announced. Employee selection of where the amounts would be allocated (supplementary pension scheme or to the employer) were concluded, pursuant to the law, on February 14, 2016.

The Other provisions for employee benefits (€ 3,608 thousand as of December 31, 2022) relate to seniority bonuses and the long-term incentive plans (LTI).

The long-term incentive plans (IAS 19) envisage, after three years of assignment, the disbursement of a variable monetary benefit linked to a corporate performance parameter, not linked to the share price. Obtaining the benefit depends on the achievement of certain future performance levels and is conditional on the beneficiary remaining with the Company for the three-year period following the allocation (the "vesting period"). This benefit is allocated pro rata over the three-year period depending on the final performance parameters.

Seniority bonuses are benefits paid upon reaching a minimum service period at the Company and are paid in kind.

Deferred cash incentive plans, long-term cash incentive plans and seniority bonuses are classified as other long-term benefits pursuant to IAS 19.

The composition of and changes in provisions for employee benefits, determined by applying actuarial methods, are as follows[46]:

	As of December 31, 2021					As of December 31, 2022				
(€ thousands)	Employee severance fund	FISDE	Gas Fund (*)	Other provisions	Total	Employee severance fund	FISDE	Gas Fund (*)	Other provisions	Total
Current value of the obligation at the start of the year	**67,644**	**8,621**	**24,257**	**4,100**	**104,622**	**62,445**	**8,868**	**20,479**	**3,856**	**95,648**
Current cost	185	192		1,615	1,992	146	139		1,427	1,712
Cost for interest	(26)	40	(12)	8	10	209	53	44	23	329
Revaluations / (Impairment):	1,162	199	(613)	(505)	243	(1,389)	(2,517)	(421)	711	(3,616)
- Actuarial (Gains) / Losses resulting from changes in the demographic assumptions	(583)	-	(25)	-	(608)	-	-	-	-	-
- Actuarial (Gains) / Losses resulting from changes in the financial assumptions	608	715	(351)		972	(7,036)	(2,063)	(2,431)	(901)	(12,431)
- Effect of past experience	575	(579)	(425)	(575)	(1,004)	2,913	(454)	2,046	1,612	6,117
- Other changes	562	63	188	70	883	2,734	-	(36)	-	2,698
Paid benefits	(6,520)	(184)	(3,153)	(1,389)	(11,246)	(11,560)	-	(10,160)	(2,409)	(24,129)
Effect of transfers	-	-	-	27	27	(27)	-	-	-	(27)
Current value of the obligation at the end of the year	**62,445**	**8,868**	**20,479**	**3,856**	**95,648**	**49,824**	**6,543**	**9,942**	**3,608**	**69,917**

The main actuarial assumptions used to determine liabilities at the end of the year and to calculate the cost for the following year are indicated in the table below:

	As of December 31, 2021				As of December 31, 2022			
	Employee severance fund	FISDE	Gas Fund	Other provisions	Employee severance fund	FISDE	Gas Fund	Other provisions
Discount rate (%)	0.37	0.60	0.27	0.99	3.65	3.80	3.63	3.39
Inflation rate (%) (*)	1.50	N/A	N/A	1.50	2.50	N/A	N/A	2.50

(*) With reference to the other provisions, the rate refers only to the seniority bonuses.

The discount rate adopted was determined by considering the yields on corporate bonds issued by Eurozone companies with AA ratings.

45 Article 9-quinquiesdecies also stipulates that "... If monitoring shows that the extraordinary contribution pursuant to Article 9-decies is insufficient to cover the relative expenses, a decree issued by the Ministry of Labour and Social Policy, in concert with the Ministry of Economic Development and the Ministry of Economy and Finance, provides for the redetermination of the extraordinary contribution, the criteria for redistribution of the contribution between employers and the time periods and procedures for payment of the extraordinary INPS contribution".

46 The table also provides a reconciliation of liabilities recorded for provisions for employee benefits.

The employee benefit plans recognised by Italgas are subject, in particular, to interest rate risk, in the sense that a change in the discount rate could result in a significant change in the liability.

The table below illustrates the effects of a reasonably possible change[47] in the discount rate at the end of the year. The sensitivity of the discount rate represents the change in the value of the actuarial liability obtained using the end-of-year valuation data, changing the discount rate by a certain number of basis points, without any change in the other assumptions.

(€ thousands)	Discount rate			
	reduction		increase	
	%	amount	%	amount
Employment severance pay	3.15	1,184	4.15	(1,129)
FISDE	3.30	371	4.30	(338)
Gas Fund	3.13	319	4.13	(306)
Other provisions for employee benefits	2.89	91	3.89	(85)
Effect on net obligation as of 31.12.2022		**1,965**		**(1,858)**

The maturity profile of the obligations for employee benefit plans is shown in the following table:

(€ thousands)	As of December 31, 2021					As of December 31, 2022				
	Employee severance fund	FISDE	Gas Fund (*)	Other provisions	Total	Employee severance fund	FISDE	Gas Fund (*)	Other provisions	Total
Within the next year	8,998	342	620	1,261	11,221	8,246	335	601	1,866	11,048
Within five years	22,570	1,258	5,163	1,323	30,314	22,651	1,136	5,053	1,742	30,582
Beyond five and up to ten years	21,527	1,394	7,636	878	31,435	17,363	1,044	4,288	-	22,695
Beyond ten years	9,350	5,874	7,060	394	22,678	1,564	4,028	-	-	5,592
Provisions for employee benefits	**62,445**	**8,868**	**20,479**	**3,856**	**95,648**	**49,824**	**6,543**	**9,942**	**3,608**	**69,917**

24) *Deferred tax liabilities*

Deferred tax liabilities of € 91,633 thousand (€ 50,791 thousand as of December 31, 2021) are stated net of offsetable deferred tax assets and are analysed in the tables below:

(€ thousands)	As of 31 December 2020	Business Combinations	Provisions	Uses	Other changes	As of 31 December 2021
Deferred tax liabilities	323,852	791	166	(20,913)	9,421	313,317
Deferred tax assets	(268,637)	(328)	(24,990)	26,878	4,551	(262,526)
Total	**55,215**	**463**	**(24,824)**	**5,965**	**13,972**	**50,791**

(€ thousands)	As of December 31, 2021	Business Combinations	Provisions	Uses	Other changes	As of December 31, 2022
Deferred tax liabilities	313,317	51,436	8,104	(29,836)	15,857	358,878
Deferred tax assets	(262,526)	(15,610)	(24,237)	31,463	3,665	(267,245)
Total	**50,791**	**35,826**	**(16,133)**	**1,627**	**19,522**	**91,633**

There are no deferred taxes which cannot be offset.

Deferred tax liabilities and deferred tax assets break down as follows, based on the most significant temporary differences:

(€ thousands)	As of 31 December, 2021								
	Opening balance	Business combinati on	Provision s	Uses	Impacts recorded in equity	Other changes	Closing balance	*of which: IRES*	*of which: IRAP*
Deferred tax liabilities	**323,852**	**791**	**166**	**(15,711)**	**458**	**3,761**	**313,317**	***318,496***	***(5,179)***
Amortisation and depreciation exclusively for tax purposes	192,263	-	24	(2,824)	-	696	190,159	*182,250*	*7,909*
Revaluations of property, plant and equipment	100,888	-	(32)	(10,758)	-	2,914	93,012	*106,448*	*(13,436)*
Capital gains subject to deferred taxation	2,050	-	31	(592)	-	32	1,521	*1,521*	-
Employee benefits	12,181	-	4	-	-	-	12,185	*12,185*	-
Capitalisation of financial expense	2,459	-	-	(124)	-	-	2,335	*1,987*	*348*

[47] With regard to FISDE, any changes relating to mortality do not have a significant effect on the liability.

Impairment losses on receivables in excess of tax deductibility and other temporary differences	-	-	-	-	-	-	-	-	-
Other temporary differences	14,011	791	139	(1,413)	458	119	14,105	*14,105*	-
Deferred tax assets	**(268,637)**	**(328)**	**(24,017)**	**26,878**	**3,623**	**(45)**	**(262,526)**	***(241,125)***	***(21,401)***
Provisions for risks and charges and other non-deductible	(55,073)	-	(3,407)	15,776	-	13	(42,691)	*(36,731)*	*(5,960)*
Non-repayable and contractual grants	(64,690)	-	-	2,789	-	(576)	(62,477)	*(50,728)*	*(11,749)*
Non-deductible amortisation and depreciation	(124,144)	-	(18,542)	5,230	-	830	(136,626)	*(135,762)*	*(864)*
Employee benefits	(9,776)	-	(994)	1,161	540	(345)	(9,414)	*(7,707)*	*(1,707)*
Other temporary differences	(14,954)	(328)	(1,074)	1,922	3,083	33	(11,318)	*(10,197)*	*(1,121)*
Net deferred tax liabilities	**55,215**	**463**	**(23,851)**	**11,167**	**4,081**	**3,716**	**50,791**	***77,371***	***(26,580)***

(€ thousands)	As of 31 December, 2022								
	Opening balance	**Business combination**	**Provisions**	**Uses**	**Impacts recorded in equity**	**Other changes**	**Closing balance**	***of which: IRES***	***of which: IRAP***
Deferred tax liabilities	**313,317**	**51,436**	**8,104**	**(29,836)**	**11,835**	**4,022**	**358,878**	***308,303***	***50,575***
Amortisation and depreciation exclusively for tax purposes	190,159	-	24	(15,142)	-	(118)	174,923	*148,871*	*26,052*
Revaluations of property, plant and equipment	93,012	-	34	(12,283)	-	56	80,819	*68,782*	*12,037*
Capital gains subject to deferred taxation	1,521	-	7,250	(2,083)	-	(1)	6,687	*6,687*	-
Employee benefits	12,185	-	-	(6)	18	-	12,197	*12,197*	-
Capitalisation of financial expense	2,335	-	-	(123)	-	-	2,212	*1,883*	*329*
Impairment losses on receivables in excess of tax deductibility and other temporary differences	-	-	495	(180)	-	1	316	*316*	-
Other temporary differences	14,105	51,436	301	(19)	11,817	4,084	81,724	*69,567*	*12,157*
Deferred tax assets	**(262,526)**	**(15,610)**	**(24,237)**	**31,463**	**2,147**	**1,518**	**(267,245)**	***(250,077)***	***(17,168)***
Provisions for risks and charges and other non-deductible	(42,691)	-	(1,753)	12,785	-	(170)	(31,829)	*(27,210)*	*(4,619)*
Non-repayable and contractual grants	(62,477)	-	-	9,524	-	207	(52,746)	*(45,909)*	*(6,837)*
Non-deductible amortisation and depreciation	(136,626)	-	(21,936)	7,190	-	379	(150,993)	*(150,336)*	*(657)*
Employee benefits	(9,414)	-	(354)	1,454	173	2,655	(5,486)	*(4,332)*	*(1,154)*
Other temporary differences	(11,318)	(15,610)	(194)	510	1,974	(1,553)	(26,191)	*(22,290)*	*(3,901)*
Net deferred tax liabilities	**50,791**	**35,826**	**(16,133)**	**1,627**	**13,982**	**5,540**	**91,633**	**58,226**	**33,407**

Deferred tax assets and deferred tax liabilities are classified as non-current.

It should be noted that there are no deductible temporary differences, tax losses and unused tax credits for which, in the statement of financial position, the deferred tax asset is not recognized.

Furthermore, there are no temporary differences relating to investments in subsidiaries, branches and associated companies, and to jointly controlled investments, for which a deferred tax liability has not been recognized.

The Group has deemed it appropriate to set aside deferred tax assets on the timing differences at December 31, 2022, insofar as it believes it is likely they will be recovered. The Company Management assessed for the financial statements as of December 31, 2022, on the basis of the Business Plan, that there was reasonable certainty around the recovery of deferred tax assets posted during the Purchase Price Allocation of the DEPA Infrastructure Group and of Janagas.

The note "Income taxes" provides information about taxes for the year.

25) *Equity*

Equity, amounting to € 2,390,570 thousand as of December 31, 2022 (€ 2,142,491 thousand as of December 31, 2021) breaks down as follows:

(€ thousands)	As of December 31, 2021	As of December 31, 2022
Equity attributable to the Owners of the parent company	**1,891,414**	**2,108,262**
Share capital	1,002,016	1,002,608

Legal reserve	200,246	200,246
Share premium reserve	622,377	624,449
Reserve Cash Flow Hedge on derivative contracts	(4,750)	38,261
First-time consolidation reserve	(323,907)	(323,907)
Reserve for business combinations under common control	(349,839)	(349,839)
Stock grant reserve	5,602	7,202
OCI Fair value valuation reserve for equity investments	-	609
Other reserves	19,921	12,534
Retained earnings	372,075	496,006
OCI Reserve for remeasurement of defined-benefit plans for employees	(15,140)	(7,195)
Net profit for the year	362,813	407,288
to be deducted		
- Treasury shares	-	-
Equity attributable to non-controlling interests	**251,077**	**282,308**
Equity	**2,142,491**	**2,390,570**

Share capital

On March 10, 2021, as part of the 2018-2020 Co-investment Plan approved by the Group's Ordinary and Extraordinary Shareholders' Meeting of April 19, 2018, the Italgas' Board of Directors resolved on the free allocation of a total of 632,852 new ordinary shares of the Company to the beneficiaries of the Plan itself and implemented the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 784,736.48, from other reserves.

On March 9, 2022, in execution of the 2018-2020 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of April 19, 2018, the Board of Directors resolved on the free allocation of a total of 477,364 new ordinary shares of the Company to the beneficiaries of said Plan (second cycle of the Plan) and executed the second tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 591,931.36, taken from retained earning reserves.

As a result of the aforementioned capital increase, the share capital of the Company amounts to € 1,002,608,186.28, made up of 810,245,718 shares.

Moreover, on April 20, 2021, the Italgas Shareholders' Meeting approved the 2021-2023 Co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 Co-investment Plan for a maximum nominal amount of € 5,580,000.00, by means of the issuance of up to 4,500,000 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.

Legal reserve

The *Legal reserve* stood at € 200,246 thousand as of December 31, 2022, unchanged compared to the previous year.

Share premium reserve

The *Share premium reserve*, which totalled € 624,449 thousand (€ 622,377 thousand as of December 31, 2021), was created after the equity investment in Italgas Reti S.p.A. was acquired.

OCI Reserve Cash Flow Hedge on derivative contracts

The *Reserve* includes the negative fair value of the IRS derivative net of the related tax effect. The reserve changes with the accounting of cash flows deriving from instruments which, for the purposes of IFRS 9, are designated as "cash flow hedging instruments". The related tax effect is reported in the "tax effect" item of the "Components reclassifiable to the income statement" in the Statement of comprehensive income.

First-time consolidation reserve

The *First-time consolidation reserve*, amounting to negative € 323,907 thousand, was determined during the first consolidation (year 2016) following the sale by Snam S.p.A. to Italgas S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A. (difference between the purchase cost of the equity investment of Italgas Reti and the related equity attributable to the Owners of the parent company).

Reserve for business combinations under common control

The *Reserve for business combinations under common control*, amounting to -€ 349,839 thousand, relates to the acquisition by Snam S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A.

To this regard it should be specified that the natural gas distribution activities were acquired through three simultaneous transactions (transfer, sale and demerger) of the equity investment held by Snam S.p.A. in Italgas Reti S.p.A. in favour of Italgas S.p.A. This transaction led to the deconsolidation of the natural gas distribution sector for Snam, and the acquisition of the equity investment in Italgas Reti and, at consolidated level, of the net assets of the gas distribution sector for Italgas S.p.A. The reader is reminded that the shareholder of reference of Snam, CDP, is concomitantly the shareholder of reference of Italgas. The exposure described above reflects an approach based on the continuity of book values (as regards Snam) since the transaction represents an "aggregation of corporate entities or activities under common control" within the scope of the broader group of which Italgas is part. The companies taking part in the business combination (Snam, Italgas and Italgas Reti) remained subject to control because of the transactions and therefore they were fully consolidated by the same subject (CDP) pursuant to the IFRS 10 accounting standard, as Snam explained in its disclosure document pursuant to Article 70 and Italgas explained in its disclosure document pursuant to Article 57.

Stock grant reserve

The *Stock grant reserve* includes valuation according to IFRS 2 of the co-investment plan approved on April 19, 2018 by the Shareholders' Meeting of Italgas S.p.A.

On April 19, 2018 the Italgas' Shareholders' Meeting approved the 2018-2020 Long term share incentive plan, intended for the Chief Executive Officer, General Manager and senior executives identified among those in a position to influence the Group's results, with the annual assignment of three-year objectives. At the end of the performance period of three years, if the conditions set out in the Plan have been met, the beneficiary shall be entitled to receive Company shares free of charge. The maximum number of shares that may be allocated through the plan is 4,000,000 shares. In relation to the aforementioned plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2018 Remuneration Policy, rights to receive Italgas shares in the amounts of 341,310 for the 2018-2020 plan, 279,463 for the 2019-2021 plan, and 327,760 for the 2020-2022 plan. The unitary fair value of the share, determined by the value of the Italgas share on the grant date, is respectively € 4.79, € 5.58 and € 4.85 per share. The cost related to the Long-Term Share Incentive Plan is recorded during the vesting period as a component of the personnel costs, with a contra entry in the equity provision.

On March 10, 2021, the Board of Directors resolved on: (i) free allocation of a total of 632,852 new ordinary shares of the Company to the beneficiaries of the 2018-2020 Plan; and (ii) execution of the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 784,736.48, drawn from retained earning reserves.

Moreover, Italgas' Shareholders' Meeting held on April 20, 2021 approved the 2021-2023 Incentive Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 Incentive Plan for a maximum nominal amount of € 5,580,000.00, by means of the issuance of up to 4,500,000 new ordinary shares to be assigned free of charge, by means of assignment pursuant to 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. In connection with this plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2021 Remuneration Policy, rights to receive 254,765 Italgas shares for the 2021-2023 co-investment plan. The unitary fair value per share is € 5.55.

OCI Fair value valuation reserve for equity investments

The *OCI Fair value valuation reserve for equity investments* (€ 609 thousand) includes the change in fair value, net of tax effects, of minority interests which on initial recognition were designated as valued at FVTOCI (fair value recognised through other comprehensive income). For more details, see the note "Non-current financial assets".

Other reserves

The *Other reserves* relate to the effects deriving from the valuation of equity investments.

OCI Reserve for remeasurement of defined-benefit plans for employees

The *OCI Reserve for remeasurement of defined-benefit plans for employees* (negative € 7,195 thousand at December 31, 2022) included actuarial losses, net of the relative tax effect, recognised under other components of comprehensive income pursuant to IAS 19. The changes in the reserve during the course of the year are shown below:

(€ thousands)	**Gross reserve**	**Tax effect**	**Net reserve**
Reserve as of 31.12.2020	**(22,814)**	**6,406**	**(16,408)**

Changes of the year 2021	1,761	(493)	**1,268**
Reserve as of 31.12.2021	**(21,053)**	**5,913**	**(15,140)**
Changes of the year 2022	11,035	(3,090)	**7,945**
Reserve as of 31.12.2022	**(10,018)**	**2,823**	**(7,195)**

Equity attributable to non-controlling interests

The *Equity attributable to non-controlling interests* is broken down below:

(€ thousands)	**Equity attributable to non-controlling interests as of 31 December 2021**	**Equity attributable to non-controlling interests as of December 31, 2022**	**Net income attributable to non-controlling interests As of December 31, 2021**	**Net income attributable to non-controlling interests As of December 31, 2022**
Toscana Energia S.p.A.	209,122	201,334	20,411	18,080
Medea S.p.A.	39,672	38,082	723	8,176
Geoside S.p.A.	(1,519)	14,160	589	2,892
Gaxa S.p.A.	300	-	(1,158)	(305)
Italgas Newco S.p.A. sub-consolidated	-	4,486	-	43
Ceresa	3,502	-	42	-
Immogas S.r.l.	-	2,604	-	(79)
Janagas S.r.l.	-	21,642	-	31
Total	**251,077**	**282,308**	**20,607**	**28,838**

Dividends

In its meeting of March 9, 2023, the Board of Directors proposed to the Shareholders' Meeting the distribution of an ordinary dividend of € 0.317 per share. The dividend will be paid out as of May 24, 2023, with an ex-coupon date of May 22, 2023 and a record date of May 23, 2023.

Reconciliation statement of the result for the year and of the equity of Italgas S.p.A. with the consolidated ones.

(€ thousands)	**Profit 2022**	**Equity 31.12.2022**
Financial statements Italgas S.p.A.	**259,813**	**1,806,556**
Profit of the companies included in the consolidation	433,743	
Difference between Carrying amount of investments consolidated companies and equity of the financial statements, including the result	-	369,505
Adjustments consolidation:		
Dividends net of the tax effect	(268,351)	-
Income from valuation of equity investments with the equity method and other income from equity investments	17	(16,416)
Other consolidation adjustments net of the tax effect	10,904	230,925
Net income attributable to minority interests	(28,838)	(282,308)
Adjustments consolidation	**147,475**	**301,706**
Consolidated financial statements - attributable to the Owners of the parent company	**407,288**	**2,108,262**

26) *Guarantees, commitments and risks*

Guarantees, commitments and risks, amounting to € 2,324,782 thousand as of December 31, 2022 comprise:

(€ thousands)	As of December 31, 2021	As of December 31, 2022
Bank guarantees given in the interest of Group companies	**460,618**	**495,565**
Financial commitments and risks:	**1,730,859**	**1,829,217**
Commitments	**1,430,705**	**1,528,667**
Commitments for the purchase of goods and services	1,430,705	1,528,667
Risks	**300,154**	**300,550**
- for compensation and litigation	300,154	**300,550**
Total Guarantees, commitments and risks	**2,191,477**	**2,324,782**

Guarantees

Guarantees of € 495,565 thousand refer mainly to guarantees issued with regard to sureties and other guarantees issued in the favour of subsidiaries.

Commitments

At December 31, 2022, *Commitments* with suppliers to purchase property, plant and equipment and provide services relating to the purchase of property, plant and equipment and intangible assets under construction amounted to € 1,528,667 thousand.

Other unvalued commitments

The acquisition of 51% of the share capital of ACAM Gas S.p.A. by the subsidiary Italgas Reti, which took place in 2015, involves mutual commitments by the parties in relation to the first public tender for the awarding of the La Spezia ATEM.

The acquisition of the equity investment of Enerco Distribuzione by the subsidiary Italgas Reti, which took place in 2017, is subject to an ownership price adjustment (so-called “earn-out”) clause.

The acquisition of the “Alessandria 4 ATEM” business unit by the subsidiary Italgas Reti, which took place in 2020, is subject to a price adjustment (so-called “earn-out”) clause if the Alessandria 4 ATEM tender is awarded within 10 years of the signing date and if the contracting authority in the aforesaid tender procedure recognises a higher reimbursement value than the pro-forma value under the agreement, for the same year of reference.

On 27 December 2022, Italgas S.p.A., Toscana Energia S.p.A. and Alia Servizi Ambientali S.p.A. ("Alia") signed an agreement aimed at defining: (i) the terms and conditions for the approval by the Board of Directors of Toscana Energia in relation to Alia's takeover of the ownership of the Toscana Energia shares held by the Municipality of Florence as a result of the contribution of treasury shares in favour of its subsidiary Alia, (ii) the recognition of an option right in favour of Italgas on the Toscana Energia shares held by the Municipality of Florence at the time the option is exercised.

The price for the purchase of the Shares subject to the option will be equal to the "Fair market value" referring to the date of execution of the option, calculated using a valuation methodology compliant with the best international practice for a regulated business of natural gas distribution (i.e. RAB) and subject to adjustment based on the value of the net financial position of Toscana Energia at the date on which the option is executed.

As part of the investment agreement signed on July 26, 2022 between Medea S.p.A. and Energetica S.p.A. (the “Parties”) related to the acquisition by Medea of a 49% stake in the share capital of Energie Rete Gas S.r.l. (“ERG”) through a mixed transaction involving the contribution and sale of assets included in a business unit, the Parties mutually agreed to ensure that ERG, in relation to the assets sold, would obtain: (i) recognition, from the competent ministry, among the Group’s infrastructure and/or regional transmission services of natural gas (“Transport Authorisation”) and (ii) recognition, under the tariff regulatory profile, as regional transport service (“Tariff Recognition”).

The Parties also mutually agreed to ensure that, should the aforementioned Transport Authorisation not be recognised by April 30, 2023 or by another date agreed in writing between the Parties, the necessary measures be implemented for restoration of the legal situation in place prior to the date of the agreement for an asset value of €52.9 million.

Pending receipt by ERG of the Transport Authorisation, should a situation occur in which (i) Medea continues to collect the payments envisaged by the General Conditions of Contract for the activities of the business unit while (ii) ERG incurs the costs for those activities, Medea shall transfer as soon as possible to ERG the revenues under point (i) above until they are allocated directly to ERG.

Risks

Risks concerning compensation and litigation (€ 300,550 thousand) relate to possible (but not probable) claims for compensation arising from ongoing litigation, with a low probability that the pertinent economic risk will arise.

FINANCIAL RISK MANAGEMENT

Foreword

Italgas has established the Enterprise Risk Management (ERM) unit, which reports directly to the CFO and oversees the integrated process of managing corporate risk for all Group companies. The main objectives of the ERM are to define a homogeneous and transversal risk assessment model, to identify priority risks and to guarantee the consolidation of mitigation actions and the development of a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and existing international best practices (COSO Framework and ISO 31000).

The ERM unit operates as part of the wider Italgas' Internal Control and Risk Management System.

The main corporate financial risks identified, monitored and, where specified below, managed by Italgas are as follows:

- risk arising from exposure to fluctuations in interest rates;
- credit risk arising from the possibility of counterparty default;
- liquidity risk arising from not having sufficient funds to meet short-term financial commitments;
- rating risk;
- debt covenant and default risk.

There follows a description of Italgas' policies and principles for the management and control of the risks arising from the financial instruments listed above. In accordance with IFRS 7 - "Financial instruments: Additional information", there are also descriptions of the nature and size of the risks resulting from such instruments.

Information on other risks affecting the business (operational risk and risks specific to the segment in which Italgas operates) can be found in the "Elements of risk and uncertainty" section of the Directors' Report.

Interest rate risk

Fluctuations in interest rates affect the market value of Italgas' financial assets and liabilities and its net financial expense.

An increase in interest rates, not implemented – in full or in part – in the regulatory WACC, could have negative effects on the assets and on the economic and financial situation of the Italgas Group for the variable component of the debt in place and for future loans.

At full performance, Italgas aims to maintain a debt ratio between a fixed rate and floating rate to minimise the risk of rising interest rates. As of December 31, 2022 the financial debt at floating rate was 9.2% and at fixed rate was 90.8%. Please refer to the paragraph "Short-term and long-term financial liabilities" for further details.

Below are the impacts on equity and the net period result at December 31, 2022 of a hypothetical positive and negative variation of 10 basis points (bps) of the interest rates effectively applied during the year.

(€ thousands)	Result of the income statement		Other items of the statement of comprehensive income	
	interest +10 bps	**interest -10 bps**	**interest +10 bps**	**interest -10 bps**
Variable-rate loans not hedged				
Effect of change in interest rate	(600)	600	-	-
Variable-rate loans converted into fixed-rate loans by means of IRSs	-	-	-	-
Effect of change in interest rate on the fair value of the hedge derivative contracts - effective portion of hedge	-	-	1,482	(1,491)
Impacts gross of the tax effect	-	-		
Tax effect	162	(162)	(400)	402
Impacts net of the tax effect	**(438)**	**438**	**1,082**	**(1,089)**

Credit risk

Credit risk is the exposure to potential losses arising from counterparties failing to fulfil their obligations. Default or delayed payment of amounts owed may have a negative impact on the Italgas financial results and financial situation.

The rules for customer access to the gas distribution service are established by the relevant regulatory Authority and set out in the Network Codes, namely, in documents that establish, for each type of service, the rules regulating the rights and obligations of the parties involved in the process of providing said services and contain contractual conditions that reduce the risk of non-compliance by customers, such as the provision of bank or insurance guarantees on first request.

In addition to this, in order to manage credit risk, the Group has established procedures for monitoring and assessing its customer portfolio. The reference markets are the Italian and Greek markets.

As of December 31, 2022 there were no significant credit risks. Note that on average: (i) in Italy, 98.4% of trade receivables relating to gas distribution are settled by the due date and over 99.7% within the following 4 days, (ii) in Greece, 83.2% of trade receivables relating to gas distribution are settled by the due date and over 90.8% within the following 4 days, confirming the strong reliability of the customers.

It cannot be ruled out that Italgas could incur liabilities and/or losses due to its customers' failure to fulfil their payment obligations.

Liquidity risk

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the Group's future as a going concern.

Italgas does not foresee any significant negative impacts, taking the following into account: (i) the Company has cash deposited with primary credit institutions in the amount of € 451.9 million as of December 31, 2022, which, also in light of the investment plans in place and the operations planned in the short term, would allow it to manage, without significantly material effects, any restrictions on access to credit; (ii) the next bond repayment is scheduled for 2024, so there are no refinancing requirements in the short term. (iii) the bonds issued by Italgas as of December 31, 2022 as part of the Euro Medium Term Notes Programme, do not require compliance with covenants relating to financial statement data.

Italgas aims, in financial terms, at establishing a financial structure that, in line with its business objectives, ensures a level adequate for the group in terms of the duration and composition of the debt. The achievement of this financial structure will take place through the monitoring of certain key parameters, such as the ratio between debt and the RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed rate and floating rate debt and the ratio between bank credit granted and bank credit used.

Rating risk

With regard to Italgas' long-term debt, on August 9, 2022 the rating agency Moody's confirmed Italgas' long-term credit rating at Baa2, revising the Outlook from stable to negative, reflecting Italgas' exposure to the pressures accompanying a deterioration in sovereign credit quality, in consideration of the fact that its activities are essentially concentrated in Italy.

On September 23, 2022, the rating agency Moody's confirmed the long-term credit rating of Italgas, as Baa2, Negative Outlook.

On November 29, 2022, Fitch Ratings (Fitch) confirmed the long-term credit rating of Italgas, as BBB+ with Stable outlook.

Based on the methodologies adopted by the rating agencies, the downgrade of one notch in the Italian Republic's current rating could trigger a downward adjustment in Italgas' current rating, which in turn could have an impact on the cost of future debt.

Debt covenant and default risk

As of December 31, 2022, there were no loan agreements containing financial covenants and/or secured by collateral, with the exception of an EIB loan taken out by Toscana Energia, and loans taken out by several subsidiaries of DEPA Infrastructure, which require compliance with certain financial covenants[48]. 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 of December 31, 2022, these commitments were respected.

The bonds issued by Italgas as of December 31, 2022 as part of the Euro Medium Term Notes programme provide for compliance with covenants that reflect international market practices regarding, inter alia, negative pledge and *pari passu* clauses.

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas' failure to comply and could trigger the early repayment of the relative loan.

With reference to the EIB, the relative contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required.

The Group monitors these cases closely in the context of financial management and business performance.

Future payments for financial liabilities

The table below shows the repayment plan contractually established in relation to the financial payables, including interest payments not discounted:

(€ thousands)	Balance as of 31.12.2021	Balance as of 31.12.2022	Portion with due date within 12 months	Portion with due date beyond 12 months	Due date 2024	2025	2026	2027	Beyond
Financial liabilities									
Bank loans	1,332,110	1,741,660	67,748	1,673,911	566,617	317,967	78,673	77,701	632,953
Notes	4,591,521	4,728,517	49,993	4,678,525	380,916	497,262	-	55,271	3,745,076
Current liabilities	383,266	3,125	3,125	-	-	-	-	-	-
Interest on bank loans	-	-	54,435	276,380	43,382	43,295	38,913	37,575	113,215
Lease liabilities	69,998	72,048	21,571	50,477	16,921	14,557	5,013	3,924	10,062
Interest of lease liabilities	-	-	321	540	214	140	89	53	44
Total	**6,376,895**	**6,545,350**	**197,194**	**6,679,833**	**1,008,050**	**873,221**	**122,688**	**174,524**	**4,501,350**

With reference to the payment times with regard to trade and other payables, refer to the note "Short-term and long-term liabilities" in the consolidated financial statements.

As for the sensitivity on the interest rate, any changes in interest rates do not lead to significant effects in consideration of the fact that 90.8% of the Group's financial debt is at fixed rate.

Please refer to note "Trade and other receivables" for the breakdown of receivable by due date bracket.

Market value of financial instruments

Below is the classification of financial assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy defined on the basis of the significance of the inputs used in the measurement process. More specifically, in accordance with the characteristics of the inputs used for measurement, the fair value hierarchy comprises the following levels:

g) level 1: listed prices (unadjusted) on active markets for identical financial assets or liabilities;

h) level 2: measurements made on the basis of inputs differing from the quoted prices referred to in the previous point, which, for the assets/liabilities submitted for measurement, are directly (prices) or indirectly (price derivatives) observable;

[48]The contracts contain a clause whereby, in the event of a significant reduction in EBITDA resulting from the loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as of 31 December 2022 have been respected.

i) level 3: inputs not based on observable market data.

In connection with the above, classification of the assets and liabilities measured at fair value in the Statement of Financial Position according to fair value concerned the IRS and exchange rate derivative instruments classified level 2 and recorded under the note "Other current and non-current financial assets" and "Other current and non-current financial liabilities".

Equity investments measured at fair value with effects posted to the income statement and on OCI fall under fair value category level 3.

Other information on financial instruments

With reference to the categories established by IFRS 9 "Financial instruments", the carrying amount of financial instruments and their relative effects on results and on equity can be analysed as follows:

(€ thousands)	Carrying amount		Income / expense recognised to income statement		Income / expense recognised to equity (a)	
	Balance as of 31.12.2021	**Balance as of 31.12.2022**	**Balance as of 31.12.2021**	**Balance as of 31.12.2022**	**Balance as of 31.12.2021**	**Balance as of 31.12.2022**
Financial instruments measured at amortised cost						
- Cash	1,391,763	451,946	-	-	-	-
- Current financial assets	5,120	5,770	-	-	-	-
- Trade and other receivables	588,098	1,142,950	-	-	-	-
- Non-current financial assets	2,848	39,426	-	-	-	-
- Other investments	5,007	18,961	-	-	-	-
- Other current and non-current non-financial assets	134,445	234,350	-	-	-	-
- Trade and other payables	769,137	1,231,867	-	-	-	-
- Financial payables (b)	6,376,895	6,510,600	(63,851)	(59,570)	-	-
- Other current and non-current non-financial liabilities	547,536	552,127	-	-	-	-
- Financial instruments measured at fair value						
- Financial assets (liabilities) for hedge derivative contracts	(6,573)	52,573	-	-	-	51,524

The table below provides a comparison between the carrying amount of financial assets and liabilities and their respective fair value.

(€ thousands)	Balance as of December 31, 2021		Balance as of December 31, 2022	
	Carrying amount	**Market value**	**Carrying amount**	**Market value**
Financial instruments measured at amortised cost				
- Non-current financial debt	5,734,333	5,939,843	6,317,686	5,568,986

The carrying amount of trade receivables, other receivables and financial payables is close to the related fair value measurement, given the short period of time between when the receivable or the financial payable arises and its due date.

Disputes and other measures

Italgas is involved in civil, administrative and criminal cases and legal actions related to its normal business activities. According to the information currently available and considering the existing risks, Italgas believes that these proceedings and actions will not have material adverse effects on its consolidated financial statements.

Below is a summary of the most significant proceedings; no provisions have been made pursuant to IAS 37 for these proceedings in the financial statements, as the company deems that the risk of an adverse outcome is possible, but not likely, or the amount of the allocation cannot be reliably estimated.

Civil dispute

Italgas Reti S.p.A. / Municipality of Rome – Rome Civil Court

The Municipality of Rome, where Italgas Reti carries out the service of gas distribution on the basis of a specific Service Contract, after a series of discussions aiming at reaching an agreement for the adjustment of timetable for the implementation of the Business plan, charged Italgas Reti, arbitrarily, with alleged delays in the execution of the Plan itself. In rejecting the claims of the Municipality of Rome, Italgas Reti had already filed an appeal with the Lazio Regional Administrative Court on January 11, 2019 for cancellation of the notice with which the Municipality of Rome had starting the procedure to apply default penalties. Subsequently, the Municipality of Rome notified Italgas Reti of a Managerial Resolution in which it quantified the amount allegedly owed by Italgas Reti by way of penalties for the alleged failure to timely implement the Business Plan at € 91,853,392.79 and reserved the right to enforce the bank guarantee issued to guarantee the proper performance of the aforesaid Contract. Italgas appealed to the Regional Administrative Court of Lazio against the above-mentioned Managerial Resolution, submitting a precautionary petition for the suspension of the measure's effectiveness, contesting, in brief, the nullity of the penalty clause due to vagueness. The Board, however, expressed some doubts as to the applicability of its jurisdiction.

In light of these circumstances, the lodging of an appeal before the Court of Cassation was proposed for the prior settlement of jurisdiction. The Court of Cassation declared the Jurisdiction of the Ordinary Court. Therefore, on February 11, 2021, Italgas resumed the proceedings before the Civil Court of Rome.

During the chamber proceedings of April 22, 2020, the Regional Administrative Court with Order no. 4140/2020 acknowledged the proposal for prior settlement of jurisdiction and suspended the proceedings and, considering itself to be without jurisdiction, declared the precautionary application inadmissible. On May 13, 2020, Italgas Reti challenged this order before the Council of State, which upheld the precautionary appeal filed by Italgas Reti, suspending the effectiveness of the first instance order until the definition of the merits.

On June 5, 2020, Italgas lodged an appeal with the Regional Administrative Court of Lazio, by which it requested that the Municipality of Rome be ordered to pay Italgas Reti compensation of the total amount of € 106,290,396.25 resulting from the failure of the Municipality of Rome to comply with the concession contract. Subsequently, consistent with the previous judgement, the Regional Administrative Court declared the jurisdiction of the Ordinary Court and Italgas Reti resumed the judgement before the Ordinary Court of Rome, asking for a joining with the judgement concerning the penalties applied by Municipality of Rome. The hearing for appearance for both proceedings has been scheduled for March 21, 2023.

At the same time, Italgas Reti obtained an order from the Court of Rome suspending the effects of the measure quantifying the penalties and preventing Roma Capitale from enforcing the surety given in relation to the penalty payment claims.

The parties in any case keep dialogue and the related investigations of the respective positions open in order to verify that the conditions for coming to an agreement are met. Also on the basis of an external legal opinion, the Company, at present, does not believe that the risk of losing the dispute it’s more likely than not.

Italgas Reti S.p.A. / Municipality of Andria – Trani Court

With the ruling of February 21, 2023, the Court of Trani declared that the Municipality of Andria was not entitled to obtain the reimbursement from Italgas Reti for the component of the gas distribution tariff referred to as "locational costs" for the year 2019. According to the Court's ruling, this right is non-existent because the Municipality of Andria has not yet acquired the right to become the owner of the facilities.

Municipality of Venice / Italgas Reti S.p.A. – Court of Venice

On April 24, 2019, the Municipality of Venice served, at the Court of Venice, a writ of summons, aimed at the verification and consequent payment of € 59,006,552.03 as a consideration for use of the portion of the network subject to free acquisition for the period 6/1/2010-12/31/2018 as well as the sums due for the same reason for the period after 12/31/2018 and up until the judgement. Italgas Reti contested the quantification of the fee and requested the restitution of the amount unduly paid to the Municipality following the free transfer of Block A. Having carried out the introductory procedural steps, by order dated April 26, 2021, the Judge ordered Italgas Reti to produce relevant documentation and consequently set the hearing for May 31, 2022 for the examination of the documentation. On May 31, 2022, the Municipality requested that Italgas Reti be ordered to supplement the documentation produced. For its part, Italgas Reti opposed the request for supplementation formulated by the Municipality and requested, principally, the postponement of the case for the clarification of the conclusions or, alternatively, the granting of a time limit to possibly counter-respond. At the outcome of the hearing, the Judge requested additional documentation and adjourned the hearing to January 17, 2023. On that date, the Municipality insisted on the admission of a technical expert's report, while Italgas Reti requested that the hearing for clarification of the conclusions be postponed. The Court's decision is currently pending.

Supported by a technical and economic appraisal issued by an expert and on the basis of an external legal opinion, the Company does not believe that the risk of losing the dispute it’s more likely than not.

Municipality of Cavallino Treporti / Italgas Reti S.p.A. – Court of Venice

The Municipality of Cavallino-Treporti, which was established in 1999 by means of the separation of a portion of the territory formerly belonging to the Municipality of Venice, summoned Italgas Reti to appear before the Court of Venice, requesting the payment of € 4,669,129.00 or any other amount as consideration due under the applicable tariff regulations for the use of the plants that make up the so-called "Block A", which became the property of the Municipality of Cavallino-Treporti as a result of the Concession no. 19309/1970 from June 1, 2010 until December 31, 2018. With the appearance before the Court, Italgas Reti requested that the Municipality of Cavallino be ordered to repay the total amount of € 37,313.69 paid in fees for the occupation of public spaces and areas (COSAP) for Block A in the period between January 1, 2013 and December 31, 2018. Following the various legal proceedings, by decision dated June 25, 2022, the Court of Venice, notwithstanding the acknowledgement of the right of ownership of the plants in Block A in favour of the Municipality of Cavallino-Treporti with effect from the date of expiry pursuant to the concession (January 1, 2013), ordered the Municipality of Cavallino-Treporti to pay Italgas € 37,313.69 plus interest for the COSAP unduly paid by Italgas for the period between January 1, 2013 and December 31, 2018 and € 40,000 for legal expenses. The Municipality of Cavallino-Treporti notified an appeal against the ruling. The first hearing was held on January 24, 2023 and the Court’s decision on the continuation of the proceedings is pending.

Publiservizi S.p.A. / Italgas S.p.A. – Florence Court

Publiservizi, on its own behalf and as agent of other municipalities that are shareholders of Toscana Energia, served Italgas S.p.A. with a writ of summons in which they alleged a breach of a Shareholders' Agreement entered into on June 28, 2018. Publiservizi, therefore, claims that Italgas should be ordered to purchase 3% of the share capital of Toscana Energia S.p.A. (for the price of € 70,000,000.00 indicated in the tender notice of July 20, 2018) or, in any case, to fulfil the aforementioned Shareholders' Agreement and, otherwise, to pay Publiservizi € 59,800,000.00 by way of compensation for damages for breach or, alternatively, by way of unjust enrichment. Following the exchange of introductory documents, by order of April 30, 2021, the Judge ruled that the case could be settled at that stage and therefore scheduled the hearing for specification of the pleadings for September 13, 2023. Supported by an external legal opinion, the Company does not believe that the risk of losing the dispute it’s more likely than not.

Criminal dispute

The main criminal disputes in which the Group is involved are set out below.

Italgas Reti S.p.A. – Rome/Via Parlatore Event

The Public Prosecutor's Office of Rome opened an investigation in relation to the event that took place on September 7, 2015 during an ordinary intervention in the gas distribution network in the Municipality of Rome.

The incident caused a fire that involved three people. Two of them, workers for an Italgas Reti contractor, suffered mild injuries. The third person – an employee of Italgas Reti – died. The preliminary investigation involved three employees of Italgas Reti. At the conclusion of these investigations, the Public Prosecutor's Office asked for all defendants to be dismissed, but the Judge for Preliminary Investigations ordered further investigations, following which the Public Prosecutor again asked for all defendants to be dismissed. On November 17, 2020, the Judge for the Preliminary Investigation, also rejecting the second request for dismissal, ordered the Public Prosecutor to formulate the indictment, without finding Italgas Reti liable under Legislative Decree no. 231/2001. Pursuant to the order by the Judge for Preliminary Investigations, the prosecutor formulated the request for committal for trial of the three Italgas Reti persons under investigation. At the outcome of the preliminary hearing, the Judge ordered the indictment of the defendants. At present, the first instance trial is ongoing. The family members of the deceased employee have joined the proceedings, while the two employees of the contractor who sustained injuries have withdrawn their participation as a result of the award of damages.

Italgas Reti S.p.A. – Cerro Maggiore/Via Risorgimento Event

The public prosecutor opened criminal proceedings against several Italgas Reti executives, technicians and manual workers in relation to an incident that took place on November 11, 2015 during an emergency intervention. The accident was caused by a gas leak due to drilling work for laying fibre optic cable carried out by a third-party company, whose employees were also investigated.

The explosion resulted in the collapse of a house and the death of the lady who lived there, a serious injury to an Italgas Reti employee and to two other people who suffered mild injuries.

On April 24, 2017, a notice of conclusion of preliminary investigations was served on the defendants and Italgas Reti for failure to adopt appropriate preventive measures in terms of safety at work pursuant to Legislative Decree no. 231/2001.

The position of one employee of Italgas Reti (employer), was subsequently terminated, while for the other employees an indictment request was submitted.

In the course of the preliminary hearing, it was acknowledged that damages had been awarded to the heirs of the deceased lady and the other injured persons, who therefore waived their right to bring civil proceedings. The Municipality of Cerro Maggiore was allowed to initiate civil proceedings.

At the outcome of the preliminary hearing, on March 19, 2019, the Preliminary Hearing Judge (i) pronounced a verdict of non-suit against two Italgas Reti employees for not having committed the act; (ii) issued a judgment of conviction against certain employees of the third-party contractor for the laying of the fibre optics who had requested the abbreviated trial; and (iii) ordered the committal for trial, at the hearing of 9 December 2019, of Italgas Reti and three of its employees, in addition to the other defendants of the third-party contractor for the laying of the fibre optics.

At the outcome of the trial, the Public Prosecutor requested the acquittal of the Italgas Reti safety manager and two defendants of the contracting company, while it requested two years' imprisonment for the other two defendants of Italgas Reti, with a suspended (and therefore not enforceable) sentence. For Italgas Reti, the Public Prosecutor requested the application of a minimum fine, considering the modest amount of the profit.

In a ruling of June 4, 2021, the judge acquitted one of the two remaining Italgas Reti defendants and sentenced the other to one year and six months in prison with suspended and unremitted sentence. A minimum fine was imposed on Italgas Reti.

Italgas Reti and the convicted employee appealed against the sentence, while the Public Prosecutor appealed the acquittal of the other Italgas Reti employee acquitted at first instance. The setting of the first appeal hearing is pending.

Italgas Reti S.p.A. – Rocca di Papa Event

The Public Prosecutor's Office of Velletri opened an investigation relating to the incident on June 10, 2019 in the municipality of Rocca di Papa, caused by the rupture of an Italgas Reti pipe by a company carrying out works for the same Municipality.

The gas leak caused an explosion in which some people were injured, two of which died in the following days.

The Public Prosecutor's Office conducted the preliminary investigation against individuals unrelated to Italgas Reti, who cooperated in the investigation as an aggrieved party in relation to the damage to its conduct and participated in the expert investigation and preliminary investigation through their technical consultants.

The Public Prosecutor's investigation concluded with the filing, on April 28, 2021, of the notice of conclusion of preliminary investigations against the suspects: the geologist appointed by the Municipality, the geologist appointed by the drilling contractor, the owner of the drilling contractor and their Technical Director, and the Project Manager of the Municipality of Rocca di Papa (the latter was subsequently removed).

At the preliminary hearing, Italgas Reti formalised its claim as a civil party.

The defence of some of the injured parties requested the summons of Italgas as civilly liable and supplementary investigations against Italgas Reti, requests that were rejected by the Judge, who instead admitted the summons of the excavation company, the geotechnical company and the Municipality of Rocca di Papa as civilly liable. At present, Italgas Reti remains in the proceedings only as a damaged civil party. At the outcome of the preliminary hearing, the Judge ordered the indictment of the defendants for May 4, 2023.

Other events

Italgas Reti S.p.A. – Ravanusa event

The Public Prosecutor's Office of Agrigento opened an investigation into an explosion that occurred in the town of Ravanusa on 11 December 2021.

At 9:02 p.m., the Fire Brigade requested the Integrated Supervision Centre to deploy the emergency services. Italgas Reti's technical staff arrived on site at 21:20.

The first sectioning of the network, aimed at securing the pipeline, was completed at 2:05 a.m. on 12 December 2021.

The cathodically protected coated low pressure steel pipe, measuring 100 mm in diameter, was laid in 1988 by Siciliana Gas (a company merged by incorporation into Società Italiana per il gas S.p.A. in 2008, which in turn became Italgas Reti from November 7, 2016) and is therefore well within its useful life as per ARERA requirements.

There were no Italgas Reti construction sites on the section of pipeline affected by the explosion, either at the time of the accident or in the weeks preceding it.

The previous week, Italgas Reti had not received any reports of any type to its Emergency Intervention service, complaining of gas leaks.
The whole of the Ravanusa network - including that installed in the area involved by the event - had been checked using the cutting-edge Picarro Surveyor technology, and in 2020 and 2021 and no critical issues had arisen.
On December 31, 2021, the Public Prosecution issued ten notices of investigation to ten employees of Italgas Reti in order to be able to examine the unrepeatable technical assessments.
Italgas Reti has acknowledged these provisions, guaranteeing maximum collaboration during activities in support of investigators, just as it has since the outset.

During these technical assessments, a breakage of a steel pipe installed along via Trilussa, was found. This breakage was the subject of further metallurgical investigation, the results of which have not yet been filed. In addition, further laboratory investigations were carried out on odorising gas and soil samples taken near the site of the event in the days following the explosion and the presence of the odorising molecule was confirmed.

An extension of the preliminary investigation was requested and granted in July 2022, and a subsequent extension request for a further six months was notified in February 2023.

It is currently not possible to predict the duration or the outcome of the investigations conducted by the Public Prosecutor's Office in Agrigento, investigations which are ongoing and therefore covered by investigative secrecy. Following the incident, a precautionary claim has been promptly opened with the insurance companies with which the "civil liability" and "property" policies were taken out, in order to ensure the orderly handling of any claims, the amount of which is not quantified at present.

Italgas Reti has granted its willingness to the Municipality of Ravanusa to carry out a project for the removal of rubble following the explosion, which is currently being finalised.

Informative priorities ESMA 2022

In accordance with what was envisaged for the 2020 and 2021 financial statements, including for the purpose of preparing the 2022 financial statements, the Regulators issued specific recommendations in order to draw attention to the main areas of focus of the current context of reference, characterised by a combination of factors associated with the residual impacts of the COVID-19 pandemic, the impacts of the Russia-Ukraine conflict, the increase in inflation and interest rates and the general worsening of the macroeconomic scenario, geopolitical risks and uncertainties around future developments.

In particular, with Public Statement no. 32-63-1320 of October 28, 2022, "European common enforcement priorities for 2022 annual financial reports", ESMA reinforced the message disseminated in its previous publications 2020 and 2021, regarding the need to provide adequate financial and non-financial disclosure on climate change issues, the impacts of the Russian-Ukrainian conflict and the current macroeconomic scenario.

In light of the recommendations of ESMA and other Regulators, such as the Bank of Italy and Consob, and in accordance with the provisions of the IAS 34 in subsections 15-15C with reference to "significant events" during the year, an update for 2022 to the information already presented in the 2021 Integrated Annual Financial Report is provided below.

In particular, specific thematic areas have been identified and expanded on below which, with reference to the individual IFRS standards, provide a better understanding of the information.

Update information on COVID-19

With reference to the residual impacts of COVID-19, taking into account the activities of the Italgas Group and the impact on the Group of the spread of the pandemic, there are no significant updates with respect to what has already been illustrated in the 2021 Integrated Annual Financial Report and in the Half-Year Financial Report at June 30, 2022.

For a more in-depth analysis of this topic, please refer to the chapter "External context, markets and Italgas share" in the Integrated Annual Report.

Environmental regulations

With respect to environmental risk, although the Group conducts its business in compliance with laws and regulations, it cannot be ruled out with certainty that the Group may incur costs or liabilities, which could be significant.

It is difficult to foresee the repercussions of any environmental damage, partly due to new laws or regulations that may be introduced for environmental protection, the impact of any new technologies for environmental clean-ups, possible litigation and the difficulty in determining the possible consequences, also with respect to other parties' liability and any possible insurance compensation.

The Group closely monitors the various risks and associated financial impacts (which at present could mainly concern matters of impairment and recoverability of the value of assets and provisions under IAS 37) that could ensue from environmental and climate change issues.

As described in the Directors' Report, in recent years, Italgas' corporate strategy has been increasingly influenced by climate change matters and various initiatives have been developed with a view to reducing GHG emissions (e.g. leak detection using Picarro technology, conversion of the corporate fleet to methane gas, green gas initiatives, etc.).

In the short term, the main elements influencing the development of Italgas' strategy are the regulatory aspects of climate change such as European policy objectives, while in the short-to-medium term, the main elements are the efficient procurement of natural gas, aimed at reducing its impacts on climate change.

In the Strategic Plan, Italgas defines a macro-comprehensive scenario that includes contexts and trends of the Energy and Environmental Policies (decarbonisation - Paris Agreement, renewal sources, energy efficiency, sustainable mobility, power to gas and green gas) and presents its own Sustainability Plan. The Group's strategy is developed consistently with the United Nations Sustainable Development Goals.

Italgas' strategy is outlined in the 2022-2028 Strategic Plan, which highlights the digital transformation and technological innovation that will enable Italgas to play a key role in the energy transition, etc.

Climate change-related topics

In consideration of the requirements contained in the European Common Enforcement Priorities of October 2021 on climate-related matters, confirmed as a priority in the Public Statement of 2022, ESMA requires that adequate information be provided on climate-related issues and their effects on business development and performance, together with a description of the main risks and uncertainties to which the Italgas Group is exposed.

With regard to the areas relating to the inclusion of climate risk in the Business Plan, its impact on sustainability objectives and the main significant risks and uncertainties, please refer to the chapters "Strategy and forward-looking vision", "Risk management" and "Information on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" in the Directors' Report.

In particular, note the preparation of the 2022-2028 Sustainable Value Creation Plan, which sets concrete actions and ambitious targets for the creation of value for the Group's stakeholders and for the territories in which it is present and operates, and the "Driving innovation for energy transition" report, which explores the relationship between the Italgas Group's business and climate change-related impacts, in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

The document not only describes the new opportunities identified in the climate transition and the potential risks, but also the adequacy of the climate strategy implemented by the Group in that regard.

Finally, set out below are the assessments associated with the main risks considered in the development of the estimates, which could result in a significant adjustment to the carrying value of assets and liabilities.

Impairment testing and expected useful life of tangible and intangible assets

With reference to the impact of climate risks in determining the expected useful life of tangible and intangible fixed assets and their estimated residual value, there are no (i) indicators suggesting that assets have reduced in value, (ii) significant impacts of climate change on the Group's assumptions used in estimating their recoverable value and (iii) there is no need to perform sensitivity analyses of the effects of climate risk within the assumptions made.

At present, therefore, company management does not reasonably expect climate change to have a significant impact on forecast future cash flows of a given asset or cash generating unit (CGU) and, consequently, on the relevant recoverable value.

IAS 37 - Provisions for risks and potential liabilities

In accordance with IAS 37, the company management believes that there are no provisions for risks or potential liabilities requiring consideration in the financial statements in connection with possible disputes, specific regulatory requirements aimed at mitigating environmental damages, sanctions connected with failure to comply with environmental requirements, contracts that may become onerous, possible restructuring works aimed at achieving the climate objectives required.

Effects of the climate risk on measuring expected credit loss

No significant climate and environmental risks are noted worthy of consideration in assessing the credit risk and therefore worthy of inclusion in calculating the ECL (Expected Credit Loss), as required by IFRS 7.

Information on the Russia-Ukraine conflict

With its Recommendation of October 2022, ESMA confirmed the validity of the requirements contained in the May 2022 Public Statement "Implications of Russia's invasion of Ukraine on half-yearly financial reports", considering the recommendations contained therein also relevant for the preparation of annual financial statements as of December 31, 2022, in order to ensure the right level of transparency in financial reporting.

Therefore, below are the assessments related to the current and, as far as possible, foreseeable impact of the Russian-Ukrainian military conflict, following the invasion by the Russian army of Ukrainian sovereign territory, on Italgas Group's activities, financial performance and cash flows.

The state of political and military tension generated and the consequent economic sanctions adopted by the international community against Russia have had significant effects and created turbulence on the global markets, on both the financial front and in terms of prices and the export of raw materials, considering the significant role that Russia and Ukraine play in the international economic chessboard.

Italgas confirms that it does not have production activities or personnel deployed in Russia, Ukraine or countries geo-politically aligned with Russia, nor does it have commercial and/or financial relationships with such countries. Italgas has continued to see no materially significant restrictions to the execution of financial transactions through the bank system, even after the exclusion of Russia from the SWIFT international payment system. Nevertheless, in a market already characterised by restrictions and slowdowns in the procurement chain, especially in relation to components, we cannot rule out that the political and economic tension induced by the conflict might exacerbate such difficulties and have implications, in a way that cannot yet be estimated or predicted, on the effectiveness and timeliness of the Group's procurement capacity.

In particular, following a survey of a significant portion of our suppliers, conducted in the months following the start of the conflict, it was found that none of the suppliers surveyed reported any impact with the Russian market, while only one supplier reported sub-supplies of Ukrainian origin for which it took steps to seek alternatives.

All the suppliers surveyed confirmed that they have implemented measures to prevent the effects of any cyber attacks. Monitoring in the following months did not show any critical issues arising as a result of the conflict.

It is also noted that most of the processes managed by the suppliers surveyed can be classified as energy-intensive.

The survey confirmed, as previously highlighted, the growing problems in the procurement of electronics and components linked to steel, both in terms of price, delivery time and availability. The subsequent increase in utilities costs is creating tensions on prices. Currently there are no significant critical issues in production on the energy materials/commodities markets. With reference to the tensions on the financial markets, Italgas continues to be only marginally exposed to foreign exchange risk and in any case only against the US dollar.

With regard to the availability of sources of financing and the related costs, it is reported that i) more than 90% of Italgas' financial debt is fixed rate, ii) the upcoming repayment of a bond envisaged for 2024 has no refinancing requirements in the short term, iii) the Group in any case holds liquidity at leading credit institutions for an amount, as of December 31, 2022, of € 451.9 million, which, including in light of the existing investment plans and the operations planned in the short term, would make it possible to manage any restrictions on access to credit with no significantly material effects.

With reference to the indirect risks associated with the sales companies that use the Italgas Group's networks, if they are found to be suffering, in a deteriorated international scenario, from adverse commodity procurement conditions such as, for example, huge increases in the prices of the commodity that cannot be passed on to end customers resulting in a worsening of their financial conditions and related difficulty in regularly complying with their contractual obligations towards the Italgas Group, it is recalled that the rules for user access to the gas distribution service in Italy are established by ARERA and regulated in the Network Code, which also defines the system for existing financial guarantees to protect the distributor.

With reference to the risk of lower volumes of gas injected into the infrastructure, as we know, the current tariff regulation does not lead to exposure of the distributors to changes in volumes of gas distributed. In any case, the risk of a prolonged interruption to injection of natural gas into the distribution infrastructure, which could impact in a significantly negative way upon the Group's operating continuity, would nevertheless be mitigated by the actions already in place and/or being studied at national and European level, such as the optimisation of storage, the diversification of procurement sources and the increase in domestic output.

Lastly, examining the natural gas distribution service in Greece, and in light of the scenarios illustrated above, the Group has not noted and does not anticipate any significant adverse repercussions on receipts expected from gas sales companies such as to jeopardise the financial balance of the Group, or on the regularity of payments by counterparties.

In light of the above, no significant impacts are reported in the following areas:

- Business Continuity;
- Impairment test of non-financial assets;
- Impairment of financial assets;
- Impacts on governance exercised over affiliated companies;
- Assets or groups of assets held for sale;
- Recognition of deferred tax assets;
- Fair value measurement;
- Remeasurement of foreign currency transactions and translation of financial statements in foreign currencies;
- Provisions for contingent liabilities;
- Liabilities arising from insurance contracts.

Macroeconomic scenario

In consideration of the requirements of ESMA's October 2022 recommendation, below are the assessments related to the potential impacts that the current macroeconomic scenario and related uncertainties may have on Italgas Group operations.

Impairment test of non-financial assets

The Italgas Group, consisting of Italgas S.p.A., the consolidating company, and its subsidiaries, is an integrated group at the forefront of the regulated natural gas sector and a relevant player in terms of invested capital in its regulatory asset base (RAB) in the sector.

The RAB (Regulatory Asset Base) is calculated on the basis of the rules defined by the relevant regulatory authority for the purpose of determining base revenues.

At present, following the impairment tests carried out, there are no effects that would suggest a reduction in the value of assets under concession or of intangible assets with a finite or indefinite useful life (goodwill).

In particular, as regards the value of property, plant and equipment under concession that fall within the scope of regulated activities, their recoverable value is determined by considering: (i) the amount quantified by the Authority on the basis of the rules that define the tariffs for the provision of the services they are intended for; (ii) the value the group expects to recover from the transfer or at the end of the concession that governs the service for which they are intended.

Therefore, for any valuation of regulated assets, reference should be made to the provisions of current regulations, for which see the "Legislative and Regulatory Framework" chapter of the Integrated Annual Report.

In light of the above, no impairment indicators emerged as of December 31, 2022 concerning the recoverability of asset values and goodwill due to the general deterioration of the macroeconomic scenario.

Employee benefits

There was no change in the approach used in determining the actuarial assumptions necessary to calculate the various Employee Benefits liabilities in accordance with IAS 19.

Therefore, there were no methodological amendments or specific changes to the economic, demographic, financial or behavioural assumptions (e.g. turnover).

Please refer to Note 22 "Provisions for employee benefits" for details on the main actuarial assumptions adopted and the sensitivity analyses performed.

Revenues from Contracts with Customers

The most significant portion of the Italgas Group's revenues relates to regulated activities, whose income is governed by the regulatory framework defined by the Regulatory Authority. Thus, the economic conditions of the services provided are defined through regulatory schemes and not on a negotiated basis; there are no significant costs charged to assets incurred in the performance of a contract.

Financial instruments

The impacts deriving from the worsening of the macroeconomic situation did not have significant effects on the Italgas financial instruments.

For information on the Italgas Group's exposure to the risk of changes in interest rates, liquidity risk and credit risk, please refer to Note 26 "Guarantees, commitments and risks – Financial risk management" in which Italgas' policies and principles for managing and controlling risks arising from financial instruments are described.

Information on Article 8 of the Taxonomy Regulation

In connection with the disclosure obligations pursuant to Article 8 of the European Regulation on Taxonomy, the system envisaged for classifying economic activities as environmentally-sustainable on the basis of six environmental objectives for two of which, (i) climate change mitigation and (ii) climate change adaptation, the European Commission has prepared technical criteria, the Group has:

- assessed the degree of alignment of its economic activities with the taxonomy criteria;
- prepared internal reporting systems to comply with the requirements envisaged.
- specifically collected data in order to guarantee a timely and correct application of taxonomy requirements.

For more details, see the chapter on "Information on the activities that are eligible and non-eligible to the Taxonomy of sustainable investments" of the Integrated annual report.

Public funds received in Italy

With reference to the new rules introduced by Law no. 124 of August 4, 2017 "Annual competition law", under Article 1, paragraphs 125-129, please note that the following grants from public authorities relating to the construction of gas networks in Italy were collected in 2022.

Beneficiary	Grantor			Type of transaction	Amount €
	Designation Company name	Tax code	VAT Number		
ITALGAS RETI S.P.A.	MORRO D'ORO	81000370676	00516370673	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	14,421.08
ITALGAS RETI S.P.A.	TORRE ANNUNZIATA	00581960630	01244431217	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	2,106.94
ITALGAS RETI S.P.A.	ROANA	00256400243	00256400243	Plant account grants - Reg. Law no. 25 of 3 APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	5,907.24
ITALGAS RETI S.P.A.	MANIAGO	81000530931	00199780933	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	5,774.49
ITALGAS RETI S.P.A.	GAZZO VERONESE	82002770236	01700550237	Plant account grants - Reg. Law no. 25 of 3 APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	1,923.00
ITALGAS RETI S.P.A.	PINETO	00159200674	00159200674	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	6,475.00
ITALGAS RETI S.P.A.	MONTESILVANO	00193460680	00193460680	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	11,089.19
ITALGAS RETI S.P.A.	ROSE	80001170788	00427870787	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	2,518.08

ITALGAS RETI S.P.A.	CANOSA DI PUGLIA	81000530725	01091490720	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	234.24
ITALGAS RETI S.P.A.	CARDETO	80009020803	80009020803	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	427,894.79
ITALGAS RETI S.P.A.	MELITO DI PORTO SALVO	00281270801	00281270801	Plant account grants - Reg. Law no. 25 of 3 APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	415,546.71
ITALGAS RETI S.P.A.	MONTEBELLO JONICO	80003190800	00710360801	Plant account grants - Reg. Law no. 25 of 3 APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	402,738.85
ITALGAS RETI S.P.A.	PALIZZI	81000970806	00728590803	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	178,866.96
ITALGAS RETI S.P.A.	SAN LORENZO	00283710804	00283710804	Plant account grants - Reg. Law no. 25 of 3 APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	466,840.37
MEDEA S.P.A.	OZIERI	00247640907	00247640907	Plant account grants Resolution 54/28 of 11.22.2005 of the Autonomous Region of Sardinia Article 5	485,616.97
TOSCANA ENERGIA S.P.A.	MONSUMMANO TERME	81004760476	00363790478	Plant account grants - Reg. Law no. 25 of APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	6,917.66
TOSCANA ENERGIA S.P.A.	TERRICCIOLA	00286650502	00286650502	Plant account grants - Reg. Law no. 25 of 3 APRIL 3, 1995 and - REGIONAL LAW NO. 84 of 12.27.2001	40,983.61
TOTAL					**2,475,855.18**

For information purposes only, below please note that the following contributions have been collected via the factor:

Beneficiary	Grantor			Type of transaction	Amount €
	Designation Company name	Tax code	VAT Number		
MEDEA S.P.A.	OROSEI	00134670918	00518920913	Plant account grants Resolution 54/28 of 11.22.2005 of the Autonomous Region of Sardinia Article 5	2,457,649.91
MEDEA S.P.A.	SENORBI'	80008070924	80008070924	Plant account grants Resolution 54/28 of 11.22.2005 of the Autonomous Region of Sardinia Article 5	1,108,483.55
MEDEA S.P.A.	DORGALI	00160210910	00160210910	Plant account grants Resolution 54/28 of 11.22.2005 of the Autonomous Region of Sardinia Article 5	1,581,222.21
TOTAL					**5,147,355.67**

27) *Total revenues and other income*

The breakdown of *Revenues and other income* for the year, which totalling € 2,312,476 thousand for the year ended December 31, 2022 (€ 2,163,232 thousand for the year ended December 31, 2021) is shown in the following table.

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Revenues	2,098,463	2,182,712
Other income	64,769	129,764
Total revenues and other income	**2,163,232**	**2,312,476**

Group revenues are generated in Italy and Greece, as described below.

Revenues

Revenues, amounting to € 2,182,712 thousand (€ 2,098,463 thousand for the year ended December 31, 2021), are analysed in the table below:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Gas distribution	1,213,906	1,228,314
Revenues for infrastructure construction and improvements (IFRIC 12)	772,005	727,755
Technical assistance, engineering, IT and various services	66,643	50,514
Energy efficiency interventions	21,688	138,973
Water distribution and sale	7,715	8,867
Gas sales	16,506	12,924
Sale of other products	-	15,365
Revenues	**2,098,463**	**2,182,712**

Revenues refer primarily to the consideration for the natural gas distribution service and other regulated revenues (€ 1,228,314 thousand) and revenues deriving from the construction and upgrading of gas distribution infrastructure connected with concession agreements pursuant to IFRIC 12 (€ 727,755 thousand).

Revenues from natural gas distribution correspond to the regulatory revenues allowed and therefore contain the positive differential that was generated during the year against the turnover for € 151,041 thousand.

Gas distribution revenues in Italy are reported net of the following items, involving tariff components in addition to the tariff applied to cover gas system expenses of a general nature. The amounts in question are paid, where positive, charged, where negative, for an equal amount, to the CSEA.

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
RE-RS-UG1 fees	111,093	4,055
UG3 fees	14,501	(1,096)
Gas Bonus and GS fees	(61,206)	(575,977)
UG2 fees	(3,101)	(636,821)
Total	**61,287**	**(1,209,839)**

The fees in addition to the distribution service (negative € 1,209,839 thousand) mainly relate to the following fees: (i) RE, to cover the expenses burdening the *Fund for calculating and implementing energy savings and the development of renewable energy sources in the gas sector*; (ii) RS, to cover expenses burdening the *Account for gas services quality*; (iii) UG1, to cover any imbalances in and adjustments to the equalisation system; (iv) UG2, to cover the costs of retail sales marketing; (v) UG3int, to cover expenses connected to the interruption of services; (vi) UG3ui, to cover expenses connected to any imbalances in specific equalisation mechanism balances for the Default Distribution Service Provider (FDD) as well as the expenses for payment delays incurred by Suppliers of Last Instance (FUI), limited to end customers for which the supply cannot be suspended; (vii) UG3ft, to cover the arrears paid to temporary providers on the transport system; (viii) GS, to cover the tariff compensation system for economically disadvantaged customers.

In 2022, ARERA, given the notable issues of energy prices and higher energy bills, as already envisaged at the end of 2021, wrote off, for all gas sector customers, the components relating to the system charges and introduced supplementary social bonuses (extension of the pre-existing Gas Bonus). Furthermore, from the second quarter of 2022, Resolutions no. 148/2022/R/gas and no. 296/2022/R/gas provided for an update of the UG2 component with the application of a negative component in instalments up to 5,000 Sm^3/year), in order to immediately transfer to customers the containment effects of the measures adopted in relation to the exceptional situation of operating tension on the gas markets. The economic effect of such measure for the Group is null since such items are entirely charged back to the CSEA; this therefore led to the increase in receivables from the CSEA posted to item "9) Trade and other receivables" and the emergence of payables to the Sales Companies, posted to item "19) Trade and other payables" for the UG2 and Gas Bonus negative components.

Gas distribution revenues (€ 1,228,314 thousand) refer to natural gas distribution on behalf of all commercial operators requesting access to the networks of the distribution companies based on the Network Code. These revenues include the higher revenues associated with the contribution pursuant to Article 57 of ARERA Resolution no. 570/2019/R/gas relating to the replacement of traditional meters with electronic smart meters and the recovery of non-depreciation (so-called IRMA) pursuant to Consultation Document 545/2020/R/gas, Resolution no. 570/2019/R/gas, Resolution no. 287/2021 and Determination no. 3/2021 in the amount of € 1,951 thousand for the year ended December 31, 2022 (€ 13,930 thousand for the year ended December 31, 2021).

With regard to the recognition of revenues relating to the so-called "Municipalities in start-up", mainly concentrated in Sardinia, the remuneration mechanism provides for a limit ("cap") to tariff recognitions for investments in distribution networks for locations with year of first supply after 2017, in the amount of € 5,250 per re-delivery point, expressed at 2017 prices, determined by Resolution no. 704/2016/R/gas. Payment of the price by ARERA is made on the basis of the "three-phase" system, whereby the first phase lasts three years (in addition to the year of first supply), during which investments are recognised in full; this is then followed by a second phase during which a cap applies, calculated on the basis of a prospective valuation of the delivery points, which may potentially be connected to the network, based on the penetration curves of the typical users of each tariff area and, finally, a third phase, which starts from the sixth year of service management, during which, if the cap is exceeded, the investments recognised from the first year of service management will be cut retroactively. Resolution no. 525/2022/R/gas subsequently governed the operating procedures for application of the cap on the tariff recognition of capital costs in locations in the start-up phase and the application methods of the mechanism, relating in particular to the determination of the service deployment ratio and the procedures for verifying that the maximum unit expenditure threshold has been exceeded, for the second and third stages of the mechanism. In connection with these municipalities, the Group records the revenue on the basis of the RAB expected at the sixth year of supply, considering it to be highly likely that on the basis of the expected delivery points, there will not be any significant reversal of revenues accrued after resolving the uncertainty.

Revenues deriving from energy efficiency interventions (€ 138,973 thousand) mainly relate to work carried out during the year, generally referred to as "superbonus", as envisaged by the "Relaunch Decree" (Decree Law 34/2020), which introduced the "Superbonus 110", an incentive to access the tax bonus for work carried out on houses to improve energy efficiency and/or the "sismabonus" that makes it possible to receive 110% of the expense generated and admissible in 4 years.

Revenues from the sale of gas (€ 12,924 thousand) relate to gases sold in Sardinia by the subsidiary Gaxa S.p.A. until its deconsolidation.

Revenues from the sale of water (€ 8,867 thousand) relate to the water distributed in Campania by Italgas Acqua.

Other income

Other income, amounting to € 129,764 thousand, can be broken down as follows:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Income from gas distribution service safety recovery incentives	22,399	27,207
Plant safety assessment pursuant to ARERA Resolution no. 40/04	2,520	2,139
Capital gains from sale of assets	4,458	36,709
Sundry management refunds and chargebacks	399	3,952
Contractual penalties receivable	659	1,340
Revenues from regulated activities	11,110	10,077
Release of connection contributions relating to the year	19,589	19,233
Income from real estate investments	525	200
Revenues from seconded personnel	283	578
Net revenues from Energy Efficiency Certificates (EEC)	232	-
Sundry other	2,595	28,329
Other income	**64,769**	**129,764**

Income from gas distribution service safety recovery incentives, equal to € 27,207 thousand, relates to refunds paid by the Authority connected to achieving quality and technical standards relating to the natural gas distribution service.

Revenues from capital gains on the sale of assets amounting to € 36,709 thousand for the year ended December 31, 2022 mainly relate to the sale of the ATEM Naples 1 plants following the awarding of the tender to another operator.

The item Sundry other includes the negative difference arising from the Purchase Price Acquisition of Janagas for € 13,558 thousand.

28) *Total costs and other expenses*

The breakdown of *Total costs and other expenses* for the period, which totalling € 1,191,952 thousand, is shown in the following table:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Costs for raw materials, consumables, supplies and goods	150,932	154,746
Costs for services	614,831	656,231
Lease expenses	90,780	102,319
Personnel costs	256,808	265,466
Provision for risks and charges	(1,868)	(1,797)
Impairment of trade receivables, net	320	(342)
Other expenses	25,783	25,440
To be deducted:		
Increases for own work	**(2,836)**	**(10,111)**
- of which costs for services	(608)	(2,137)
- of which personnel costs	(2,228)	(7,974)
Cost and other expenses	**1,134,750**	**1,191,952**

Operating costs relating to the construction and upgrading of gas distribution and water service infrastructure connected with concession agreements pursuant to what is set forth in IFRIC 12, amount to € 727,755 thousand and are broken down as follows:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Costs for raw materials, consumables, supplies and goods	**121,277**	**111,220**
of which external	*40,622*	*37,570*
of which internal	*80,655*	*73,650*
Costs for services	**520,816**	**483,477**
of which external	*468,576*	*412,984*
of which internal	*52,240*	*70,493*
Lease expenses	**10,264**	**24,988**
of which external	*10,264*	*24,988*
Personnel costs	**113,576**	**104,737**
of which internal	*113,576*	*104,737*
Other expenses	**6,072**	**3,333**
of which external	*6,072*	*3,333*
Total	**772,005**	**727,755**

Costs for raw materials, consumables, supplies and goods

Costs for raw materials, consumables, supplies and goods*,* amounting to € 154,746 thousand (150,932 for the year ended December 31, 2021), comprise the following:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Inventories	115,361	120,178
Purchase of gas	27,107	24,238
Purchase of water	2,194	2,534
Motive power	1,594	2,267
Purchase of fuel	3,298	4,596
Consumables	1,378	933
Costs for raw materials, consumables, supplies and goods	**150,932**	**154,746**

Inventories refer in particular to the acquisition of meters and gas pipes.

Costs for raw materials, consumables, supplies and goods include costs relating to the construction and upgrading of gas distribution and water service infrastructure (€ 111,220 thousand), recorded in accordance with IFRIC 12.

Costs for services

Costs for services of € 654,094 thousand relate to:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Project management and plant maintenance	485,405	512,015
Consultancy and professional services	56,230	69,219
Costs for personnel services	11,757	15,011
IT and telecommunications services	37,481	38,010
Electricity, water and other (utility) services	6,751	7,208
Insurance	5,508	6,125
Cleaning, security service and guard services	4,871	4,745
Advertising and entertainment	3,896	4,462
Costs for seconded personnel	367	494
Other services	29,863	21,342
Use of risk provision	(27,298)	(22,400)
Costs for services, , before deductions for increases for own work	**614,831**	**656,231**
To be deducted:		
Increases for own work	(608)	(2,137)
Costs for services	**614,223**	**654,094**

Costs for services include costs relating to the construction and upgrading of gas distribution and water distribution infrastructure (€ 483,477 thousand) recognised pursuant to IFRIC 12.

Costs for project management and plant maintenance (€ 512,015 thousand) essentially relate to the extension and maintenance of gas distribution plants.

Lease expenses

Lease expenses, of € 102,319 thousand, regard:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Patent, license and concession fees	80,501	77,309
Leases and rentals	10,440	25,282
Use of risk and charges provision	(161)	(272)
Lease expenses	**90,780**	**102,319**

Patents, licences and concession fees (€ 77,309 thousand) refer primarily to fees recognised to contracting parties for the running of natural gas distribution activities under concession.

Lease and rentals include costs relating to the construction and upgrading of gas distribution infrastructure (€ 24,988 thousand) recognised in accordance with IFRIC 12.

Allocation to provision for risks and charges

Allocation to provision for risks and charges, amounting to negative € 1,797 thousand net of utilisations, refer mainly to the provision for risks and charges relative to legal disputes.

For more details on the changes in provisions for risks and charges, please refer to the note "Provisions for risks and charges".

Personnel costs

Personnel costs, totalling € 257,492 thousand, breaks down as follows:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Wages and salaries	180,176	186,491
Social charges	54,827	53,996
Employee benefits	16,544	19,634
Other expenses	5,261	5,345
Personnel costs, , before deductions for increases for own work	**256,808**	**265,466**
To be deducted:		
Increases for own work	(2,228)	(7,974)
Personnel costs	**254,580**	**257,492**

The item includes costs relating to the construction and upgrading of gas distribution infrastructure (€ 104,737 thousand) recognised pursuant to IFRIC 12.

Employee benefits (€ 19,634 million) mainly regard the employee severance pay accrued, to be paid to pension funds or to INPS.

Other expenses of € 5,345 thousand, in particular refer to charges for the incentive plan for senior executives (co-investment plan). For Stock Grant plans for Company employees, the fair value of the option, determined at the time it is granted (calculated on the basis of the "Black-Scholes" economic and actuarial method) is posted to the income statement as a cost throughout the vesting period, with a corresponding balancing item in a reserve under equity.

More details are provided in the "Provisions for employee benefits" note.

Average number of employees

The average number of payroll employees of the consolidated entities, broken down by status, is as follows:

Professional qualification	**For the year ended 31 December 2021**	**For the year ended December 31, 2022**
Executives	61	74
Middle Managers	312	378
Employees	2,175	2,488
Manual workers	1,389	1,457
Average number of employees	**3,937**	**4,397**

The average number of employees is calculated on the basis of the monthly number of employees for each category. The increase mainly derives from the entry into the scope of consolidation of the DEPA Infrastructure Group companies.

As of December 31, 2022, there were 4,390 employees on average.

Remuneration due to key management personnel

The remuneration due to persons with powers and responsibilities for the planning, management and control of the Company, i.e. executive and non-executive directors, general managers and managers with strategic responsibilities ("key management personnel"), in office at December 31, 2022, amounted to € 10,710 thousand and breaks down as follows:

(€ thousands)	**For the year ended December 31, 2021**	**For the year ended December 31, 2022**
Wages and salaries	8,215	7,893
Post-employment benefits	742	725
Other long-term benefits	1,314	1,442
Compensation for termination of employment		650
Total	**10,271**	**10,710**

Remuneration due to Directors and Statutory Auditors

Remuneration due to Directors, except for the Chairman and the CEO who form part of the key management personnel as explained in the foregoing paragraph, amounted to € 2,084 thousand and remuneration due to Statutory Auditors amounted to € 604 thousand (Article 2427, no. 16 of the Italian Civil Code). This remuneration includes emoluments and any other amounts relating to pay, pensions and healthcare due for the performance of duties as a director or statutory auditor giving rise to a cost for the Company, even if not subject to personal income taxes.

Other expenses

Other expenses, of € 25,440 thousand, are analysed below:

(€ thousands)	**For the year ended December 31, 2021**	**For the year ended December 31, 2022**
Gas distribution service safety improvement penalties	440	-
Other penalties	2,259	1,839
Indirect taxes, local taxes	6,729	8,201
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	8,011	11,377
Sundry other	8,344	4,023
Other expenses	**25,783**	**25,440**

The capital losses from the disposal/recovery of property, plant and equipment and intangible assets (€ 11,377 thousand) mainly relate to the replacement of faulty meters and pipes and connections.

29) *Amortisation, depreciation and impairment of assets*

Amortisation, depreciation and impairment of assets, amounting to € 479,186 thousand, breaks down as follows:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Amortisation and depreciation	**444,387**	**478,291**
- Property, plant and equipment	16,188	17,335
- Right of use pursuant to IFRS 16	22,937	24,625
- Intangible assets	405,262	436,331
Impairment	**864**	**895**
- Write-backs of tangible assets	(31)	-
- Impairment of intangible assets	895	895
Amortisation, depreciation and impairment of assets	**445,251**	**479,186**

Impairment of intangible assets, of € 895 thousand (€ 895 thousand in 2021) relate to the exit from the production process of certain assets.

30) *Net Financial expense*

Net financial expense, amounting to € 56,275 thousand, comprises:

(€ thousands)	For the year ended December 31, 2021	For the year ended 31 December 2022
Total financial expense	**(63,292)**	**(59,399)**
Financial expense	(64,060)	(59,570)
Financial income	768	171
Total other financial income	**2,913**	**3,124**
Other financial expenses	(619)	(1,797)
Other financial income	3,532	4,921
Net financial expense	**(60,379)**	**(56,275)**

Below is the breakdown of financial expenses, financial income and other financial expenses and income:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Financial Income (Expense)	**(63,292)**	**(59,400)**
Borrowing costs:	**(64,060)**	**(59,571)**
- Interest expense on notes	(54,602)	(49,078)
of which the effect of the bond buyback transaction of February 5, 2021	*6,433*	-
- Commission expense on bank loans and credit lines	(8,702)	(5,182)
- Interest expense on credit line and loan expense due to banks and other lenders	(756)	(5,311)
Financial expense capitalised		
Income on financial receivables:	**768**	**171**
- Interest income and other income on financial receivables non-held for operations	768	171
Total net financial expense:	**2,913**	**3,125**
- Capitalised financial expense	1,920	1,565
- Discounting of financial (non-current) liabilities) (*)	(839)	(1,618)
- Interest on lease liabilities	(290)	(321)
- Other expenses	(1,410)	(1,422)
- Other income	3,532	4,921
Net financial expense	**(60,379)**	**(56,275)**

(*) The item relates to the increase in the provisions for risks and charges and employee benefit funds that are specified, at a discounted value, in the notes "Provisions for risks and charges" and "Provisions for employee benefits".

31) *Total net Income from equity investments*

Net income from equity investments, totalling € 3,432 thousand, breaks down as follows:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Share of the profit of investments in associates/joint ventures	**2,011**	**662**
Income from share of the profit of equity investments in associates/joint ventures	2,011	662
Other income from equity investments	**441**	**2,770**
Dividends	50	48
Other income from equity investments	391	2,722
Net Income from equity investments	**2,452**	**3,432**

The increase of € 980 thousand compared to 2021 derives mainly from the combined effect of the capital gain for the sale of Gaxa S.p.A. (€ 2,587 thousand) and the reduction in income from the measurement at equity (€ 1,349 thousand, mainly arising from the lower result of the subsidiary Gesam Reti).

Details of capital gains and capital losses from the valuation of equity investments using the equity method can be found in the note "Equity investments valued using the equity method".

32) *Income taxes*

Income taxes for the year, amounting to € 152,369 thousand (€ 141,884 thousand for the year ended December 31, 2021) comprise:

(€ thousands)	For the year ended December 31, 2021			
	IRES	IRAP	**FOREIGN**	Total
Current taxes	**128,146**	**26,422**	**-**	**154,568**
Current taxes for the year	134,322	27,967	-	162,289
Adjustments for current taxes pertaining to previous years	(6,176)	(1,545)		(7,721)
Deferred and prepaid taxes	(13,470)	**786**	**-**	**(12,684)**
Deferred taxes	(14,183)	(1,362)	-	(15,545)
Prepaid taxes	713	2,148		2,861
Income taxes	**114,676**	**27,208**	**-**	**141,884**

(€ thousands)	For the year ended December 31, 2022			
	IRES	IRAP	**FOREIGN**	Total
Current taxes	**137,190**	**27,111**	**(3,524)**	**160,777**
Current taxes for the year	138,800	26,973	(3,524)	162,249
Adjustments for current taxes pertaining to previous years	(1,610)	138	-	(1,472)
Deferred and prepaid taxes	**(16,099)**	**291**	**7,400**	**(8,408)**
Deferred taxes	(19,903)	(2,952)	9,006	(13,849)
Prepaid taxes	(3,804)	(3,243)	1,606	(5,441)
Income taxes	**121,091**	**27,402**	**3,876**	**152,369**

Income taxes include current taxes of € 160,777 thousand (€ 154,568 thousand for the year ended December 31, 2021) and net deferred taxes of € 8,408 thousand. The rates applied and provided for by the Italian tax regulations for current taxes are 24% for IRES and 4.2% for IRAP. The rate applied and provided for by the Greek tax regulations for current taxes is 22%.The reconciliation of the theoretical tax charge, calculated by applying the corporation tax (IRES) rate in force in Italy of 24%, with the actual tax charge for the year can be broken down as follows:

(€ thousands)	For the year ended December 31, 2021		For the year ended December 31, 2022	
	Tax rate	Balance	Tax rate	Balance
IRES and FOREIGN		-		-
Profit before taxes		525,304		588,496
IRES tax calculated based on the theoretical tax rate	**24.00%**	**126,073**	**24.00%**	**141,239**
Tax effect on:				
- Income from equity investments	0.9%	3,209	0.5%	3,220
- Taxes for previous years	0.0%	(207)	(0.0)%	(139)
- “Super Iper amortisation and depreciation” tax benefit	(2.3)%	(12,111)	(1.7)%	(10,213)
- Other permanent differences	(0.4)%	(2,425)	(1.6)%	(9,140)
IRES taxes for the year through profit or loss	**22.2%**	**114,539**	**21.2%**	**124,967**

(€ thousands)	For the year ended December 31, 2021		For the year ended December 31, 2022	
	Tax rate	Balance	Tax rate	Balance
IRAP				
Operating profit for IRAP		583,231		619,957
IRAP tax calculated based on the theoretical tax rate	**4.2%**	**24,496**	**4.2%**	**26,038**
Changes compared to the theoretical rate				
- Taxes for previous years	(0.1)%	(245)	0.0%	116
- Regional IRAP adjustments	0.8%	3,519	0.7%	3,858
- Other permanent differences	(0.1)%	(425)	(0.4)%	(2,610)
IRAP taxes for the year through profit or loss	**4.8%**	**27,345**	**4.5%**	**27,402**

The lower taxation of the Greek companies totalled € 7,400 thousand.An analysis of deferred tax assets and liabilities grouped on the nature of the significant temporary differences that generated them can be found in the note “Deferred tax liabilities”.In Italy, pursuant to Article 157 of Decree-Law no. 34 of May 19, 2020, converted, with amendments, by Law no. 77 of July 17, 2020, amended by Article 22-bis of Decree Law no. 183 of 31 December 2020, converted, with amendments, by Law no. 21 of February 26, 2021, notifications of investigations, disputes, imposition of penalties, recovery of tax credits, settlements and adjustment and settlement, for which the time limits expired between March 8, 2020 and December 31, 2020 - including documents relating to IRES and IRAP declarations for the 2015 tax year - had to be issued by December 31, 2020, but may be filed in the period between March 1, and February 28, 2022.

Taxes related to components of comprehensive income

Taxes related to other comprehensive income can be broken down as follows:

(€ thousands)	For the year ended December 31, 2021			For the year ended December 31, 2022		
	Gross value	Tax impact	Net tax value	Gross value	Tax impact	Net tax value
Remeasurement of defined benefit plans for employees	1,929	(540)	1,389	11.659	(3,265)	8,394
Change in fair value of investments measured at FVTOCI	-	-	-	802	(193)	609
Fair value gain/(loss) arising from hedging instruments during the period	(14,753)	(3,541)	11,212	56,593	(13,582)	43,011
Other components of comprehensive income	**16,682**	**(4,081)**	**12,601**	**69,054**	**(17,040)**	**52,014**
Deferred tax assets		**(4,081)**			**(17,040)**	

33) *Earnings per share*

The *Earnings per basic share*, equal to € 0.50, was calculated by dividing the net profit attributable to Italgas (€ 407,288 thousand) by the weighted average number of Italgas shares outstanding during the year (810,245,718 shares).

The diluted earnings per share is calculated by dividing the net profit attributable to Italgas (€ 407,288 thousand) by the weighted average number of shares outstanding during the period, excluding any treasury shares, increased by the number of shares that could potentially be added to those outstanding

as a result of the assignment or disposal of treasury shares in the portfolio for stock grant plans. The diluted earnings per share, calculated also considering the co-investment plan, was € 0.50 per share

Information by geographical area

With reference to the provisions of the IFRS 8 accounting standard governing segment reporting, the Italgas Group's segment information provides for a single operating segment represented by Gas Distribution and Metering, as a result of the aggregation of the activities carried out in Italy and Greece, following the acquisition of the DEPA Infrastructure Group finalised in the last months of 2022.

This representation reflects the structure of the reports that are periodically analysed by management for the purpose of managing and planning the Group's business.

In fact, the management considered that the two segments have similar economic characteristics considering that:

- the Italgas Group and the DEPA Infrastructure Group carry out their main activities in the highly regulated gas distribution sector. In both cases the rate system establishes in particular that the reference revenues for the formulation of rates is determined so as to cover the costs incurred by the operator and allow for a fair return on invested capital;
- the way in which the rate of return (WACC) is determined is quite similar in both cases, and is therefore essentially able to neutralise differences in risk between the two countries,
- the WACC values provided in the two tariff systems, 7% in Greece expressed in nominal pre-tax terms, and 5.6% in Italy expressed in real pre-tax terms, are fully comparable;
- DEPA Infrastructure Group's access to financial markets will benefit from being part of the Italgas Group, as it will be able to access financing conditions similar to those within the Group and, therefore, a more established and calmer situation than if left to the market alone.

Moreover, the gas distribution service in Italy and Greece has similar economic characteristics in terms of:

a) nature of the products and services, i.e. gas distribution and metering. DEPA Infrastructure, through its subsidiaries, which are active in gas distribution and metering throughout Greece, operates a total of approximately 7,500 kilometres of network and more than 600,000 active re-delivery points;
b) the nature of the production processes, i.e. the development and maintenance of assets related to the gas distribution service under concession. The finalisation of the DEPA Infrastructure transaction enabled Italgas to acquire the licence to distribute natural gas in 140 Municipalities on the Greek peninsula, of which 105 are already in operation;
c) type or class of customer according to their products or services, i.e. sales companies;
d) methods used to distribute its products or provide its services; i.e. the transport of gas through local pipeline networks, and
e) nature of the regulatory environment, i.e. the management of a regulated business with a similar risk profile.

In accordance with Subsection 33 of IFRS 8, total revenues and other income, non-current assets and investments by geographic area are shown below:

(€ thousands)

As of and for the year ended December 31, 2022	**Italy**	**Greece**
Total revenues and other income	2,230,362	82,114
Non-current assets	8,099,588	1,079,736
Investments in tangible and intangible assets	775,414	38,904

34) *Related party transactions*

Considering the “de facto” control of CDP S.p.A. over Italgas S.p.A., pursuant to the international accounting standard IFRS 10 - Consolidated Financial Statements, Italgas' related parties, based on the current ownership structure, are represented by Italgas’ associates and joint ventures, as well as by the parent company, CDP S.p.A., and by its subsidiaries and associates and direct or indirect subsidiaries, associates and joint ventures of the Ministry of Economy and Finance (MEF). Members of the Board of Directors, Statutory Auditors and managers with strategic responsibilities of the Italgas Group and their families, are also regarded as related parties.

As explained in detail below, related-party transactions involve the trading of goods and the provision of regulated services in the gas sector. Transactions between Italgas and related parties are part of ordinary business operations and are generally settled at arm’s length, i.e. at the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group.

Pursuant to the provisions of the applicable legislation, the Company has adopted internal procedures to ensure that transactions carried out by the Company or its subsidiaries with related parties are transparent and correct in their substance and procedure.

The Directors and Statutory Auditors declare potential interests that they have in relation to the company and the group every six months, and/or when changes in said interests occur; in any case, they promptly inform the Chief Executive Officer (or the Chairman, in the case of the Chief Executive Officer’s interests), who in turn informs the other directors and the Board of Statutory Auditors, of the individual transactions that the company intends to carry out and in which they have an interest.

Italgas is not subject to management and coordination activities. Italgas exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Civil Code.

The amounts involved in commercial, financial and other transactions with the above-mentioned related parties, are shown below. The nature of the most significant transactions is also stated.

With reference in particular to the balances exposed towards the Eni Group and Enel Group, the underlying relations refer to the natural gas distribution service business, according to the terms of the Network Code, defined by the Regulatory Authorities for Energy, Networks and the Environment. The Network Code regulates the non-discriminatory conditions, including tariffs, applicable to distribution users. These relations shall take the form of ordinary transactions concluded at arm's length conditions insofar as part of the core operating business of the Group, as envisaged by the Italgas Compliance Standard "Transactions involving the interests of the Directors and Statutory Auditors and Related Party Transactions".

Commercial and other transactions

(€ thousands)	As of December 31, 2021			For the year ended December 31, 2021				
				Costs (a)			Revenues (b)	
	Receivables	**Payables**	**Guarantees and commitments**	**Assets**	**Services**	**Other**	**Services**	**Other**
Parent company								
- Cassa Depositi e Prestiti	-	101	-		81	-	-	-
Total Parent Company	**-**	**101**	**-**		**81**	**-**	**-**	**-**
Companies under joint control and associates								
- Umbria Distribuzione Gas	690	-	-		(5)	-	572	102
- Metano Sant'Angelo Lodigiano	565	-	-		(5)	-	387	106
- Gesam Reti	147	-	-			-		151
- Valdarno	-	36	-		185	14	39	-
- Enerpaper	-	-	-		54	-	-	-
Total Companies under joint control and associates	**1,402**	**36**	**-**		**229**	**14**	**998**	**359**
Companies owned or controlled by the State								
- Eni Group	180,121	28,341	-	2,881	837	2,552	651,409	3,990
- Snam Group	743	771	-		654	39	240	7
- Enel Group	41,499	5,009	-		27	760	151,435	1,328
- Anas Group	15	841	-		10	449	-	37
- Ferrovie dello Stato Group	238	61	-		1	699	-	-
- GSE Gestore Servizi Group	2,481	-29	-		15	95,793	2,137	-
- Poste italiane Group	4	245	-		200	-	-	3
- Terna Group	-	-	-					1
- Saipem Group	-	53	-		130	-	-	-
Total Companies owned or controlled by the State	**225,101**	**35,292**	**-**	**2,881**	**1,874**	**100,292**	**805,221**	**5,366**
Other related parties								
- Zecca dello Stato [Italian State Mint]			-					1
- Eur Group		4	-			6		-
- Gruppo Valvitalia		1,286	-	8,215	-	-	-	-
- Trevi	-	139	-	-	742	-	-	-
Total Other related parties	**-**	**1,429**	**-**	**8,215**	**742**	**6**	**-**	**1**
Total	**226,503**	**36,858**	**-**	**11,096**	**2,926**	**100,312**	**806,219**	**5,726**

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

(€ thousands)	As of December 31, 2022			For the year ended December 31, 2022				
				Costs (a)			Revenues (b)	
	Receivables	Payables	Guarantees and commitments	Assets	Services	Other	Services	Other
Parent company								
- Cassa Depositi e Prestiti	**-**	**184**	**-**	**-**	**90**	**9**	**-**	**-**
Total Parent company	**-**	**184**	**-**	**-**	**90**	**9**	**-**	**-**
Companies under joint control and associates								
- Umbria Distribuzione Gas	2,649	21	-	-	(14)	-	1,456	318
- Metano Sant'Angelo Lodigiano	489	(2)	-	-	(2)	-	759	146
- Gesam Reti	61	-	-	-	-	-	58	6
- Enerpaper	329	1,613	-	-	4,704	-	-	-
- Energie Rete Gas	2,156	-	-	-	-	-	-	5,090
Total Companies under joint control and associates	**5,684**	**1,632**	**-**	**-**	**4,688**	**-**	**2,273**	**5,560**
Companies owned or controlled by the State								
- Eni Group	13,638	326,501	-	5,005	762	1,168	(148,369)	4,068
- Snam Group	308	359	-	-	218	7	241	49
- Enel Group	5,532	112,783	-	-	74	213	(87,468)	6,817
- Anas Group	20	1,061	-	-	9	482	-	-
- Ferrovie dello Stato Group	265	33	-	-	7	534	1	-
- GSE Gestore Servizi Group	2,033	(8)	-	-	41	153,728	3,866	34
- Poste italiane Group	4	242	-	-	64	-	-	-
- Leonardo Group	-	265	-	-	298	-	-	-
- Saipem Group	-	54	-	-	-	-	-	-
Total Companies owned or controlled by the State	**21,800**	**441,290**	**-**	**5,005**	**1,473**	**156,132**	**(231,729)**	**10,968**
Other related parties								
- Eur Group	-	4	-	-	-	2	-	-
- Gruppo Valvitalia	-	832	-	4,318	-	-	-	-
- Oper Fiber	1	-	-	-	-	-	-	-
- UniCredit Previdenza	-	134	-	-	-	-	-	-
- Personal protective equipment	1	7	-	2	12	-	-	-
- E-Distribution	1	-	-	-	61	1	-	-
- CESI - Giacinto Motta	-	13	-	-	-	-	-	-
- Assicurazioni Generali	1,335	-	-	-	-	-	-	1,335
- Valdarno	-	81	-	-	463	2	-	-
- Trevi	-	66	-	-	66	-	-	-
Total Other related parties	**1,338**	**1,137**	**-**	**4,320**	**602**	**11**	**-**	**1,335**
Total	**28,822**	**444,243**	**-**	**9,325**	**6,853**	**156,152**	**(229,456)**	**17,863**

[a] Include costs for goods and services for investment.

[b] Gross of the regulation components having contra entry in costs.

Companies under joint control and associates

The main receivable commercial transactions mostly regarded IT supplies and staff services to Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A.

The main receivable commercial transactions mainly regard IT services.

Companies owned or controlled by the State

The main receivable commercial transactions refer to:

- the distribution of natural gas to the Eni Group;
- the distribution of natural gas to Enel Energia S.p.A.

The main payable commercial transactions refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group.

The main payable commercial transactions to the GSE refer to:

- acquisition of Energy Efficiency Certificates

Financial transactions

Financial transactions can be broken down as follows:

(€ thousands)	As of December 31, 2021		For the year ended December 31, 2021	
	Receivables	**Payables**	**Income**	**Expense**
Parent company				
- Cassa Depositi e Prestiti	-	-	-	163
Total Parent company	**-**	**-**	**-**	**163**
Companies under joint control and associates				
- Valdarno	-	1,815	-	-
Total Companies under joint control and associates	**-**	**1,815**	**-**	**-**
Other related parties				
- Sace	-	-	-	751
Total Other related parties	**-**	-	**-**	**751**
Total	**-**	**1,815**	**-**	**914**

(€ thousands)	As of December 31, 2022		For the year ended December 31, 2022	
	Receivables	**Payables**	**Income**	**Expense**
Parent company				
- Cassa Depositi e Prestiti	612	(50)	1	-
Total Parent company	**612**	**(50)**	**1**	**-**
Companies under joint control and associates				
- Energie Reti Gas	2,126	-	-	-
Total Companies under joint control and associates	**2,126**	**-**	**-**	**-**
Companies owned or controlled by the State				
- Ferrovie dello Stato Group	-	(124)	-	-
- Anas Group	-	(162)	-	-
- ENI Group	-	-	-	-
- Snam Group	-	(1,581)	-	-
Total Companies owned or controlled by the State	**-**	**(1,867)**	**-**	**-**
Other related parties				
- Sace	-	-	-	-
- Acqua Campania	120	-	-	-
- Personal protective equipment	-	(13)	-	-
Total Other related parties	**120**	**(13)**	-	**-**
Total	**2,858**	**(1,930)**	**1**	**-**

Relations with the parent company CDP

The main financial transactions carried out with CDP specifically concern commissions on subscribed loans.

Companies under joint control and associates

The main financial transactions with Energie Reti Gas S.r.l. relate to a shareholder loan agreement.

Other related parties

The main financial transactions entertained with Sace Ft S.p.A. relate to financial commission following the transfer of receivables.

Transactions with Directors, Statutory Auditors and key managers, with reference in particular to their remuneration, are described in the note "Operating costs", to which reference is made.

Impact of related-party transactions or positions on the Statement of Financial Position, Income Statement and Statement of Cash Flows

The impact of related-party transactions or positions on the Statement of Financial Position is summarised in the following table:

(€ thousands)	As of December 31, 2021			As of December 31, 2022		
	Total	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Statement of Financial Position						

Current financial assets	5,120		0.00%	5,770	2,246	38.93%
Trade and other receivables	588,098	225,831	38.40%	1,142,950	28,586	2.50%
Other current financial assets	-	-	0.00%	17,455	-	0.00%
Other current non-financial assets	54,079	4	0.01%	80,775	4	0.00%
Other non-current financial assets	2,848	-	0.00%	22,945	612	2.67%
Other non-current non-financial assets	80,366	668	0.83%	153,575	232	0.15%
Current financial liabilities	591,188	464	0.08%	142,437	118	0.08%
Trade and other payables	769,137	36,683	4.77%	1,197,117	444,040	37.09%
Other current financial liabilities	290	-	0.00%	290	-	0.00%
Other current non-financial liabilities	13,111	175	1.33%	30,072	194	0.65%
Non-current financial liabilities	5,785,707	1,351	0.02%	6,402,913	(2,048)	(0.03)%
Other non-current financial liabilities	6,283	-	0.00%	34	-	0.00%
Other non-current non-financial liabilities	534,425	-	0.00%	545,192	-	0.00%

The impact of related-party transactions on the Income Statement is summarised in the following table:

(€ thousands)	For the year ended 31 December 2021			For the year ended December 31, 2022		
	Total	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Income Statement						
Revenues	2,098,463	806,219	38.42%	2,182,712	(229,456)	(10.51)%
Other income	64,769	5,726	8.84%	129,764	17,863	13.77%
Costs for raw materials, consumables, supplies and goods	150,932	11,096	7.35%	154,746	9,325	6.03%
Costs for services	614,223	2,926	0.48%	654,094	6,853	1.05%
Lease expenses	90,780	1,142	1.26%	102,319	1,021	1.00%
Personnel costs	254,580	-	0.00%	257,492	-	0.00%
Other expenses	25,783	99,170	384.63%	25,440	155,131	609.79%
Financial expense	64,645	914	1.41%	61,367	-	0.00%
Financial income	3,630	-	0.00%	4,043	1	0.02%

Related-party transactions are generally carried out at arm's length, i.e. at the conditions that would be applied between two independent parties.

The impact of related-party transactions on the Cash Flow Statement is summarised in the following table:

(€ thousands)	For the year ended December 31, 2021	For the year ended December 31, 2022
Revenues and income	811,945	(211,593)
Costs and charges	(115,248)	172,330
Change in current financial assets	-	(121)
Change in trade and other current receivables	27,351	197,245
Change in non-current financial assets	-	(612)
Change in other assets	7	436
Change in trade and other payables	8,148	407,357
Change in other current liabilities		19
Interest collected (paid)	(914)	(1)
Net cash flow from operating activities	**731,289**	**565,060**
Net investments		
- (Purchase) Sale of equity investments	(807)	(12,128)
Net cash flow used in investment activities	**(807)**	**(12,128)**
Dividends distributed to non-controlling interests	(88,646)	(94,334)
Increase (decrease) in financial debt	(818)	(3,745)
Net cash flow used in financing activities	**(89,464)**	**(98,079)**
Net cash flow for the year from/to related entities	**641,018**	**454,853**

The incidence of cash flows with related parties are shown in the following table:

(€ thousands)	For the year ended December 31, 2021			For the year ended December 31, 2022		
	Total	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Cash flow from operating activities	839,634	731,289	87.10%	548,169	565,060	103.08%
Cash flow used in investment activities	(813,741)	(807)	0.10%	(1,283,826)	(12,128)	0.94%
Cash flow from / (used in) financing activities	701,844	(89,464)	(12.70)%	(204,160)	(98,079)	48.04%

35) *Significant non-recurring events and transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no significant non-recurring events or transactions took place during the course of the year.

36) *Positions or transactions arising from atypical and/or unusual transactions*

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, it should be stated that no atypical and/or unusual positions or transactions took place during the course of the year.

37) *Significant events after year end*

Further post-reference date events are described in the section "Other information" contained in the Directors' Report.

38) *Publication of the financial statements*

The financial statements were authorised for publication by the Board of Directors of Italgas at its meeting of March 9, 2023. The Board of Directors authorised the Chairman and the Chief Executive Officer to make any changes which might be necessary or appropriate for finalising the form of the document.

Certification of the consolidated financial statements pursuant to Article 154-bis, paragraph 5 of Legislative Decree 58/1998 (Consolidated Finance Act)

1. Pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998, the undersigned Paolo Gallo and Giovanni Mercante, as Chief Executive Officer and Director in charge of preparing company accounting documents of Italgas S.p.A. respectively, certify:
   - the adequacy, considering the Group's characteristics, and
   - the effective implementation

   of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2022.
2. The administrative and accounting procedures for the preparation of the consolidated financial statements at December 31, 2022 were defined and their adequacy was assessed using the rules and methods in line with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a benchmark framework for the internal control system generally accepted at international level.
3. It is also certified that:

3.1 The consolidated financial statements at December 31, 2022:

g) were prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

h) are consistent with the accounting books and records;

i) are able to provide a true and fair view of the financial position, results of operations and cash flows of the issuer and the consolidated companies.

3.2 The Directors' Report includes a reliable analysis of the operating performance and results, as well as the position of the issuer and of all the companies included in the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

March 9, 2023

Chief Executive Officer	Executive responsible for preparing the corporate accounting documents
Paolo Gallo	Giovanni Mercante

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Italgas S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Italgas S.p.A. and its subsidiaries ("Italgas Group" or "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the income statement and the consolidated statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Italgas S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in service concession agreements for the natural gas distribution and metering services and related impairment test	
Description of the key audit matter	As at December 31, 2022, the Group accounts for intangible assets including the captions “Service concession agreements” and “Work in progress and payments on account IFRC 12”, respectively equal to euro 7,909,650 thousand and euro 271,847 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy and Greece. Investments made in the financial year relating to these items of intangible assets totaled euro 730,028 thousand. The goodwill allocated to the cash-generating units for the “distribution and metering of natural and other gases” and for the “distribution and metering of natural gas abroad” (the business combination, witch identified the latter cash- generating unit, is the topic of the next key audit matter) amounts to euro 66,200 thousand and euro 115,789 respectively. The natural gas distribution and metering activity is regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, “ARERA”) and Greek Regulatory Authority for Energy (“RAE”), which define, among the others, the rules for the remuneration of the natural gas distribution and metering services. In particular, the regulated revenues for the natural gas distribution and metering services provided by the Group are determined by ARERA and by RAE and provide for recognition of a predefined return on net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), relative depreciation and certain operating expenses – the so-called “revenue cap”. The RAB value is mainly determined through the “revalued historical cost” and the “historical cost” method, respectively by ARERA and by RAE. At the end of the financial year, the Group's Management assessed the recoverability of non-financial fixed assets related to the natural gas distribution and metering services comparing the carrying amount, represented by the net invested capital of the relative cash-generating unit, with the corresponding recoverable amount. In performing the impairment test, the recoverable amount of the cash-generating unit “distribution and metering of natural and other gases” and the cash-generating unit “distribution and metering of natural gas abroad” were estimated respectively according to the methodology of the RAB updated as at the balance sheet date and the fair value less cost to sell estimated on the basis of a recent market transaction. No impairment loss resulted from the test.

	We believe that investments in service concession agreements related to the natural gas distribution and metering services and the related impairment test represent a key audit matter for the Group's consolidated financial statements as at December 31, 2022 due to: (i) The relevance of the intangible assets related to such service concession agreements compared to the Group's total assets, (ii) the relevance of the investments made during the year, compared to the amount of the intangible assets for service concession agreements and (iii) their impact in determining the revenue cap for the remuneration of the natural gas distribution and metering services. Paragraphs "3) Measurement criteria – Intangible assets", "3) Measurement criteria – Impairment of non-financial fixed assets", "5) Use of estimates" and "14) Intangible assets" of the consolidated financial statements include the disclosure on the investments and the relative impairment test.
Audit procedures performed	With reference to investments in service concession agreements for the natural gas distribution and metering services and the relative impairment test, our audit procedures included, among the others, the following: • Understand the processes and relevant controls related to the recognition of such investments in the financial statements and assessment of their operating effectiveness. • Understand the processes and relevant controls related to impairment test. • Critical analysis of the composition of the intangible assets caption, including the analysis of any unusual item. • For a sample of investment items accounted within intangible assets for which the amortization process begun during the year, test of the accurate start of depreciation when the asset is available for use and aging analysis of the assets capitalized within work in progress. • With reference to investments and disposals occurred during the period, selection of a sample of transactions and test of the compliance with the capitalization and disposal criteria provided by accounting standards. • Assessment of the consistency between the useful life used for the depreciation of the assets under concession and their regulatory useful life and reperforming of the periodic depreciation. • Discussion meetings with the Group's Management in order to understand the impairment test methodology.

	• Assessment of the reasonableness of the assumptions underlying the determination of the recoverable amount, also using the work of experts of the Deloitte network. Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Recognition of Group DEPA business combination	
Description of the key audit matter	On September 1, 2022, the Group finalized the acquisition of DEPA Infrastructure Single Member S.A. and its subsidiaries Thessaloniki - Thessalia Gas Distribution S.A., Attiki Natural Gas Distribution Single Member Company S.A. e Public Gas Distribution Networks S.A., the three main players in gas distribution in Greece for a total consideration of euro 929,146 thousand. The transaction was recognized in the consolidated financial statements as required by the International Accounting Standard IFRS 3 "Business combinations" which provides for an allocation process of the acquisition cost ("*Purchase price allocation* – PPA") and which required Management to assess the fair value of the assets acquired and liabilities assumed, also through the support of independent experts. The values allocation process performed as a part of the PPA involved, among other, the recognition of intangible assets related to the licenses for natural gas distribution for euro 134,055 thousand and the related deferred tax, deferred tax asset on tax losses carryforward for euro 11,120 thousand, higher provisions for euro 13,800 thousand and, for the residual amount, goodwill for euro 115,789 thousand. The Directors report that, in accordance with the provisions of the IFRS 3, the values allocation process is not definitive, considering the fact that certain information, already available at the acquisition date, is still under analysis. Considering the subjectivity and complexity of the valuation matters affecting the process of determining the fair value of net assets acquired, as well as the relevance of the effects of this transaction, we considered the recognition of the business combination of Group DEPA Infrastructure S.A. a key audit matter of the Group's consolidated financial statements. Paragraphs "2) Consolidation principles – Business combination", "5) Use of estimates" and "6) Business combination transactions" of the consolidated financial statements include the disclosure on the process followed by the Group Management and the effects in the consolidated financial statements.
Audit procedures performed	As part of our audits work, we carried out the following procedures also using the work of experts of the Deloitte network: • Analysis of the agreements related to the investments acquisition in order to understand the relevant terms and conditions.

	• Understand the processes and relevant controls adopted by the Group related to the recognition of business combinations in accordance with the international accounting standard IFRS 3. • Understand the criteria used by Management for the recognition of the transaction. • Examination of the reports issued by the independent experts appointed by the Company to support the Management in the purchase price allocation process. • Assessment of the competence, capacity and objectivity of independent experts. • Obtain information from Management and independent experts. • Analysis of the reasonableness of the main assumption adopted by the Management to determine the fair value of the acquired assets and liabilities. Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Italgas S.p.A. has appointed us on May 12, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Italgas S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the illustrative notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Italgas S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Italgas Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative

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Decree 58/98, with the consolidated financial statements of Italgas Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Italgas Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Italgas S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
March 24, 2023

As disclosed by the Directors on page 1, the accompanying consolidated financial statements of Italgas S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Annexes to the consolidated financial statements

Companies and equity investments of Italgas S.p.A. as at December 31, 2022

In compliance with the provisions of Consob communication DEM/6064293 of July 28, 2006 and of articles 38 and 39 of Italian Legislative Decree 127/1991, the list of subsidiary and related companies of Italgas S.p.A as of December 31, 2022, as well as other relevant shareholdings, are reported below.
The companies are broken down by area of activity and are listed in alphabetical order. The name, registered office, share capital, shareholders and respective percentages of ownership are reported for each company. For fully consolidated companies, the consolidated percentage pertaining to Italgas is indicated. The measurement criterion is indicated for non-fully-consolidated subsidiaries of consolidated companies.

As at December 31, 2022, the companies of Italgas S.p.A. they are so divided:

CONSOLIDATING COMPANY

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion
Italgas S.p.A.	Milan	Eur	1,002,608,186.28	CDP Reti S.p.A. Snam S.p.A. Minority shareholders	26.01% 13.48% 60.51%	100.00%	full consolidation

SUBSIDIARY COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion
Italgas Reti S.p.A.	Turin	Eur	252,263,314	Italgas S.p.A.	100.00%	100.00%	full consolidation
Italgas Acqua S.p.A.	Milan	Eur	50,000	Italgas S.p.A.	100.00%	100.00%	full consolidation
Geoside S.p.A.	Casalecchio di Reno (BO)	Eur	57,089,254	Italgas S.p.A. Toscana Energia S.p.A.	67.22% 32.78%	83.82%	full consolidation
Medea S.p.A.	Sassari	Eur	95,500,000	Italgas Reti S.p.A. Minority shareholders	51.85% 48.15%	51.85%	full consolidation
Toscana Energia S.p.A.	Florence	Eur	146,214,387	Italgas S.p.A. Minority shareholders	50.66% 49.34%	50.66%	full consolidation
Italgas Newco S.p.A.	Milan	Eur	50,000,000	Italgas S.p.A. Minority shareholders	90.00% 10.00%	90.00%	full consolidation
Bludigit S.p.A.	Milan	Eur	11,000,000	Italgas S.p.A.	100.00%	100.00%	full consolidation
DEPA Infrastructure S.A.	Athens	Eur	79,709,919	Italgas Newco S.p.A.	100.00%	90.00%	full consolidation
EDA Attikis S.A.	Lykovrisi	Eur	243,811,712	DEPA Infrastructure S.A.	100.00%	90.00%	full consolidation
DEDA S.A.	Athens	Eur	78,333,710	DEPA Infrastructure S.A.	100.00%	90.00%	full consolidation
EDA Thess S.A.	Menemeni	Eur	247,127,605	DEPA Infrastructure S.A.	100,00%	90,00%	full consolidation
Immogas S.r.l.	Florence	Eur	1,718,600	Toscana Energia S.p.A.	100,00%	50.66%	full consolidation
Janagas S.r.l.	Rome	Eur	10,000	Medea S.p.A.	100,00%	51.85%	full consolidation

ASSOCIATED AND JOINT CONTROL COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Metano Sant'Angelo Lodigiano S.p.A. (a)	Sant'Angelo Lodigiano (LO)	Eur	200,000	Italgas S.p.A. Minority shareholders	50.00% 50.00%	shareholders' equity measurement
Umbria Distribuzione Gas S.p.A. (a)	Terni	Eur	2,120,000	Italgas S.p.A. Minority shareholders	45.00% 55.00%	shareholders' equity measurement
Energie Reti Gas S.r.l. (a)	Milan	Eur	11,000,000	Medea S.p.A. Minority shareholders	49.00% 51.00%	shareholders' equity measurement

Gesam Reti S.p.A.	Lucca	Eur	20,626,657	Toscana Energia S.p.A. Minority shareholders	42.96% 57.04%	shareholders' equity measurement
Gaxa S.p.A.	Cagliari	Eur	50,000	Italgas S.p.A. Minority shareholders	15.56% 84.44%	shareholders' equity measurement
Enerpaper S.r.l.	Turin	Eur	20,156	Geoside S.p.A. Minority shareholdes	20.01% 79.99%	shareholders' equity measurement

[(a)] Company subject to joint control

OTHER COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Reti Distribuzione S.r.l.	Ivrea (TO)	Eur	40,100,000	Italgas Reti S.p.A. Minority shareholders	15.00% 85.00%	fair value measurement
Picarro Inc.	Santa Clara (USA)	Dollar		Italgas S.p.A. Minority shareholders	6.00% 94.00%	fair value measurement

CHANGE IN SCOPE OF CONSOLIDATION

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Immogas S.r.l.	Florence	Eur	1,718,600	Toscana Energia S.p.A.	100.00%	full consolidation
DEPA Infrastructure S.A.	Athens	Eur	79,709,919	Italgas Newco S.p.A.	100.00%	full consolidation
EDA Attikis S.A.	Lykovrisi	Eur	243,811,712	DEPA Infrastructure S.A.	100.00%	full consolidation
DEDA S.A.	Athens	Eur	78,333,710	DEPA Infrastructure S.A.	100.00%	full consolidation
EDA Thess S.A.	Menemeni	Eur	247,127,605	DEPA Infrastructure S.A.	100.00%	full consolidation
Janagas S.r.l.	Rome	Eur	10,000	Medea S.p.A.	100.00%	full consolidation
Energie Reti Gas S.r.l.	Milan	Eur	11,000,000	Medea S.p.A. Minority shareholders	49.00% 51.00%	shareholders' equity measurement
Gaxa S.p.A. (*)	Cagliari	Eur	50,000	Italgas S.p.A. Minority shareholders	15.56% 84.44%	shareholders' equity measurement
Valdarno S.r.l. in liquidazione (**)	Ospedaletto (PI)	Eur	5,720,000	Toscana Energia S.p.A. Minority shareholders	30.05% 69.95%	shareholders' equity measurement
Fratelli Ceresa S.p.A. (***)	Turin	Eur	260,000	Geoside S.p.A.	100.00%	full consolidation

[(*)] Reduction of the shareholding (from 51.85% to 15.56%) against the partial sale of the company and consequent valuation at equity.

[(**)] Company left the scope of consolidation following the sale of the shares owned.

[(***)] Company left the scope of consolidation following its incorporation into Geoside S.p.A.

Fees for auditing and services other than auditing

Pursuant to art. 149-duodecies, second paragraph, of Consob resolution 11971 of May 14, 1999, and subsequent amendments, the fees for the year due to the auditing firm Deloitte & Touche S.p.A. are indicated below. for the services provided to the parent company Italgas S.p.A, its subsidiaries and jointly controlled companies.

(€ thousands)

Type of services	Subject that provided the service	Recipient	Remuneration
Audit (*)	Parent company auditor	Parent company	270
	Parent company auditor	Subsidiaries	608
	Parent company auditor	Jointly controlled company	27
Certification services (**)	Parent company auditor	Parent company	72
	Parent company auditor	Subsidiaries	67
	Parent company auditor	Jointly controlled company	-
Total			**1.044**

(*) The auditing services basically include: (i) the audit of the annual financial statements; (ii) the limited audit of the annual reporting package; (iii) the limited audit of the half-yearly reporting package; (iv) the audit of the separate annual accounts pursuant to the Integrated Text on Accounting Unbundling (TIUC).

(**) The certification services regard: (i) the review of the financial reporting control system; (ii) procedures performed in relation to the EMTN programme; (iii) procedures associated with the certification of investments for tariff purposes.

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2I RETE GAS GROUP

2iRG S.p.A.

Consolidated financial statements as of December 31, 2024

INDEPENDENT AUDITOR'S REPORT

Consolidated financial statements as of December 31, 2024 Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of 2i Rete Gas Group (the Group), which comprise the statement of financial position as at December 31, 2024, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and statement of cash-flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated financial statements of the Group for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 5, 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Audit Response
Impairment test of intangible assets related to gas distribution concessions and goodwill As of December 31, 2024, the Group consolidated financial statements include "Intangible assets" equal to euro 4,814,208 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy, and "Goodwill" equals to euro 304,955 thousand.	Our audit procedures related to this key audit matters included, among others: • assessment of the processes implemented by the Group related to the preparation of the impairment test; • meetings with the Group's Management in order to understand the impairment test methodology;

Such intangible assets and Goodwill are allocated to the CGU "Gas distribution and metering" and their recoverability is tested by the directors at the year-end in accordance with IAS 36 – Impairment of assets. The carrying amount of the CGU "Gas distribution and metering" and the Goodwill allocated to such CGU is compared with its recoverable amount that has been determined based on the net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base) on December 31, 2024.

We believe that the impairment test of Intangible assets related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services and goodwill represent a key audit matter for the Group's consolidated financial statements as of December 31, 2024 due to the relevance of the balance.

Paragraphs "Notes to the consolidated financial statements - Impairment losses" and 13 "Intangible assets" of the notes to the consolidated financial statements include the disclosure on the impairment test, and the sensitivity analyses performed.

- assessment of the appropriateness of the determination of the CGUs and the allocation of assets and liabilities to the carrying value of each CGU;
- assessment of the assumptions underlying the determination of the RAB 2024;
- assessment of the reasonableness of the impairment test methodology.

In performing our procedures, we assessed the sensitivity analyses prepared by the Group management and involved our EY valuation specialists who also verified the mathematical accuracy of the impairment test and performed an independent calculation.

Lastly, we reviewed the adequacy of the disclosures included in the notes to the consolidated financial statements.

Capitalization in intangible assets of capital expenditure on the gas distribution network under service concession agreements

As of December 31, 2024, the Group accounts for intangible assets including the captions "Concessions and similar rights" and "Concessions and similar rights – fixed assets under development", respectively equal to euro 4,400,374 thousand and euro 62,575 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy. Investments made in the financial year 2024 relating to these items of intangible assets totaled euro 349,088 thousand.

The natural gas distribution and metering activity is regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA"), which define, among the others, the rules for the remuneration of the natural gas distribution and metering services. In particular, the regulated revenues for the natural gas distribution and metering services provided by the Group are determined by ARERA and provide for recognition of a predefined return on net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), the related depreciation expenses and certain operating expenses – the so-called "revenue cap".

We believe that investments in service concession agreements related to the natural gas distribution and metering services represent a key audit matter for the Group's consolidated financial statements as of December 31, 2024 due to the relevance of the investments

Our audit procedures related to this key audit matters included, among others:

- assessment of the processes and relevant controls related to the recognition of such investments in the consolidated financial statements, including those related to Information Technology (IT), and assessment of their operating effectiveness;
- test of the compliance with the capitalization criteria provided by accounting standards;
- test of details, on a sample basis, analyzing the documentary evidence for amounts capitalized, in order to verify their accuracy, completeness and recognition in the appropriate reporting period;
- assessment of the consistency between the useful life used for the depreciation of the assets under concession and their regulatory useful life determined by ARERA and reperforming of the period depreciation.

Lastly, we reviewed the adequacy of the disclosures included in the notes to the consolidated financial statements.

made during the year and their impact in determining the revenue cap for the remuneration of the natural gas distribution and metering services.

Paragraphs "Notes to the consolidated financial statements – Intangibles assets" and 13 "Intangible assets" of the notes to the consolidated financial statements include the disclosure on the investments made during the year.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company 2i Rete Gas S.p.A. or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of 2i Rete Gas S.p.A., in the general meeting held on April 24, 2024, engaged us to perform the audits of the separate and consolidated financial statements for each of the years ending December 31, 2024 to December 31, 2032.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinions and statement pursuant to article 14, paragraph 2, subparagraph e), e- bis) and e-ter) of Legislative Decree n.39 dated January 27, 2010

The Directors of 2i Rete Gas S.p.A. are responsible for the preparation of the Directors' Report[49] of 2i Rete Gas Group as at December 31, 2024, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Directors' Report with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Directors' Report, excluding the section related to the consolidated sustainability information;
- issue a statement on any material misstatement in the Directors' Report.

In our opinion, the Directors' Report is consistent with the consolidated financial statements of 2i Rete Gas Group as of December 31, 2024.

Furthermore, in our opinion, the Directors' Report, excluding the section related to the consolidated sustainability information, complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Director's Report related to the consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated January 27, 2010.

Milan, February 27, 2025

EY S.p.A.

[49] *The Directors' Report is publicly available at the 2i Rete Gas' web site. The Director's Report is not included in, and does not form part of, this International Offering Circular.*

Signed by: Paolo Zocchi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2024

(in thousands of €)	Notes	For the year ended December 31, 2024	of which to related parties	For the year ended December 31, 2023	of which to related parties
Revenue					
Revenue from sales services	5.a	867,119	-	783,470	-
Other revenue	5.b	28,927	84	32,595	76
Revenue from intangible assets / assets under development	5.c	349,058	-	336,572	-
Sub-total		**1,245,104**		**1,152,637**	
Costs					
Raw materials and consumables	6.a	60,600	-	57,082	-
Services	6.b	364,163	2,983	358,219	3,691
Labour cost	6.c	148,063	4,461	138,906	2,713
Amortization, depreciation and impairment losses	6.d	241,280	-	232,232	-
Other operating costs	6.e	52,104	443	48,563	424
Capitalised costs for internal work	6.f	(1,103)	-	(1,126)	-
Sub-total		**865,107**		**833,875**	
EBIT		**379,997**		**318,762**	
Income/(expenses) from equity investments	7	405	(44)	(113)	(113)
Financial income	8	9,360	84	6,640	39
Financial expenses	8	(72,906)	-	(72,256)	-
Sub-total		**(63,141)**		**(65,729)**	
Profit/(loss) before tax		**316,856**		**253,033**	
Taxes	9	94,523	-	70,967	-
Profit/(loss) from continuing operations		**222,333**		**182,066**	
Profit/(loss) from discontinued operations	10	**-**		**-**	
Net profit/(loss) for the year		**222,333**		**182,066**	
Net profit/(loss) for the year attributable to:					
- Owners of the parent		222,199		182,071	
- Non-controlling interests		134		(5)	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2024

(in thousands of €)	For the year ended December 31,	
	2024	**2023**
Net profit/(loss) for the year	**222,333**	**182,066**
- Net profit/(loss) attributable to owners of the Parent	222,199	182,071
- Net profit/(loss) attributable to non-controlling interests	134	(5)
Other comprehensive income		
Items that will never be reclassified under profit/(loss):		
Revaluations of net liabilities/assets for defined benefits - owners of the Parent	23	(490)
Deferred tax assets and liabilities on items which will never be classified under profit/(loss) - owners of the Parent..	(24)	712
Total	(1)	222
Items that may be reclassified subsequently under profit/(loss):		
Change in fair value of hedging derivatives - owners of the Parent	-	(7,604)
Change in fair value of hedging derivatives reclassified in profit for the year - owners of the Parent..	(10,867)	(6,707)
Change in fair value of hedging derivatives (tax effect) - owners of the Parent	-	1,825
Change in fair value of hedging derivatives reclassified in profit for the year (tax effect) - owners of the Parent..	2,608	1,610
Total	(8,259)	(10,877)
Total other comprehensive income	**(8,260)**	**(10,655)**
Total comprehensive income	**214,072**	**171,411**
Total comprehensive income attributable to:		
- Owners of the Parent	213,939	171,416
- Non-controlling interests	134	(5)

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF FINANCIAL POSITION
As of December 31, 2024

(in thousands of €)	Notes	As of December 31, 2024	of which to related parties	As of December 31, 2023	of which to related parties
ASSETS					
Non-current assets					
Property, plant and equipment	11	33,333	-	37,054	-
IFRS 16 right-of-use assets	12	23,340	-	24,058	-
Intangible assets	13	4,814,208	-	4,706,595	-
Net deferred tax assets	14	138,557	-	128,308	-
Equity investments	15	3,789	3,666	3,833	3,710
Non-current financial assets	16	14,444	-	12,768	-
Other non-current assets	17	52,787	-	23,906	-
Total		**5,080,457**		**4,936,522**	
Current assets					
Inventories	18	21,923	-	23,849	-
Trade receivables	19	272,167	25	197,365	42
Short-term financial receivables	20	1,585	1,350	2,853	1,350
Other current financial assets	21	3,981	20	4,249	20
Cash and cash equivalents	22	80,695	-	324,901	-
Income tax receivables	23	2,378	-	3,059	-
Other current assets	24	236,743	-	313,553	-
Total		**619,472**		**869,830**	
Non-current assets (or assets included in disposal groups)					
Non-current assets (or assets included in disposal groups) held for sale	25	283	-	12	-
Total		**283**		**12**	
Total assets		**5,700,212**		**5,806,364**	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF FINANCIAL POSITION
As of December 31, 2024

(in thousands of €)	Notes	As of December 31, 2024	of which to related parties	As of December 31, 2023	of which to related parties
Equity and liabilities					
Equity – Owners of the parent	26				
Share capital		3,639	-	3,639	-
Treasury shares		-	-	-	-
Other reserves		592,471	-	600,732	-
Retained earnings/ (accumulated losses)		629,494	-	572,442	-
Net profit/(loss) for the year		222,199	-	182,071	-
Total equity – Owners of the parent		**1,447,803**		**1,358,883**	
Equity – non-controlling interests					
Non-controlling interests		1,824	-	1,829	-
Net profit/(loss) for the year – non-controlling interests		134	-	(5)	-
Total equity – non-controlling interests		**1,958**		**1,824**	
Total equity		**1,449,761**		**1,360,708**	
Non-current liabilities					
Long-term loans	27	2,520,672	-	3,036,295	-
Post-employment and other employee benefits	28	26,961	120	28,609	-
Provision for risks and charges	29	17,152	-	10,842	-
Deferred tax liabilities	14	-	-	-	-
Non-current financial liabilities	30	-	-	-	-
Non-current IFRS 16 financial liabilities	31	15,544	-	16,361	-
Other non-current liabilities	32	359,301	-	355,352	-
Total		**2,939,630**		**3,447,459**	
Current liabilities					
Short-term loans	33	204,997	-	-	-
Current portion of long-term loans	34	517,809	-	507,437	-
Current portion of long-term and short-term provisions	35	85,930	-	81,471	-
Trade payables	36	213,431	3,262	222,807	7,417
Income tax payables	37	20,911	-	16,473	-
Current financial liabilities	38	29,979	-	32,651	-
Current IFRS 16 financial liabilities	39	7,384	-	7,303	-
Other current liabilities	40	230,347	3,165	130,056	11
Total		**1,310,788**		**998,197**	
Non-current liabilities (or liabilities included in disposal groups) held for sale					
Non-current liabilities (or liabilities included in disposal groups) held for sale	25	33	-	-	-
Total		**33**		**-**	
Total liabilities		**4,250,451**		**4,445,656**	
Total equity and liabilities		**5,700,212**		**5,806,364**	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF CASH FLOWS
For the year ended December 31, 2024

(in thousands of €)	Notes	For the year ended December 31, 2024	2023
A) Cash and cash equivalents – Opening balance	22	**324,901**	**46,038**
Cash flow from operating activities			
Profit/(loss) before tax		316,856	253,033
Taxes	9	(94,523)	(70,967)
1. Net profit/(loss) for the year		**222,333**	**182,066**
Adjustments for:			
Amortisation/depreciation	6.d	239,401	233,055
Impairment/(Reversals)/(Releases)	6.d	1,879	(823)
Capital (gains)/losses	5.b/6.e	8,378	13,435
Allocations to provisions for risks, charges and post-employment benefits		38,176	37,012
Financial (income)/expenses	7 and 8	63,141	65,729
2. Total adjustments		**350,975**	**348,407**
Change in net working capital			
Inventories	18	1,926	(4,997)
Trade receivables	19	(74,434)	(141,094)
Trade payables	36	(9,376)	(226,188)
Other current assets	24	76,330	233,898
Other current liabilities	40	100,324	(13,010)
Net tax receivables/(payables)	23 and 37	5,119	25,910
Increase/(decrease) in provisions for risks and charges and post-employment benefits	28, 29 and 35	(12,609)	(13,005)
Increase/(decrease) in provisions for deferred tax assets and liabilities	14	(7,665)	(9,251)
Other non-current assets	17	(29,607)	9,368
Other non-current liabilities	32	3,950	1,287
Financial income/(expenses) other than for financing	8	(867)	(1,071)
3. Total change in net working capital		**53,092**	**(138,150)**
B) Cash flow from operating activities (1+2+3)		**626,400**	**392,323**
Cash flow (used in)/generated by investing activities			
Net fixed assets		(361,470)	(367,682)
Purchase of subsidiary and income from equity investments	7, 15 and IFRS 3	449	(239)
C) Cash flow (used in)/generated by investing activities		**(361,021)**	**(367,922)**
D) Free cash flow (B+C)		**265,378**	**24,401**
Cash flows from financing activities			
Dividend payout		(125,019)	(111,011)
Financial income/(expenses) relating to the FV of the derivative instrument from comprehensive income	7 and 8	(10,867)	(6,707)
Financial income for financing activities	8	8,689	4,533
Financial (charges) for financing activities and monetary changes in amortised cost	8, 16, 27 and 34	(69,969)	(74,517)
Receipts from debenture loan issues	27	-	550,000
Debenture loan settlements	27 and 33	(489,705)	(87,688)
Change in short-term and long-term financial debt	27 and 33	186,818	(118,182)
Change in other non-current financial assets	16	(443)	96,183
Change in other financial receivables	20 and 21	1,536	(3,791)
Change in IFRS 16 financial leases	31, 39 and 11	(7,952)	(7,398)
Change in other financial payables	38	(2,672)	13,040
E) Cash flow from financing activities		**(509,584)**	**254,462**
F) Cash flow for the period (D+E)		**(244,206)**	**278,864**
G) Cash and cash equivalents – Closing balance	22	**80,695**	**324,901**

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2024

(in thousands of €)	Share capital	Share premium reserve	Legal reserve	Reserves for valuation of derivatives	Other reserves	Retained earnings/(accumulated losses)	Profit/(loss) for the year	Total - Owners of the Parent	Total - Non-controlling interests	Total consolidated equity
As of December 31, 2022	**3,639**	**286,546**	**728**	**84,412**	**235,589**	**517,750**	**169,815**	**1,298,479**	**1,829**	**1,300,308**
Allocation of profit/(loss) for 2022: Breakdown of profit/(loss)	-	-	-	-	-	58,804	(58,804)	-	-	**-**
- Dividend payout	-	-	-	-	-	-	(111,011)	**(111,011)**	-	**(111,011)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(111,011)***	-	***(111,011)***
- Other changes	-	-	-	-	4,111	(4,111)	-	**-**	-	**-**
- Change in IAS reserves	-	-	-	(10,877)	222	0	-	**(10,655)**	(0)	**(10,655)**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	182,071	**182,071**	(5)	**182,066**
As of December 31, 2023	**3,639**	**286,546**	**728**	**73,535**	**239,922**	**572,442**	**182,071**	**1,358,883**	**1,824**	**1,360,708**
Allocation of profit/(loss) for 2023: Breakdown of profit/(loss)	-	-	-	-	-	57,052	(57,052)	-	-	**-**
- Dividend payout	-	-	-	-	-	-	(125,019)	**(125,019)**	-	**(125,019)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(125,019)***	-	***(125,019)***
- Change in IAS reserves	-	-	-	(8,259)	(1)	(0)	-	**(8,260)**	0	**(8,260)**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	222,199	**222,199**	134	**222,333**
As of December 31, 2024	**3,639**	**286,546**	**728**	**65,276**	**239,921**	**629,494**	**222,199**	**1,447,803**	**1,958**	**1,449,761**

The accompanying explanatory notes are an integral part of the Consolidated Financial Statemen

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Format and contents of the Financial Statements

The Company 2i Rete Gas S.p.A., operating in the gas distribution sector, is a public limited company and is located in Milan, Via Alberico Albricci, 10.

The territorial structure of the Company consists of six departments.

The departmental offices are:

- North-West Department - Via Gazzoletto, 16/18 - 26100 Cremona (CR)
- North Department - Via Francesco Rismondo, 14 - 21049 Tradate (VA)
- North-East Department - Via Serassi, 17/Rs - 24124 Bergamo (BG)
- Centre Department - Via Morettini, 39 - 06128 Perugia (PG)
- South-West Department - Via Boscofangone snc - 80035 Nola (NA)
- South-East Department - Via Enrico Mattei - 72100 Brindisi (BR)

On February 12, 2025 the Directors of 2i Rete Gas S.p.A. approved these consolidated financial statements, which were made available to the Shareholders within the terms set forth in art. 2429 of the Italian Civil Code.

For the purposes of IAS 10.17, the date taken into consideration by the Directors in preparing the financial statements is February 12, 2025.

These statutory financial statements are audited by EY S.p.A.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2024 have been prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Board (IASB), as endorsed by the European Union pursuant to EC Regulation No. 1606/2002 and effective at the end of the year, and the related SIC/IFRIC interpretations issued by the Interpretation Committee, in force at the same date. The above standards and interpretations are hereinafter referred to as "IFRS-EU".

Reporting and valuation criteria

These consolidated financial statements have been drawn up using a standard application of the accounting standards set out below for all the years shown.

Basis of presentation

The consolidated financial statements consist of the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes.

The assets and liabilities reported in the Statement of Financial Position are classified on a "current/non-current" basis, separately disclosing the as-sets and liabilities held for sale.

Current assets, which include cash and cash equivalents, are those intended to be realised, sold or used during the Group's normal operating cycle or in the twelve months following the reporting period; current liabilities are those expected to be settled during the Group's normal operating cycle or in the twelve months following the reporting period.

Items in the Profit and Loss Account are classified based on the nature of costs, while the Statement of Cash Flows is presented using the indirect method.

The consolidated financial statements are presented in euro (the functional currency) and the values shown in the notes are expressed in thousands of euro, unless otherwise stated.

The consolidated financial statements have been prepared using the historical cost method, except for those items which, in accordance with the IFRS-EU, are measured at fair value, as indicated in the valuation criteria for the individual items.

These consolidated financial statements have been prepared on a going concern basis, as set out in greater detail in the Directors' Report[50].

Consolidation criteria

The consolidated financial statements are prepared consolidating the data of the Parent Company and of the investee companies it controls, directly or indirectly, on a line-by-line basis. Control exists when the Group is exposed to variable returns arising from its relationship with the Company, or has rights over such returns, and at the same time has the ability to affect them by exercising its power over the Company. The financial statements of subsidiaries are included in the consolidated financial statements from when the Parent Company starts to exercise control until the date when such control ends.

The Group accounts for business combinations by applying the acquisition method on the date when it effectively obtains control of the purchased company. In this regard, reference should be made to the section "Business combinations" below.

Third-party equity investments are valued in proportion to the related share of net identifiable assets of the purchased company at the acquisition date. The changes in the Group's stake in a subsidiary which do not entail loss of control are recognised as transactions among shareholders in their role as shareholders.

In the case of loss of control, the Group derecognises the subsidiary's assets and liabilities, any third-party equity investments and other equity items relating to the subsidiaries. The profit or loss deriving from the loss of control is. recognised in profit or loss. Any residual equity investment held in the former subsidiary is measured at the fair value at the date of loss of control.

In drawing up the consolidated financial statements, debit and credit items are derecognised, as well as costs and revenue of all significant transactions among the companies included in the scope of consolidation. Unrealised profits, as well as capital gains and losses arising from transactions among Group companies, are also derecognized.

Property, plant and equipment

Preparing the financial statements under the IFRS-EU requires the use of estimates and assumptions which impact the values of assets and liabilities and disclosure on contingent assets and liabilities at the reporting date, as well as on total revenue and costs in the reporting period. The estimates and related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are adopted when the carrying amount of financial statement items cannot be easily deduced from other

[50] *The Directors' Report is publicly available at the 2i Rete Gas' web site. The Director's Report is not included in, and does not form part of, this International Offering Circular.*

sources. The actual results might therefore differ from these estimates. The estimates and assumptions are periodically revised, and the effect of each change is reflected in profit or loss, should that revision relate only to the year in question. Should the revision relate to both current and future years, the change is recorded in the year in which it is carried out and in related future periods.

Revenue recognition

Revenue from gas transport is determined annually on the basis of the tariff regulation in force, which, as from 2009, sets forth the definition of the tariff revenue cap (known as VRT, *"Vincolo dei Ricavi Tariffari"*) which is allowed for each gas distribution company. On the basis of Resolution 570/2019/R/gas adopted at the end of 2019, parameters regulating the calculation of the VRT for the years from 2020 to 2025 (Fifth Regulatory Period) were defined.

The figure for revenue is accounted for in the invoicing of gas transport to sales companies and, to complement the VRT value, in the CSEA equalisation element.

Since it is necessary to base the VRT calculation on an asset recognition which is updated to the previous year, the Company must also estimate a growth rate for its average active Redelivery Points to enable the updating of the figure for the year just ended.

Therefore, the value indicated also includes an estimated element, whose impact is largely insignificant, connected to the increase in the average number of active Redelivery Points.

When the balance is calculated, the value of the VRT annually communicated by ARERA by means of a specific resolution may be subject to change depending on the actual average number of Redelivery Points served and invoiced.

Pensions and other post-employment benefits

Some company employees participate in pension plans which offer benefits based on salary history and years of service. In addition, some employees benefit from other post-employment benefit schemes.

The expenses and liabilities associated with these plans are calculated on the basis of estimates made by our actuarial consultants, who use a combination of statistical and actuarial elements, including statistics relating to past years and forecasts of future costs. Estimates are also made of death and withdrawal rates, assumptions on the future trend in discount rates, the rates of wage increases and trends in medical care costs.
These estimates can significantly differ from actual results, owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in actual medical care costs. Such differences can have a substantial impact on the quantification of pension costs and other related charges.

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is periodically tested for impairment, and wherever circumstances or events suggest that more frequent testing is necessary.
Where the carrying amount of a group of fixed assets is considered to be impaired, it is written down to its recoverable amount, as estimated on the basis of the use of the assets and their future disposal, in accordance with the Company's most recent plans.
The estimates of these recoverable amounts are considered to be reasonable, however possible changes in the estimation factors used to calculate the aforementioned recoverable amounts could produce different measurements. For further details on the means of carrying out the impairment test and its results, reference should be made to the specific section.

Disputes

The 2i Rete Gas Group is involved in various legal disputes relating mainly to labour cases and litigation with some concession-granting Authorities.
Given the nature of these disputes, it is not always objectively possible to foresee the final outcome of these proceedings, some of which could end with a negative outcome.
The estimate of the provisions is the result of a complex process which entails subjective assessments by management. The provisions for risks recorded in the financial statements have been estimated to cover all significant liabilities for cases where lawyers have noted a likely negative outcome and made a reasonable estimate of the amount of the loss.

Bad debt provision

This provision reflects the estimates of losses on the Company's receivables portfolio. Allocations have been made for forecast losses on receivables, estimated on the basis of past experience in reference to receivables with similar credit risk, current and historical unpaid amounts, write-offs and receipts as well as careful monitoring of the quality of the receivables portfolio and the current and forecast state of the economy and key markets.
Although the provision allocated is adequate, the use of different assumptions or a change in economic circumstances could result in changes to the bad debt provision and, therefore, have an impact on profits.
The estimates and assumptions are periodically revised, and the impact of each change is reflected in profit or loss in the relevant year.

Equity investments in associates and companies subject to joint control

Equity investments in associates are those in which the 2i Rete Gas Group has considerable influence over the financial and operational policies, although not holding control or joint control.
Companies subject to joint control or joint ventures are companies where the Group, by virtue of an agreement, claims rights over net assets.
Equity investments in associates and in joint ventures are initially recognised at cost and subsequently recognised on an equity basis. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profits or losses of the investee companies accounted for using the equity method, until the date on which said considerable influence or joint control ends.

Business combinations

Business combinations subsequent to January 1, 2010 are recognised using the acquisition method envisaged by IFRS 3 (Revised). The identifiable assets acquired and the liabilities assumed are measured at their respective fair values at the acquisition date. Any surplus in the purchase cost over the fair value of the net assets acquired is accounted for as goodwill or, if a deficit, recognised in profit or loss. The carrying amount of any goodwill is subject to annual impairment testing in order to identify any impairment.

Should it be possible to determine the fair value of the assets, liabilities and identifiable contingent liabilities only provisionally, the business combination is recognised using these provisional values. Any adjustment arising from the completion of the valuation process is recognised within 12 months of the acquisition date.
Transaction costs, other than those relating to the issue of debt securities and equity, which are incurred by the Group to make a business combination, are recognised as operating costs when incurred.

Combinations of entities under common control

Business combinations under which the participating companies are definitively controlled by the same company or companies both before and after the combination, and this control is not temporary, are regarded as "under common control" transactions.
These transactions are not regulated by IFRS 3 or by other IFRSs. In the absence of a relevant international accounting standard, in compliance with the principle of prudence which entails application of the criterion of continuity of values for the net as-sets acquired, the Group has opted to recognise assets and liabilities from any combinations of entities under common control at the carrying value which these assets and liabilities had in the financial statements of the seller/acquiree or in the consolidated financial statements of the common controlling entity. Where the transfer values are higher than the historical values, the surplus is eliminated by writing down the Group's equity

Property, plant and equipment

In compliance with IFRIC 12, effective as from January 1, 2010, the Group analysed its outstanding concessions at December 31, 2010 and made changes to the accounting treatment of fixed assets. As specified in greater detail below, following application of IFRIC 12, some fixed assets which were previously considered as tangible are now reclassified as intangible.
Property, plant and equipment not relating to gas distribution concessions are recognised at historical cost, including directly attributable ancillary costs necessary for the asset to be ready; subject to any legal or implicit obligations, the cost may be increased by the present value of the cost estimated for the dismantling and removal of the asset. The corresponding liability is recognised in liabilities under a specific provision for future risks and charges. Currently, no liability linked to the dismantling and removal of assets is recognised, since there are no legal or implicit obligations which justify such recognition.
The purchase or production cost includes the financial expenses relating to loans connected to the purchase of tangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.
Some assets, which were revalued at the date of transition to the IFRS-EU or in previous periods, have been recognised on the basis of the revalued cost, considered as deemed cost.

Should significant parts of individual tangible assets have different useful lives, the identified components are recognised and depreciated separately.
The costs incurred subsequent to the purchase are recognised as an increase in the carrying amount of the asset to which they refer, when it is probable that future economic benefits deriving from the cost will flow to the Group and the cost of the item can be reliably determined. All other costs are recognised in profit or loss in the year in which they are incurred.
The cost of replacing part or all of an asset is recognised as an increase in the value of the asset to which it refers and is depreciated over its residual useful life; the net carrying amount of the replaced unit is recognised in profit or loss, with recognition of any capital loss.
Property, plant and equipment are recognised net of accumulated depreciation and any impairment losses, determined as set out below.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually; any changes are applied on a prospective basis. Depreciation begins when the asset is ready for use.

The estimated useful life of the main tangible assets is as follows:

Asset description	Useful Life
Land..	-
Non-industrial buildings	50 years
Industrial buildings	50 years

Asset description	Useful Life
Miscellaneous equipment and concentrators	8, 10, 15, 20 years
Office furniture and equipment	5, 8, 33, 10 years
Electronic devices	5 years
Vehicles	5 years
Cars	4, 5 years
Other	4, 5, 15 years

Land, both unbuilt and with industrial and non-industrial buildings, is not depreciated as it has an indefinite useful life, except for the land which is transferred for free at the end of the concession.

Intangible assets

As noted above, in compliance with IFRIC 12, effective as from January 1, 2010, the Group analysed its outstanding concessions at December 31, 2010 and made changes to the accounting treatment of fixed assets. In particular, since the Group is subject to demand risk, the accounting treatment which it considered correct to apply is that of intangible assets: all the proprietary infrastructure obtained under a concession contract is no longer recognised as tangible assets but classified as intangible assets.
Intangible assets are measured at purchase or internal production cost, when it is likely that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes directly attributable ancillary expenses necessary to make the assets ready for use. The cost includes the financial expenses relating to the loans connected to the purchase of intangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.
Intangible assets which have a finite useful life are recognised net of accumulated amortisation and any impairment losses, determined as follows.
Amortisation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed at least annually; any changes are applied on a prospective basis.

Amortisation begins when the intangible asset is ready for use.

The estimated useful life of the main intangible assets is as follows:

Asset description	Useful Life
Intellectual property rights	3, 5, 20 years
Concessions	Concession life (*) (**)
Licences, trademarks and similar rights	3, 5, 20 years
Goodwill	Indefinite, subject to impairment testing
Other	3, 5, 7, 10, 20, 50 years – useful life of contract

(*) Amortisation is calculated based on the realisable value estimated at the end of the concession life, where applicable. In case of concessions expired at the end of the reporting period and whose expiration date has been postponed, the residual value is reviewed taking into account the relevant expiration postponement.

(**) With the locations acquired through ATEM tenders, the useful lives specifically provided for in the tariff regulation were applied, taking into account any remaining useful life.

Intangible assets which have an indefinite useful life are not systematically amortised but undergo at least an annual check for recoverability (impairment test).
As for concessions, the 2i Rete Gas Group holds the concession for the gas distribution service assigned by tender for a maximum period of 12 years by local authorities (municipalities, municipality groups and mountain communities). Through service agreements, local authorities can set the terms and conditions for the distribution service, as well as the quality levels to be achieved. The concessions are allocated on the basis of the financial conditions, quality and safety standards, investment plans and the technical and managerial capabilities offered.
As in the previous annual financial report, it should be highlighted that a significant number of concessions managed by the 2i Rete Gas Group for gas distribution were terminated on the basis of their natural or ope legis expiry at December 31, 2010.
It is noted that since the publication of Legislative Decree no. 93/11 on June 29, 2011, local authorities may only initiate new tenders within the terms set forth in the "Ambit" and "Criteria" decrees issued in 2011. For this reason only those local authorities that have initiated the tender procedure for the surrender of the gas distribution concession prior to the publication of Legislative Decree no. 93/11 may proceed with said tender. In all other cases, tenders are suspended until municipalities are ready to call them on a territorial basis. In the meantime, the 2i Rete Gas Group is continuing with the management of the network in the same way as prior to the expiry.
Should the concession not be reassigned to the Group, the Group would have the right to compensation equal to the industrial value of the assets used for the concession determined in accordance with the relevant laws.

IFRS 16 right-of-use assets

IFRS 16 right-of-use assets are fixed assets reflected in the financial statements as of January 1, 2019 following first-time adoption of the standard in question.
This standard provides the lessee with a single accounting model requiring the recognition of assets and liabilities for all leases.

The lessee must recognise the leased asset under tangible assets and at the same time recognise financial liabilities equal to the current value of future payments. The only admitted exceptions are short-term leasing (for 12 months or less) and the leasing of "small assets" (e.g. office furniture, PCs) for which accounting treatment is similar to that currently adopted for operating leases.
In the mapping carried out, three main cases were identified which are of interest in the Group's contracts:

- Vehicle hire
- Property lease
- ICT services entailing exclusive use of the underlying assets

The Group organised and categorised these contracts, recording the relevant clauses for the purposes of IFRS 16 accounting, as well as establishing an incremental borrowing rate curve, which mirrors the real rate to which the Group would be subject in case of use of capital markets.

Impairment losses

Tangible and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, their recoverable amount is estimated.
The recoverable amount of goodwill and intangible assets with an indefinite useful life, if any, as well as that of intangible assets not yet available for use, is estimated at least annually.
For an asset which does not generate fully independent cash flows, including goodwill, the recoverable amount is determined in relation to the "cash generating unit" (CGU) to which this asset belongs.
In this regard, please note that the Group as a whole is considered to be a CGU.
The recoverable amount is the higher of an asset's fair value, net of disposal costs, and its value in use.
In determining the value in use, the expected future cash flows are discounted using a discount rate which reflects the current market valuations of the cost of funding in relation to the timing and specific risks of the business.
An impairment is recognised in profit or loss if the carrying amount of an asset, or of the CGU to which it is allocated, is higher than its recoverable amount.
Impairment of a CGU is first charged against the carrying amount of any goodwill allocated to the CGU, then proportionally to reduce the other assets which make up the CGU.
Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount.
Impairment of goodwill can never be reversed in future years.

Inventories

Inventories are measured at the lower of cost and the net realisable value. The weighted average cost method is used, which includes relevant ancillary expenses. The net realisable value is the sale price estimated in normal business operations, net of the costs estimated for the sale or, where applicable, the replacement cost.

Financial instruments

The initial recognition of non-derivative financial assets and liabilities takes place, for loans, receivables and debt securities issued, at the moment when they originated, while for all the other financial assets and liabilities it takes place on the trading date.
Financial assets are derecognised when: i) the contractual rights to receive cash flows end; ii) when the Group has maintained the right to receive cash flows from the asset, but has taken on the contractual obligation to pay them in full without any delay to a third party; or iii) when the Group has transferred the right to receive cash flows from the asset and has substantially transferred all the risks and benefits of ownership of the financial asset, or has transferred control over the financial asset.
Any residual involvement in the transferred asset which is originated or maintained by the Group is recorded as a separate asset or liability.
The Group derecognises a financial liability when the obligation specified in the contract is fulfilled or cancelled or has expired.

Fair Value hierarchy under IFRS 13

In accordance with IFRS 13, assets and liabilities recognised at fair value in the consolidated financial statements are measured and classified based on the fair value hierarchy outlined by the standard, which consists of three levels based on the observability of the inputs to the corresponding valuation technique. Fair value hierarchy levels are based on the type of inputs used to determine fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).

Level 3: unobservable data for the asset or liability, reflecting the assumptions that market participants should use in pricing the asset or liability, including the risk assumptions (of the model and the inputs used).
The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire fair value measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.
If an observable input requires an adjustment using unobservable inputs and that adjustment is material to the measurement, the resulting measurement would be categorised within the same level as the lowest level input used.
The Group has implemented adequate controls to monitor all measurements, including those received from third parties. If those checks show that the measurement cannot be considered as market corroborated, the instrument must be categorised within Level 3.

Financial assets measured at fair value through profit or loss

This category includes any financial assets held for trading or measured at fair value through profit or loss at the time of initial recognition.
Such assets are initially recognised at their fair value. The attributable transaction costs are recognised in profit or loss when they are incurred. Profit and losses from subsequent changes in their fair value are recognised in profit or loss.

Financial assets held to maturity

This category includes non-derivative financial instruments quoted in an active market that do not represent equity investments, which the Company can and intends to hold until maturity. They are initially recognised at fair value, including any transaction costs; subsequently, they are measured at amortised cost using the effective interest rate method, net of impairment (if any).
Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate.

Loans and receivables

This category includes financial and trade receivables, including non-derivative debt securities, with fixed or determinable payments, that are not quoted on an active market and that the Group does not originally intend to sell.
At first, such assets are recognised at fair value, adjusted for any transaction costs, and subsequently measured at amortised cost using the effective interest rate method, adjusted for any impairment losses. Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted on the basis of the original effective interest rate.
Trade receivables falling due in line with generally accepted trade conditions are not discounted.
Receivables relating to EECs refer to contributions which will be awarded by the Cassa per i Servizi Energetici e Ambientali (Fund for Energy and Environmental Services) for certificates in the 2i Rete Gas Group's portfolio.
Receivables in general have been derecognised, since the right to receive the respective cash flows has been stopped when all the risks and benefits relating to the holding of credit have been substantially transferred or if the credit is deemed to be definitively uncollectable after all necessary recovery procedures have been completed. When the credit is cancelled, the relative provision is also eliminated if the credit had previously been written down.

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables falling due in line with generally accepted trade conditions are not discounted.

Financial liabilities

Financial liabilities other than derivatives are initially recognised at fair value at the settlement date, net of directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derivatives

Derivatives, if any, are recognised at fair value and are designated as hedging instruments when the relationship between the derivative financial instrument and the hedged item is formally documented and the effectiveness of the hedge is high (based on a periodic assessment).
Recognition of the result of measurement at fair value depends on the type of hedge accounting adopted.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities (fair value hedge), any changes in the fair value of the hedging instrument are recognised in profit or loss; likewise, adjustments to the fair values of the hedged assets or liabilities are also recognised in profit or loss.
When the derivatives are used to hedge the risk of changes in cash flows of hedged items (cash flow hedge), the changes in the fair value that are considered effective are recognised in other comprehensive income, and presented in a specific equity reserve, and subsequently reclassified to profit or loss in line with the economic effects produced by the hedged transaction.
The ineffective portion of the fair value of the hedging instrument is recognised in profit or loss.
Changes in the fair value of derivatives that no longer qualify for hedge accounting under IFRS-EU are recognised in profit or loss. The accounting for such instruments is done at the trading date.

Financial and non-financial contracts (where they have not already been measured at fair value) are assessed to determine whether they contain any embedded derivatives that need to be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated so that it significantly changes the original associated cash flows.
Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets, fair value is determined by discounting expected cash flows on the basis of the market interest rate curve at the end of the reporting period and translating amounts in currencies other than the euro at period-end exchange rates.

Employee benefits

Liabilities related to employee benefits paid upon or after leaving employment and in connection with defined benefit plans or other long-term benefits granted during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the end of the reporting period. The liability is recognised on an accrual basis over the vesting period of the related rights. These measurements are performed by independent actuaries. Following the adoption of IAS 19, the actuarial gains/losses that emerge following these measurements are immediately recognised in other comprehensive income.
Where the Group shows a demonstrable commitment, with a detailed formal plan without realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognised as a cost and measured on the basis of the number of employees that are expected to accept the offer.

Provisions for risks and charges

Allocations to provisions for risks and charges are recognised when, at the reporting date, there is a legal or implicit obligation towards third parties, as a result of a past event, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the effect is significant, allocations are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market value of the cost of funding in relation to timing and, if applicable, the specific risks of the obligation. If the amount is discounted, the periodic adjustment of the present value due to timing is recognised as a financial expense in profit or loss.

Contributions

Whether they are from public entities or third parties operating in the private sector, contributions are recognised at fair value when it is reasonably certain that they will be received and that the conditions for their recognition will be met.
Contributions received for specific expenditures are systematically recognised among other liabilities and taken to profit or loss over the period in which the related costs are incurred.
Public contributions (plant contributions) received for specific assets whose value is recognised among tangible and intangible assets are recognised among other liabilities and taken to profit or loss over the amortisation/depreciation period of the assets they refer to.
Private contributions (connection fees, including property subdivision contributions) are recognised in a specific liability item in the statement of financial position and taken to profit or loss in relation to the amortisation/depreciation period of the assets they refer to.

Revenues and Costs

Revenue is recognised using the following criteria depending on the type of transaction:

- revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the assets sold are transferred to the buyer and their amount can be reliably determined and collected;
- revenue from gas transport is accrued on the basis of the tariffs and related restrictions contained in legal provisions and in the provisions of ARERA, in force during the reporting period. It is recalled that with the introduction of the new formula for recognising gas transport revenue adopted since 2009, with the entry into force of ARG/gas Resolution no. 159.08, largely re-confirmed with ARERA Resolutions 573/13,367/14 and 570/19, an equalisation mechanism was created to allow the revenue accruing to distribution companies to be counted as remuneration for invested capital and operating costs attributable to the gas distribution and metering service, regardless of the volumes distributed;
- revenue from the rendering of services is recognised in line with the stage of completion of the services. Should it not be possible to reliably determine the value of revenue, it is recognised up to the amount of the costs incurred and expected to be recovered.

Costs are recognised when they relate to goods and services sold or used in the year or allocated through systematic accrual when it is not possible to identify their future benefit.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis in line with interest accrued on the net value of the related financial assets and liabilities using the effective interest rate method.

Dividends

Dividends from equity investments are recognised when the right of the shareholders to receive the dividend payment is established. The dividends payable to third parties are recognised as a change in equity on the date on which they are approved by the Shareholders' Meeting.

Income taxes

Current income taxes for the year, recognised as "income tax payables" net of advances paid or as "income tax receivables" if the net balance is positive, are determined on the basis of the estimated taxable income and in accordance with the current fiscal regulations or the fiscal regulations essentially in force at the end of the reporting period.
Deferred tax liabilities and assets, which are set out in the tables as the net impact of the two items under assets, are calculated based on the temporary differences between the carrying amounts recorded in the financial statements and their corresponding values recognised for tax purposes by applying the tax rates effective on the date the temporary difference will be settled, based on the tax rates that are enacted or substantively enacted at the reporting date.
Deferred tax assets are recognised when recovery is likely, i.e. when sufficient future taxable income is expected to be available to recover the assets. Recoverability of deferred tax assets is re-examined at the end of each reporting period.
Taxes relating to components that are directly recognised in equity are also recognised in equity.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale rather than ongoing use are classified as held for sale and shown separately from the other assets and liabilities in the Statement of financial position. These non-current assets (or disposal groups) are initially recognised according to the appropriate IAS/IFRS that is applicable to each asset and liability and subsequently at the lower of their carrying amount and their fair value, less costs to sell. Any subsequent impairment loss is directly recognised against any non-current assets (or disposal groups) classified as held for sale and recognised through profit or loss. The relevant carrying amounts for the previous year are not reclassified.
A discontinued operation is a part of a business which has been sold or classified as held for sale and which:

- represents a significant branch or geographic area of activity;
- is part of a coordinated plan for the disposal of a significant branch or geographic area of activity, or
- is a subsidiary that was purchased only to be resold.

Results of discontinued operations, whether they have been sold or classified as held for sale and in the process of being sold, are recognised separately in profit or loss, net of tax effects. The corresponding values for the previous year, if any, are reclassified and recognised separately in profit or loss, net of tax effects, for comparative purposes.

Recently issued accounting standards

Pursuant to IAS 8, the following section "Accounting standards, amendments and interpretations applicable by the Group as from this year" sets out the main features of the amendments to the International Accounting Standards in force as from January 1, 2024 and of potential interest for the Group. In the following sections, there is an indication of the accounting standards and interpretations which have already been issued, but not yet come into force, or which have not yet been endorsed by the European Union and are therefore not applicable for the drafting of the financial statements as of December 31, 2024, the impact of which may be included as from the financial statements for subsequent years.

Endorsed accounting standards and interpretations in force from January 1, 2024

In compliance with IAS 8 "Accounting policies, changes in accounting estimates and errors", the IFRS in force from January 1, 2024 are indicated hereunder:

- On January 23, 2020, the IASB issued the document "Classification of Liabilities as Current or Noncurrent (Amendments to IAS 1)" providing a more general approach to the classification of liabilities under IAS 1. The purpose is to clarify whether a liability can be classified as non-current if it is expected, or if there is the option, to refinance or renew an obligation for at least twelve months after the reporting period under an existing loan with the same lender, under the same or similar terms. According to the IASB, the classification of liabilities as current or non-current should be based on the existing rights at the end of the period, and only these rights should influence the classification of a liability.
- On September 22, 2022, the IASB issued the document "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)" with amendments that clarify how a seller of an asset, who subsequently becomes the lessee of the same asset, should assess sale and leaseback transactions under IFRS 15. The Board established that the seller-lessee must measure the liabilities deriving from the leaseback in such a way that no profit or loss is recognised related to the right to continue using the asset.
- Finally, on May 25, 2023, the IASB published "Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)", to be applied in the presence of agreements involving financing to suppliers, with the aim of requiring the financing entity to provide additional qualitative and quantitative information in addition to existing obligations. The information includes, among other things, the carrying amounts, the characteristics of the agreements, and the impacts on the entity's cash flows.

The adoption of these amendments has not had any impact on the Group's consolidated financial statements.

International accounting standards and/or interpretations issued but still not in force in 2024

As required by IAS 8 "Accounting policies, changes to accounting estimates and errors", shown below are the new standards or interpretations issued but still not in force or yet to be approved by the EU at December 31, 2024 and, therefore, not applicable, and the foreseeable impacts on the Consolidated financial statements.

- On April 9, 2024, the IASB published the new standard IFRS 18 "Presentation and Disclosure in Financial Statements", which will replace IAS 1 "Presentation of Financial Statements". The main changes in the new standard include the introduction of categories and subtotals defined in the profit and loss account, the introduction of requirements to improve aggregation and disaggregation, the inclusion of information in the notes to the financial statements on performance indicators defined by management (MPM), and targeted improvements to the cash flow statement by modifying IAS 7. The standard will be effective for financial years beginning on or after 1 January 2027, with early adoption permitted.
- On May 30, 2024 with the document "Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7", the IASB has clarified some problematic aspects that emerged in the implementation of IFRS 9, including the accounting treatment of financial assets whose returns vary based on the achievement of ESG objectives (e.g., green bonds). The amendments aim to clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives, and the criteria to be used for assessing the SPPI test. They also determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is considered extinguished. The amendments will apply from the financial statements for years beginning on or after January 1, 2026.
- On August 15, 2023, the IASB published "Lack of Exchangeability (Amendments to IAS 21)", an amendment that contains the criteria for determining when one currency is convertible into another and how to determine its exchange rate when it is not. It also defined how to determine the exchange rate to be applied when a currency is not convertible. In addition, the IASB requires the disclosure of additional information when a currency is not convertible: in particular, in such case, it is necessary to provide information that enables the readers of the financial statements to assess how the inability to convert a currency affects, or is expected to affect, the economic result, the net financial position and the cash flows. The amendments will take effect from January 1, 2025.
- Annual Improvements Volume 11 (issued on July 18, 2024; effective from January 1, 2026) - are limited to amendments that clarify the wording of an accounting standard or correct unintended consequences, omissions or relatively minor conflicts between the requirements of the Accounting Standards. In particular, the amendments introduced by Annual Improvements Volume 11 concern: IFRS 1 ("First-time Adoption of International Financial Reporting Standards") with reference to hedge accounting by those adopting IFRS for the first time; IFRS 7 ("Financial Instruments: Disclosures") regarding the gain or loss from derecognition, the implementation guidance, the introduction, the disclosure on the deferred difference between fair value and transaction price, and information on credit risk; IFRS 9 ("Financial Instruments") for the derecognition of lease liabilities and the transaction price; IFRS 10 ("Consolidated Financial Statements") in relation to the determination of a "de facto agent"; and IAS 7 ("Statement of Cash Flows") with reference to the cost method.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) - The update to IFRS 9 and IFRS 7, "Contracts Referencing Nature-dependent Electricity", published on December 18, 2024 and entered into force from January 1, 2026, specifically concerns the accounting of electricity supply contracts whose price is linked to natural factors (such as the amount of rainfall for hydroelectric energy or the amount of wind for wind energy). In summary, the update introduces exceptions to the normal rules for accounting for derivatives contained in IFRS 9 for these specific contracts.

The impacts on the Group's Financial Statements following these changes are currently being analysed.

Information on Profit and Loss Account

Revenue

Methane gas is transported by the Company exclusively within Italy.

5.a Revenue from sales services – €867,119 thousand

"Revenue from sales and services" refers mainly to gas transport activity and the connection fees and is composed as follows:

Thousands of euro	For the year ended December 31,		Variations
	2024	2023	
Sales and services			
Gas and LPG transport	822,681	742,704	79,978
Release/(Allocation) to the provision for risks	(595)	(1,136)	541
Connection fees	10,466	10,315	151
Ancillary fees	5,446	5,657	(211)
Revenue from customer operations	1,081	939	142
Sundry revenue and other sales and services	28,040	24,991	3,048
Total revenue from sales and services	**867,119**	**783,470**	**83,650**

Revenue from gas transport totalled €822,681 thousand, and mainly refers to the 2024 Tariff Revenue Cap for natural gas together with revenue from adjustments relating to previous years.

The item increased during the year, once the changes to the related item "Release/allocation to the provision for risks" were considered, totalling €80,519 thousand.

This figure was calculated further to the publication of ARERA Resolution 570/2019/R/gas, which indicated the means for calculating the tariffs for the 2020-2025 regulatory period.

The significant increase observed is due to both the update of the tariff remuneration rate (set at 6.5% for the year 2024) and the increase in the gross capital formation deflator. The provision of Decision 1/2023, which recognises a remuneration linked to the residual value of the smart meters whose replacement took place earlier than the end of their useful life, has an impact of approximately €26.3 million in total.

Net provisions in the year €(595) thousand derive from Resolution 525/2022/R/GAS; said allocations were actually made to cover the risk of refunding, for locations with a year of first supply after 2017, of part of the Tariff Revenue Cap in the event that at the end of the observation period set by the Authority the minimum number of active users needed for full recognition of investments undertaken is not reached.

Connection fees, which totalled €10,466 thousand, were in line with previous years.

In "Sundry revenue and other sales and services", which amounted to €28,040 thousand in 2024 and increased by €3,048 thousand, there are revenue related to interventions for suspension and reactivation of defaulting customers at the request of retail sales companies, amounting to €10,043 thousand compared to the previous €7,336 thousand. In addition, revenue from meter reading, amounting to €7,066 thousand, are in line with the previous financial year. The category also includes revenue of €10,402 thousand related to the T.Col[51] tariff component, which remains largely in line with the previous year.

5.b Other revenue - €13,618 thousand

"Other revenue" fell by €3,668 thousand and was as follows:

[51]The T.Col tariff component is an element of electricity bills in Italy and is part of the general system charges. Specifically, T.Col is intended to cover the costs arising from the compensation mechanism for concessions granted to energy-intensive companies.

Thousands of euro	For the year ended December 31,		Variations
	2024	**2023**	
Other revenue			
***Third parties:*...**			
Revenue from energy efficiency certificates	942	-	942
Revenue from plant contributions	2,822	3,280	(458)
Revenue from plant certification pursuant to resolution no. 40......	776	1,218	(442)
Rental income	81	273	(192)
Capital gains from asset disposal	1,014	1,347	(333)
Compensation for damages, favourable judgments and legal costs	855	650	205
Other revenue and income and services	6,998	8,229	(1,231)
Revenue and contribution concerning photovoltaic plants	131	157	(26)
Technical quality revenue	15,308	17,441	(2,133)
Total other revenue...	**28,927**	**32,595**	**(3,668)**

It is noted that revenue, costs and allocations for Energy Efficiency Certificates "EEC" have been recognised in aggregate form, thus presenting only the net margin (positive or negative) for the year.

The net positive balance of EEC management in 2024 therefore appears in this item for €942 thousand, while that of the previous year is negative under "Other costs".

Revenue as per Resolution 574/2013/R/gas concerning the technical quality of gas distribution and metering services recorded a decrease of €2,133 thousand. The balance of €15,308 thousand depends on both the number of gas chromatography tests undertaken by the distributor (a parameter which the Group can control) and on the fall in leaks at the distributor's plants (a parameter that cannot be governed directly by the distributor except through continuous monitoring, undertaken with dedication using new, cutting-edge technologies).

The capital gains on disposal of assets include a capital gain of €1,014 thousand, primarily related to the completion of the transfer of ownership of certain plants and real estate used for the gas distribution service in the municipality of Locate Triulzi, as well as the sale of some properties that took place during 2024.

Lastly, the item "Other revenue and income and services" shows a decrease of €1,231 thousand compared with the previous year's result; this item basically consists of revenue from activities carried out on defaulting end customers, the administrative management of which has been delegated to the gas distributor. In the previous financial year, the balance was influenced by the closure of a dispute with a supplier, which resulted in the enforcement of the provided guarantee.

5.c Revenue from intangible assets/assets under development – €349,058 thousand

As from 1 January 2010 the Company has been recognising this revenue pursuant to IFRIC 12 "Service concession arrangements".

Thousands of euro	For the year ended December 31,		Variations
	2024	**2023**	
Revenue from intangible assets / assets under development			
Revenue from intangible assets / assets under development...........	349,058	336,572	12,486
Total revenue from intangible assets / assets under development	**349,058**	**336,572**	**12,486**

Revenue from intangible assets and assets under development represents the share of revenue directly attributable to the construction and enhancement of gas distribution infrastructure held under concession. Since it is not possible to identify a specific item relating to the network construction service in the existing tariff system, this revenue is recognised to the extent of the costs incurred for the same purpose, and therefore has no impact on gross margin.

Costs

As already noted, all costs recognised under the accounting model as per IFRIC 12 are broken down by nature within the pre-existing cost items.

The following table provides a summary of the items relating to the Company's operating costs in order to ensure their compliance with the aforementioned standard.

Thousands of euro	For the year ended December 31, 2024	2023	Variations
Costs relating to revenue from intangible assets/assets under development			
Raw materials and consumables..	12,616	7,925	4,692
Costs for services..	218,053	219,081	(1,028)
Other operating costs	746	752	(6)
Amortisation/depreciation...	3,787	3,593	194
Capitalised costs for materials, personnel and services	113,856	105,221	8,635
Of which labour cost...	*72,419*	*69,269*	3,150
Of which raw materials and consumables.....................................	*41,437*	*35,952*	5,485
Total costs relating to revenue from intangible assets / assets under development	**349,058**	**336,572**	**12,486**

6.a Raw materials and consumables - €60,600 thousand

"Costs of raw materials and consumables" and the changes thereto compared to the previous year are detailed below:

Thousands of euro	For the year ended December 31, 2024	2023	Variations
Raw materials and consumables			
Third parties:			
Costs for the purchase of gas, water and lubricants........................	3,190	3,206	(16)
Stationery and printed materials..	197	178	19
Various materials	55,288	58,696	(3,408)
(Change in inventories of raw materials)	1,926	(4,997)	6,923
Total costs of raw materials and consumables...........................	**60,600**	**57,082**	**3,518**
- of which capitalised for intangible assets	54,053	43,877	10,177
- of which capitalised for other internal work	604	628	(24)

The item "Costs for raw materials and consumables" is essentially made up of costs for the purchase of materials, fuel and lubricants used in the pipe-laying process.

As regards the various materials, the most significant amount in the item relates to purchase costs for meters and network equipment.

6.b Services - €364,163 thousand

"Costs for services" are broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2024	2023	
Costs for services..			
Maintenance, repair and realisation of assets................................	215,641	221,353	(5,712)
Costs for electricity, power and water...	3,736	3,633	103
Gas (for internal use)...	3,623	2,824	799
Telephone and data transmission costs..	3,116	3,245	(129)
Insurance premiums	4,772	4,695	77
Costs for services and other expenses relating to personnel	4,402	4,873	(471)
Fees...	795	829	(34)
Legal and notary costs...	1,564	1,792	(228)
Costs for company acquisitions and disposals/strategic consulting	400	25.00	375
Advertising	218	175	44
IT services...	17,597	12,670	4,926
Meter reading service..	3,488	3,467	21
Audit fees..	422	573	(151)
Repairs and emergency service	4,118	3,680	438
Plant certifications Resolution no. 40..	323	381	(58)
Gas transport by third parties	1,352	838	514
Professional, other and consultancy services.................................	9,193	7,030	2,163
Other costs for services	8,437	9,787	(1,349)
Costs for use of third-party assets..			
Leases	834	1,097	(263)
Rentals	430	477	(46)
Other costs for the use of third-party assets...................................	2,786	2,736	50
Fee for temporary occupation of public space (C.o.s.a.p.)/Single Property Tax (CUP)	5,673	5,701	(28)
Municipal gas concession fees	71,242	66,339	4,903
Total...	**364,163**	**358,219**	**5,944**
- Of which capitalised for intangible assets	218,053	219,081	(1,028)

The aggregate figure of costs for services (including for third-party leases not falling within the scope of IFRS 16) showed an increase (up by €5,944 thousand) compared to the previous year. This balance includes expenses for maintenance activities €(215,641) thousand, capitalised as per the application of the IFRIC 12 interpretation € (192,512) thousand. Excluding capitalised costs, the Services item still shows an increase of approximately €6,972 thousand, mainly due to higher costs for IT services and rental fees for the use of third-party assets.

Specifically, the change in the balance is attributable to the following main factors:

- while costs for the ordinary and extraordinary maintenance of distribution networks by third-party companies declined, also taking into account their capitalisation, costs for utilities (electricity, water, gas, telephony) rose on the whole by €773 thousand due to the increase in energy prices, particularly gas;
- services and personnel-related expenses, on the other hand, decreased by €471 thousand due to lower travel expenses;
- the costs for IT services significantly increased due to the project of transferring operations from on-premise servers to cloud services, which has been partially completed;
- Professional, other and consultancy services expenses increased by a total of €2,163 thousand due to strategic consultancy, as well as costs for testing and design, which were later capitalised;
- as for the costs for the use of third-party assets, rents, leases and rentals show a slight decrease, as does the single property fee. Municipal fees, on the other hand, increased by €4,903 thousand due to higher costs to be paid to the municipalities in relation to higher revenue recorded during the year, where the concession agreements provide a link between revenue constraints and concession costs.

It is noted that costs for services still include the cost quota for those contracts whose fees do not fall within the scope of application of IFRS 16 (intra-annual or low-value leases).

6.c Personnel costs - €148,063 thousand

Personnel costs are broken down as follows:

Thousands of euro	For the year ended December 31, 2024	2023	Variations
Wages and salaries	108,035	100,073	7,961
Social security contributions	32,336	30,360	1,976
Post-employment benefits	7,167	6,604	563
Asem/Fisde	(41)	(45)	4
Company Welfare Scheme	1,402	1,146	256
Other labour cost	(835)	508	(1,344)
Total labour cost	**148,063**	**138,647**	**9,417**
Non-recurring labour cost			
Redundancy incentives	-	259	(259)
Total non-recurring labour cost	**-**	**259**	**(259)**
Total labour cost	**148,063**	**138,906**	**9,158**
- Of which capitalised for intangible assets	72,419	69,269	3,150
- Of which capitalised for other internal work	451	424	27

"Personnel costs" include all expenses incurred on an ongoing basis that, directly or indirectly, involve employees; this item shows an increase of €9,158 thousand.

The variance shown is linked to the recognition, as required by IAS 19, of the pro-rata economic impact of a monetary incentive plan for the Group's management for a total of €12.7 million, the disbursement of which is subject to the successful completion of the sale of the equity investment.

Capitalisation for intangible assets rose by €3,150 thousand from the previous financial statements, due to the increased involvement of internal staff in the development of the assets.

The table below shows employee variations in the year by category.

	Executive	Middle managers	White collars	Blue collars	Total
Personnel as of December 31, 2023	**35**	**123**	**1,355**	**664**	**2,177**
Increase	-	-	87	38	**125**
Decrease	(1)	(10)	(65)	(68)	**(144)**
Change in category	-	5	(2)	(3)	**-**
Personnel as of December 31, 2024	**34**	**118**	**1,375**	**631**	**2,158**

The normal personnel turnover was recorded during the year, with exits essentially due to some employees having reached retirement age.

6.d Amortization, depreciation and impairment losses - €241,280 thousand

Impairment losses, depreciation of tangible assets and right-of-use assets and amortisation of intangible assets amounted to €241,280 thousand, up by €9,049 thousand compared to the previous year.

It is noted that, with the application of IFRIC 12, amortisation mainly concerns the rights over concessions in which the Company manages the gas distribution networks.

The item also includes amortisation related to long-term contracts for the right to use third-party assets, according to IFRS 16, amounting to €7,935 thousand.

It is noted that, with the introduction of IFRIC 12, amortisation mainly concerns the rights to concessions through which the Group manages gas distribution networks.

This item is broken down as follows:

Thousands of euro	For the year ended December 31, 2024	For the year ended December 31, 2023	Variations
Depreciation of tangible assets	5,458	5,355	103
Depreciation of IFRS 16 right-of-use assets	7,935	7,604	330
Amortisation of intangible assets	226,009	220,096	5,913
Impairment losses:			
- Impairment of tangible assets	28	-	28
- Impairment of intangible assets	1,012	-	1,012
- Write-down of receivables	839	(823)	1,663
Total amortisation, depreciation and impairment losses	**241,280**	**232,232**	**9,049**
- Of which capitalised for intangible assets	3,787	3,593	194

6.e Other operating costs – €52,107 thousand

"Other operating costs" increased by €3,541 thousand compared to last year, due in particular to the net provisions for risks and charges:

Thousands of euro	For the year ended December 31, 2024	For the year ended December 31, 2023	Variations
Other operating costs			
Remuneration of statutory auditors, Supervisory Body and Committees	122	107	15
Remuneration of members of the Board of Directors	363	341	21
Membership fees	409	422	(13)
Contribution to the Supervisory Authority	170	116	53
Compensation to customers	8,705	2,762	5,944
Municipal tax on property	476	478	(2)
CCIAA (chamber of commerce) fees and duties	523	502	21
Net costs for energy efficiency certificates	-	1,185	(1,185)
Tax on the occupation of public space (Tosap)	2	5	(3)
Capital losses on the disposal of assets	9,364	14,775	(5,414)
Capital losses on the sale of assets	30	7	24
Local and sundry taxes	615	612	3
Other costs	4,737	3,551	1,186
(Net) provision for risks and charges	26,590	23,700	2,890
Total other operating costs	**52,107**	**48,563**	**3,541**
- Of which capitalised for intangible assets	746	752	(6)

More specifically, the increase in other operating costs was mainly due to penalties and indemnities, contributing €5,944 thousand (including those estimated for the Delta in-out, amounting to €5,030 thousand, and those for customers following the implementation, starting from April 1, 2023, of Resolution 269/2022/R/gas regarding the performance level of service related to redelivery points equipped with smart meters). This was offset by lower losses on the disposal and sale of assets, mainly related to meters, amounting to €5,414 thousand. The higher net provisions for risks and charges impacted the change with a positive balance of €2,890 thousand.

Capital losses were partly absorbed by the use of provisions specifically allocated for faulty meters that need replacing. A portion of the capital losses, where related to first-generation meters that at the date of replacement had not been fully amortised from a tariff perspective, is repaid by means of a tariff based on an annual payment.

The item also had a net balance of €1,185 thousand in 2023 for the purchase of Energy Efficiency Certificates: this amount, positive in 2024, appears in the profit and loss account for the year under the item "Other revenue".

6.f Capitalised costs for internal work – €1,103 thousand

Following the introduction of IFRIC 12, the costs directly related to construction work on the network under concession are no longer accounted for as capitalised costs for internal work.

For this reason, the item now only includes those residual costs which can be capitalised but do not concern concession assets. In the specific case, the value mainly refers to capitalisations of concentrators, equipment for the communication network of the new smart meters which are not part of the concession assets.

The details are shown in the following table:

Thousands of euro	For the year ended December 31,		Variations
	2024	2023	
Interna services	(451)	(424)	(27)
Other capitalised costs	(48)	(74)	26
Materials	(604)	(628)	24
Total capitalised costs for internal work	**(1,103)**	**(1,126)**	**23**

7. Income/(Expenses) from equity investments – €405 thousand

This item includes the economic impact of updating the equity valuation of associate companies 2i Servizi Energetici S.r.l. and Melegnano Energia Ambiente S.p.A..

8. Financial income/(expenses) – €(63,546) thousand

This item is broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2024	2023	
Financial income			
Interest income from loans to employees	-	0	(0)
Interest income from current accounts and post office deposits	8,689	4,533	4,156
Interest income from receivables from customers	10	31	(21)
Other financial interest and income	662	2,076	(1,414)
Total income	**9,360**	**6,640**	**2,721**
Financial charges			
Interest expense on medium/long-term loans	8,571	8,842	(271)
Other expenses on medium/long-term loans from banks	955	507	448
Financial expenses on debenture loans	65,251	62,758	2,493
Financial expenses from amortised cost	2,933	2,639	294
Interest expense on short-term bank loans	4,322	653	3,668
Interest expense on current bank accounts	204	386	(181)
Discounting of post-employment and other employee benefits	859	1,074	(215)
Interests on taxes and contributions	6	9	(2)
Change in fair value of hedging derivatives reclassified from comprehensive income	(10,867)	(6,707)	(4,160)
Other financial and interest expense	49	1,616	(1,567)
IFRS16 Financial Expenses	623	478	145
Total expenses	**72,906**	**72,256**	**650**
Total financial income and (expenses)	**(63,546)**	**(65,616)**	**2,070**

Financial income and expenses posted a negative result **€**(63,546) thousand, mainly due to the recognition in the year of interest relating to debenture loans and the related amortised cost, partially offset by the reversal from the equity reserve to the profit and loss account of the fair value of the hedging derivatives closed in 2018 and 2023; the balance also includes interest payable for the credit lines used during the year, both short-term and medium-to-long-term.

At 31.12.2024, the Group has outstanding financing totalling €3,254,091 thousand, of which €2,715,000 thousand relates to five tranches of the debenture loan maturing between 2025 and 2033, €334,091 thousand is divided across three credit lines, and a further €205,000 thousand consists of revolving credit facilities and short-term loans.

The company's debt structure is more than 90% at a fixed rate €(3,145,000) thousand, primarily due to the presence of bond loan tranches, which has simultaneously allowed for an extension of the average maturity of existing debt and a significant reduction in its cost.

As regards interest income, a net increase in the amount was recorded during the year €(4,156) thousand due to a series of liquidity management transactions carried out after the last tranche of the debenture loan was issued.

9. Taxes – €94,523 thousand

This item is broken down as follows:

Thousands of euro	**For the year ended December 31,**		**Variations**
	2024	**2023**	
Current taxes...			
Current income taxes: IRES (corporate income tax)...	83,889	65,287	18,602
Current income taxes: IRAP (regional business tax)...	18,127	14,931	3,196
Total current taxes...	**102,016**	**80,217**	**21,798**
Adjustments for income taxes relating to previous years...			
Negative adjustments for income taxes relating to previous years .	187	-	187
Positive adjustments for income taxes relating to previous years...	(15)	-	(15)
Total adjustments for income taxes relating to previous years.	**172**	**-**	**172**
Deferred and prepaid taxes...			
Deferred taxes (use)/allocation...	(2,311)	(3,386)	1,074
Prepaid taxes (allocation)/use...	(5,291)	(5,865)	574
Total current deferred and prepaid taxes...	*(7,603)*	*(9,251)*	*1,648*
Adjustments to deferred taxes from previous years...	-	-	-
Adjustments to prepaid taxes from previous years...	(62)	-	(62)
Total adjustments of deferred and prepaid taxes...	*(62)*	-	*(62)*
Total deferred and prepaid taxes...	**(7,665)**	**(9,251)**	**1,586**
Total taxes...	**94,523**	**70,967**	**23,556**

Income taxes for 2024 totalled €94,523 thousand, up by €23,556 thousand year-on-year.

The increase is due to normal operations, which saw an increase in the profit before taxes of €63,823 thousand.

Specifically, taxes represent the recognition of the charge for current taxes for the year, including IRES of €83,889 thousand and IRAP of €18,127 thousand.

The IRES tax rate for 2024 was 26.5%.

The Group confirms that it is in compliance with the provisions of Pillar 2, as implemented by Italian legislation, having complied with the overall minimum tax requirement of 15% for all activities carried out in Italy, as shown in the calculations of the tax actually paid and in the related disclosure.

The table below shows the reconciliation of the actual and theoretical tax rates, determined by applying the tax rate in force during the year to profit before tax, without taking into account the adjustments from previous years:

Thousands of euro	For the year ended December 31,	
	2024	**2023**
Pre-tax profit	316,856	253,033
Theoretical IRES taxes	**76,058**	**60,764**
Lower taxes:		
Capital gains from exempt equity investments	52	-
Release of contributions taxed in prior years	1,298	1,327
Use of provisions	7,279	5,308
Release of provisions	5,436	2,903
Reversal of statutory amortisation/depreciation not deducted in prior years	4,240	3,923
Deducted tax amortisation	7,432	7,444
others	1,940	4,416
Higher taxes:		
allocations to provisions	17,956	13,008
amortisation/depreciation on amounts that are not recognised for tax purposes	2,783	3,501
statutory amortisation/depreciation exceeding the fiscal limits	11,946	11,535
reversal of excess fiscal amortisation / depreciation deducted in prior years	725	714
partially deductible costs	969	938
taxes and duties	3	10
others	1,125	135
Total current income taxes (IRES)	**83,889**	**65,287**
IRAP	**18,127**	**14,931**
IRES and IRAP exemption from prior years	**172**	**-**
Total deferred taxes	**(7,665)**	**(9,251)**
Total income taxes from continuing and discontinued operations	**94,351**	**70,967**

10. Discontinued operations – €0 thousand

The result from discontinued operations was zero.

Information on the Statement of Financial Position

ASSETS

Non-current assets

11. Property, plant and equipment – €33,333 thousand

Following the introduction of IFRIC 12, property, plant and equipment include only those assets that are not related to gas distribution concessions. Such assets are recognised as intangible.

The breakdown and changes in property, plant and equipment in 2023 and 2024 are shown below:

Thousands of euro	**Land**	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Improvements on third-party assets**	**Fixed assets under construction and advances**	**Total**
Historical cost	7,051	31,841	15,621	27,356	30,696	12,841	-	**125,407**
Accumulated depreciation	-	(22,944)	(4,464)	(25,198)	(22,969)	(11,751)	-	**(87,325)**
As of December 31, 2022	**7,051**	**8,897**	**11,157**	**2,159**	**7,727**	**1,091**	**-**	**38,082**
Increases (including Fixed assets classified as available-for-sale)	-	145	1,757	373	2,380	248	-	**4,903**
Commissioning	-	-	-	-	-	-	-	**-**
Disposals	-	(5)	(517)	-	(37)	(3)	-	**(563)**
Gross value	-	(13)	(677)	(30)	(2,121)	(3,012)	-	**(5,852)**
Acc. depr.	-	8	160	30	2,083	3,008	-	**5,289**
Impairment losses	-	-	-	-	-	-	-	**-**
Fixed assets classified as available-for-sale	-	(12)	-	-	-	-	-	**(12)**
Gross value	-	(249)	-	-	-	-	-	**(249)**
Acc. depr.	-	237	-	-	-	-	-	**237**
Depreciation	-	(558)	(1,038)	(545)	(2,873)	(342)	-	**(5,355)**
Total changes	**-**	**(430)**	**202**	**(172)**	**(530)**	**(97)**	**-**	**(1,027)**
Historical cost	7,051	31,724	16,702	27,699	30,955	10,078	-	**124,208**
Accumulated depreciation	-	(23,257)	(5,342)	(25,712)	(23,758)	(9,084)	-	**(87,154)**
As of December 31, 2023	**7,051**	**8,467**	**11,360**	**1,987**	**7,197**	**993**	**-**	**37,054**
Increases (including Fixed assets classified as available-for-sale)	-	1,026	1,479	454	148	190	-	**3,298**
Disposals	(222)	(3)	(534)	-	(17)	(0)	-	**(776)**
Gross value	(222)	(350)	(751)	(33)	(950)	(3,549)	-	**(5,854)**
Acc. depr.	-	347	216	33	933	3,549	-	**5,078**
Reclassifications	(3)	-	-	-	-	-	-	**(3)**
Gross value	(3)	-	-	-	-	-	-	**(3)**
Acc. depr.	-	-	-	-	-	-	-	**-**
Impairment losses	(15)	(12)	-	-	-	-	-	**(28)**
Fixed assets classified as available-for-sale	(454)	(301)	-	-	-	-	-	**(754)**
Gross value	(454)	(1,777)	-	-	-	-	-	**(2,231)**
Acc. depr.	-	1,477	-	-	-	-	-	**1,477**
Depreciation	-	(509)	(1,105)	(440)	(3,064)	(340)	-	**(5,458)**
Total changes	**(694)**	**201**	**(160)**	**15**	**(2,933)**	**(151)**	**-**	**(3,721)**
Historical cost	6,357	30,623	17,430	28,120	30,154	6,719	-	**119,403**
Accumulated depreciation	-	(21,955)	(6,230)	(26,119)	(25,889)	(5,876)	-	**(86,069)**
As of December 31, 2024	**6,357**	**8,668**	**11,200**	**2,002**	**4,264**	**843**	**-**	**33,333**

The item in question at December 31, 2024 shows a net negative change compared to December 31, 2023 of €3,721 thousand due to normal investment, divestment and depreciation trends for these assets.

Plant and equipment, in particular, mainly concern concentrators and data receiving and transmission devices that are part of the communication network of smart meters. These are excluded from the scope of IFRIC 12 as they are not recognised as concession assets.

12. IFRS 16 right-of-use assets – €23,340 thousand

Following the application of standard IFRS 16, hire, rental or lease contracts are carried in this item as exclusive use rights. It is noted that liabilities include a related financial debt, equal to the sum of estimated and appropriately discounted future fees.

Below is the table of changes in fixed assets for 2023 and 2024.

Thousands of euro	IFRS 16 Property	IFRS 16 Vehicles	IFRS 16 ICT	Total
Historical cost	33,652	13,490	597	**47,739**
Accumulated depreciation	(14,672)	(6,580)	(414)	**(21,666)**
As of December 31, 2022	**18,981**	**6,910**	**182**	**26,073**
Increase and change in right-of-use assets	3,343	2,966	244	**6,552**
Disposal and changes in right-of-use assets	(721)	(214)	(27)	**(962)**
Gross value	(1,424)	(1,408)	(27)	**(2,860)**
Acc. depr.	703	1,194	-	**1,897**
Depreciation	(4,551)	(2,845)	(208)	**(7,604)**
Total changes	**(1,930)**	**(94)**	**8**	**(2,015)**
Historical cost	35,571	15,047	813	**51,431**
Accumulated depreciation	(18,520)	(8,231)	(622)	**(27,373)**
As of December 31, 2023	**17,051**	**6,816**	**191**	**24,058**
Increase and change in right-of-use assets	3,621	4,207	249	**8,077**
Disposal and changes in right-of-use assets	(607)	(254)	(0)	**(861)**
Gross value	(731)	(2,402)	(0)	**(3,134)**
Acc. depr.	124	2,149	-	**2,273**
Depreciation	(4,702)	(2,991)	(241)	**(7,935)**
Total changes	**(1,688)**	**962**	**8**	**(718)**
Historical cost	38,460	16,852	1,062	**56,375**
Accumulated depreciation	(23,098)	(9,074)	(863)	**(33,035)**
As of December 31, 2024	**15,363**	**7,778**	**199**	**23,340**

13. Intangible assets – €4,814,208 thousand

It should be noted that, following the introduction of IFRIC 12, intangible assets also include fixed assets related to gas distribution concessions.

The breakdown and changes in intangible assets for 2023 and 2024 are shown below:

Thousands of euro	Patent and intellectual property rights	Concession s and similar rights	Concession s and similar rights – fixed assets under developmen t	Fixed assets under developmen t	Other intangible assets	Goodwill	Payments on account	Total
As of December 31, 2022..	**1,535**	**4,183,916**	**51,502**	**3,139**	**38,997**	**305,253**	**15**	**4,584,357**
Increases (including Fixed assets classified as available-for-sale)	2,277	312,620	34,702	525	17,202	-	-	**367,326**
Commissioning	-	30,737	(30,723)	(2,759)	2,759	-	(14)	**0**
Decreases	-	(24,667)	(144)	(21)	-	-	-	**(24,832)**
Reclassifications	-	-	-	-	-	-	-	**-**
Impairment losses	-	-	-	-	-	(153)	-	**(153)**
Fixed assets classified as available-for-sale...............	-	(4)	(3)	-	-	-	-	**(7)**
Amortisation	(1,135)	(204,752)	-	-	(14,209)	-	-	**(220,096)**
Total changes...................	**1,142**	**113,934**	**3,833**	**(2,255)**	**5,752**	**(153)**	**(14)**	**122,238**
As of December 31, 2023..	**2,676**	**4,297,850**	**55,335**	**884**	**44,749**	**305,100**	**1**	**4,706,595**
Increases (including Fixed assets classified as available-for-sale)	-	303,920	45,168	371	14,997	-	-	**364,456**
Commissioning	-	37,169	(37,168)	(512)	512	-	(1)	**0**
Decreases	-	(28,922)	(759)	-	-	-	-	**(29,681)**
Reclassifications	-	3	-	-	-	-	-	**3**
Impairment losses	-	(947)	-	-	(65)	(145)	-	**(1,157)**
Fixed assets classified as available-for-sale...............	-	-	-	-	-	-	-	**-**
Amortisation	(940)	(208,699)	-	-	(16,370)	-	-	**(226,009)**
Total changes...................	**(940)**	**102,525**	**7,241**	**(140)**	**(927)**	**(145)**	**(1)**	**107,613**
As of December 31, 2024..	**1,737**	**4,400,374**	**62,575**	**744**	**43,822**	**304,955**	**-**	**4,814,208**
of which historical cost	**102,761**	**8,598,632**	**62,575**	**744**	**196,234**	**304,955**	**-**	**9,265,901**
of which Accumulated amortisation	**(101,024)**	**(4,198,258)**	**-**	**-**	**(152,411)**	**-**	**-**	**(4,451,693)**

Intangible assets increased, compared to December 31, 2023, by €107,613 thousand, due to the investments made during the year. The items "Concessions and similar rights" and "Concessions and similar rights – Fixed assets under development" showed an aggregate balance of €4,462,950 thousand in the financial year, an overall change of €109,765 thousand.

The item refers to the recognition of the Group's rights over fixed assets as concession holder and gas distribution service provider stemming from investments in the distribution network, as well as one-off fees for the acquisition of natural gas distribution concessions.

Operating investments during the year amounted to €349,088 thousand compared to €347,322 thousand in the previous year.

Disposals during the year for these two classes amounted to €(29,681) thousand, and related to routine replacement and improvement of equipment. Amortisation amounted to €(208,699) thousand, reflecting a natural increase due to investments.

The amortisation of concession charges has been determined on a straight-line basis and on the basis of the estimated realisable value at the end of the concession.

The Group determined the terms of the concessions using the same criteria adopted in the previous year.

For concessions that have expired at the reporting date, and therefore operating in an extension regime (prorogatio), the residual value has been restated to take into consideration the postponement of the effective expiry of these concessions.

In particular, it is recalled that under the Decree of the Ministry of Economic Development dated January 19, 2011, "Determination of territorial ambits in the natural gas distribution sector", which came into force on April 1, 2011, according to art. 3(3) of the decree:

"as from the entry into force of this measure, the tenders for the award of the gas distribution service as per article 14(1) of Legislative Decree no. 164 of May 23, 2000, for which the call for tenders has not been published or for which the deadline for the submission of tenders has not expired, shall be awarded only in respect of the areas determined in annex 1, which forms an integral part of this measure" and that, in accordance with article 14(7) of Legislative Decree no. 164/2000, "The outgoing operator, pursuant to article 14(7) of Legislative Decree no. 164 of May 23, 2000, remains obliged, however, to continue the management of the service until the effective date of the new assignment."

"Fixed assets under development and advances" mainly consisted of investments in software being developed to ensure more efficient management of the Company's activities.

During 2024, €512 thousand in fixed assets under construction were completed, while new investments rose by €371 thousand, therefore determining a final balance of €744 thousand.

"Other intangible assets" of €43,822 thousand include other long-term costs, also linked to the implementation of smart meter remote control or remote reading systems.

"Goodwill" totalled €304,955 thousand and relates to the deficit from the merger of companies that had previously been subsidiaries. This item was recognised in agreement with the Board of Statutory Auditors. It decreased during the year following the sale of certain assets relating to the Locate di Triulzi concession, in compliance with paragraph 86 of IAS 36.

The estimate of the recoverable amount of the goodwill recorded in the financial statements was carried out through the use of two empirical valuation methods: the market transaction price method (based on the proposed acquisition of 100% of the capital of 2i Rete Gas by of Italgas of October 5, 2024) and the market multiples method of comparable companies. Both methods showed that the recoverable amount of the Cash Generating Unit is significantly higher than the Net Invested Capital as of December 31, 2024.

14. Net deferred tax assets – €138,557 thousand

Deferred tax assets and deferred tax liabilities are determined based on the tax rates in force at the reporting date. Deferred tax assets totalled €266,836 thousand, while deferred tax liabilities totalled €128,279 thousand.

Deferred tax assets and liabilities for the year ended December 31, 2024 were determined using the tax rates in force: 24% for IRES (corporate income tax) and 4.63% for IRAP (regional business tax).

Deferred tax assets fell as a result of normal changes during the year.

Considering, among other things, the flows estimated in the most recent business plans, the Group believes it can use deferred tax assets in the ordinary course of business.

The table below details changes in deferred tax assets and liabilities by type of temporary difference, determined according to the tax rates in force, and the portion of recoverable and non-recoverable deferred taxes.

Thousands of euro	As of December 3 1, 2023	Increases recognised in		Decreases recognised in		Other changes		Other reclass ificatio ns	As of Decembe r 31, 2024
		Profit and Loss Account	Equity	Profit and Loss Account	Equity	Profit and Loss Account	Equity		
Deferred income tax assets:									
allocation to provisions for risks and charges with deferred deductibility	**23,136**	14,460	-	(10,190)	-	62	-	-	**27,469**
allocation to provisions for incentives to leave and stock options	**522**	1	-	(72)	-	-	-	-	**451**
allocation to provisions for disputes	**3,543**	2,377	-	(2,183)	-	-	-	-	**3,737**
allocation to provisions for inventory obsolescence	**3,424**	158	-	(185)	-	-	-	-	**3,397**
impairment losses with deferred deductibility (impairment of receivables)	**1,529**	122	-	(1,209)	-	-	-	-	**441**
impairment losses with deferred deductibility (impairment of plants).	**1,903**	3	-	-	-	-	-	-	**1,907**
depreciation and amortisation with deferred deductibility.	**145,654**	11,965	-	(3,943)	-	-	-	-	**153,675**
separation of land-buildings and component analysis	**114**	0	-	-	-	-	-	-	**115**
start-up costs	**2,225**	0	-	-	-	-	-	-	**2,225**
Post-employment and other employee benefits.	**4,477**	4,045	-	(989)	-	-	-	-	**7,532**
cash deductible taxes and duties.	**4**	-	-	-	-	-	-	-	**4**
proceeds subject to deferred taxation (connection fees)	**29,660**	43	-	(320)	-	-	-	-	**29,383**
deferred deductibility charges	**9,916**	17	-	(1,876)	-	-	-	-	**8,057**
goodwill	**33,415**	57	-	(6,991)	-	-	-	-	**26,480**
post-employment and other employee benefits - OCI	**1,858**	-	4	-	-	-	-	-	**1,862**
for losses recoverable in future years..	**1**	-	-	-	-	-	-	-	**1**
other consolidation adjustments .	**97**	5	-	-2	-	-	-	-	**100**
Total	**261,479**	**33,252**	**4**	**(27,961)**	**-**	**62**	**-**	**-**	**266,836**
Deferred income tax liabilities:									
differences on tangible and intangible assets – additional depreciation and amortisation	**23,442**	288	-	(725)	-	-	-	-	**23,005**
differences on intangible assets – goodwill	**5,197**	2	-	-	-	-	-	-	**5,199**
separation of land-buildings and component analysis	**3,835**	8	-	-	-	-	-	-	**3,843**
allocation to assets of costs relating to company mergers	**27,665**	66	-	(1,673)	-	-	-	-	**26,058**
Post-employment and other employee benefits	**814**	-	19	-	(0)	-	-	-	**832**
proceeds subject to deferred taxation	**3,764**	358	-	-	-	-	-	-	**4,122**
derivative financial instruments (in case of a net positive change in the relevant equity reserve)	**23,222**	-	-	-	(2,608)	-	-	-	**20,614**
other	**630**	567	-	(209)	-	-	-	-	**989**
ASEM - OCI	**163**	-	9	-	-	-	-	-	**172**
recognition of deferred taxes due to merger	**44,439**	386	-	(1,379)	-	-	-	-	**43,446**
5% dividends received allocated to future years on an accruals basis	**0**	-	-	-	-	-	-	-	**0**
Total	**133,171**	**1,675**	**28**	**(3,986)**	**(2,608)**	**-**	**-**	**-**	**128,279**

Net deferred tax assets............	**128,307**	**31,578**	**(24)**	**(23,975)**	**2,608**	**62**	**-**	**-**	**138,557**

15. Equity investments – €3,789 thousand

The table on the following page shows the changes in the year for each equity investment, with the corresponding values at the beginning and end of the year, as well as the list of equity investments held in other companies.

Thousands of euro	**Carrying amount**	**% ownership**	**Increases**	**Decreases**	**Original cost**	**Increase / (Decrease)**	**Carrying amount**	**% ownership**
	As of December 31, 2023						**As of December 31, 2024**	
Associates								
Equity Method Valuation								
Melegnano Energia Ambiente SpA..................................	3,548	**40.00%**	5		2,451	1,102	3,553	**40.00%**
2i Servizi Energetici Srl	162	**60.00%**		(49)	6	107	113	**60.00%**
Other companies								
Valuation at cost								
Interporto di Rovigo S.p.A.	42	**0.30%**			42		42	**0.30%**
Fingranda S.p.A. in Liquidazione.	26	**0.58%**			26		26	**0.58%**
Agenzia di Pollenzo S.p.A.	33	**0.27%**			33		33	**0.27%**
Industria e Università S.r.l.	11	**0.09%**			11		11	**0.09%**
Banca Popolare Pugliese..	11	**0.01%**					11	**0.01%**
Immobiliare Cestia srl..	0	**0.05%**					0	**0.05%**
Total equity investments..	**3,833**		**5**	**(49)**	**2,569**	**1,209**	**3,789**	

The tables below show the list of equity investments in associates and their values as recognised in the Group's financial statements as of December 31, 2024:

Associates	**Registered office**	**Share Capital (euro)**	**Equity (euro)**	**Revenue (euro)**	**Profit/loss in previous year (euro)**	**End of the reporting period**	**% ownership**	**Consolidated carrying amount (euro)**
Melegnano Energie Ambiente SpA...............	Melegnano (MI)	4,800,000	8,883,415	2,620,193	12,345	31.12.2023	40%	3,553,366
2i Servizi Energetici Srl .	Milano	10,000	187,884	1,489,328	(81,941)	31.12.2024	60%	112,730

Finally, the equity investments in other companies at the same date were:

Other companies	**Registered office**	**Share Capital (euro)**	**Equity (euro)**	**Revenue (euro)**	**Profit/loss in previous year (euro)**	**End of the reporting period**	**% ownership**	**Consolidated carrying amount (euro)**
Interporto di Rovigo S.p.A.	Rovigo	6,904,887	8,214,390	3,995,009	514,646	31.12.2023	0.30%	41,634
Fingranda S.p.A. in Liquidazione	Cuneo	2,662,507	1,155,810	1,000	11,608	31.12.2023	0.58%	25,822
Agenzia di Pollenzo S.p.A.	Bra (CN)	23,079,108	22,987,710	1,083,242	124,877	31.12.2023	0.27%	33,082
Industria e Università S.r.l.	Varese	13,440,528	11,000,163	-	(27,624)	31.12.2023	0.09%	10,989
Banca Popolare Pugliese...	Parabita (Le)	182,516,877	366,017,972	180,147,106	22,103,137	31.12.2023	0.01%	11,127
Immobiliare Cestia srl.......	ROMA (RM)	50,000	329,338	140,463	(55,484)	31.12.2023	0.05%	26

16. Non-current financial assets – €14,444 thousand

The item includes primarily receivables for sums paid to contracting authorities for the purpose of tender preparation and which could be returned at the end of the procedure if it is lost.

Lastly, there is a residual deferral of transaction costs incurred in obtaining loan facilities unused as of December 31, 2024.

Thousands of euro	As of December 31,		Variations
	2024	2023	
Non-current deferred financial charges	1,469	236	1,233
Long-term loans to employees	36	86	(50)
Financial receivables from others	12,939	12,446	492
Total	**14,444**	**12,768**	**1,676**

17. Other non-current assets – €52,787 thousand

This item increased by €28,880 thousand compared to December 31, 2023; it is broken down as follows:

Thousands of euro	As of December 31,		Variations
	2024	2023	
security deposits	3,787	3,732	55
receivables for plant contributions to be received	560	560	-
tax receivables reimbursements applied for	306	306	-
prepaid promotional expenses	34	41	(7)
from municipalities for disposals of assets due to expiration of concessions	625	824	(199)
non-current receivables from CSEA	46,250	16,149	30,102
other non-current assets	2,554	2,447	107
bad debt provision - other non-current assets	(1,330)	(153)	(1,177)
Total	**52,787**	**23,906**	**28,880**

Guarantee deposits of €3,787 thousand refer to receivables for work to be performed on distribution plants as well as from user contracts.

The receivable for contributions to be received € (560) thousand consisted of the recognition of the medium/long-term portion of receivables for plant-related contributions to be received: this item was unchanged during the year.

Tax receivables of €306 thousand relate to reimbursement requests pursuant to art. 6 of Legislative Decree 185/2008 (deduction from IRES of the IRAP portion for labour costs and interest expense). There were no changes to this item in the year.

Receivables due from municipalities for disposals of assets due to the expiration of concessions totalled €625 thousand. This was the result of disputes or similar proceedings ongoing with some municipalities to define the amount of the refund owed to the Company as outgoing operator for the relevant concessions and plants already redelivered. Local action continued to resolve existing situations.

The balance of non-current receivables from the Energy and Environmental Services Fund (CSEA), amounting to €46,250 thousand, refers to the amount that will be recognised to distribution companies under Decision 1/23 and Resolution 155/09 for first-generation smart meters and traditional meters that, despite not having completed their tariff amortisation period, must be replaced. The residual amount due to the intense replacement activity that has taken place in recent years, will be repaid by CSEA according to the time-frame set out in the Resolution.

Finally, the balance of miscellaneous non-current assets includes the residual value of prepaid expenses in the form of rent paid in advance to API, the Company that owns the networks managed in the municipality of Rozzano (€1,016 thousand).

Current assets

18. Inventories – €21,923 thousand

Closing inventories of raw materials, ancillaries and consumables mainly consisted of materials for construction and maintenance of gas distribution plants and, in particular, new smart meters.

Compared to the previous year, this item decreased by €1,926 thousand, due to purchases of smart meters during the year. It should be noted that the item includes the provision for the write-down of inventories of €1,002 thousand, set aside to take into account the inventories that are unlikely to be used in the future.

The Company uses the weighted average cost method.

19. Trade receivables – €272,167 thousand

Compared to December 31, 2023, trade receivables rose by €74,801 thousand.

The item is broken down as follows:

Thousands of euro	As of December 31,		Variations
	2024	2023	
Third-party customers:			
Receivables from customers	271,876	199,301	72,574
- Bad debt provision	(2,233)	(5,204)	2,971
Receivables for returns under warranty	6,674	8,883	(2,209)
- Bad debt provision for returns under warranty	(4,150)	(5,614)	1,465
Total	**272,167**	**197,365**	**74,801**

Receivables due from third-party customers consist of trade receivables and receivables from operations and largely relate to gas distribution operations.

The positive difference compared to the previous year is due to the residual impact in 2023 of the introduction of negative tariff components and the elimination of certain existing components, an aspect that was entirely absent in 2024.

Such receivables are recognized net of a €2,233 thousand bad debt provision.

With regard to the impact assessment pursuant to IFRS 9, the Company did not consider it necessary to update its assessments, since the guarantees hedging receivables significantly reduce the risk of insolvency.

Receivables for returns under warranty, which are recognised net of the relevant bad debt provision, concern receivables from the manufacturers of meters for non-functioning assets that have long-term warranties. The amount is stated net of the bad debt provision to take account of changed contractual conditions and findings that lead to the belief that the receivable is no longer collectable.

Changes in the bad debt provision are set out below.

Thousands of euro	As of December 31,		Variations
	2024	2023	
Opening balance	**5,204**	**7,515**	**(2,311)**
Allocations	651	402	249
Releases	(1,018)	(1,240)	223
Uses	(2,576)	(1,472)	(1,104)
Other movements	(27)	-	(27)
Closing balance	**2,233**	**5,204**	**(2,971)**

The bad debt provision at December 31, 2024 was taxed to the tune of €1,599 thousand (€4,803 thousand at December 31, 2023).

All Group companies operated exclusively in Italy.

20. Short-term financial receivables – €1,585 thousand

Short-term financial receivables consist of a receivable from the associated company 2i Servizi Energetici for €1,350 thousand, as well as other receivables from employees.

21. Other current financial assets – €3,981 thousand

Other current financial assets contain the interest income accrued from banks and third parties for €3,961 thousand.

22. Cash and cash equivalents – €80,695 thousand

Cash and cash equivalents decreased by €244,206 thousand following the closure of a tranche of a debenture loan under the Parent Company's EMTN programme and normal business operations.

Cash and cash equivalents are broken down as follows:

Thousands of euro	As of December 31,		Variations
	2024	2023	
Bank deposits	80,543	324,734	(244,191)
Post office deposits	5	5	(0)
Cash in hand	147	162	(15)
Total	**80,695**	**324,901**	**(244,206)**

Cash associated with operating activities is held in bank and post office deposits.

23. Income tax receivables – €2,378 thousand

Income tax receivables due from the Tax Authorities related to both IRES and IRAP; the balance in the year was due to normal changes for the payment of advances and balances during 2024.

24. Other current assets – €236,743 thousand

Other current assets declined by €76,810 thousand compared to the previous year, mainly due to lower receivables from CSEA of €28,182 thousand and low VAT receivables from the Tax Authorities amounting to €47,076 thousand, of which an additional €11,564 thousand were requested for reimbursement during the year.

Both changes are attributable to the final settlement of the specific situation from the previous two years, created as a result of the introduction of negative pass-through components and the elimination of certain tariff components. In 2023, this activity was more limited and almost fully resolved in the final months of the year.

In particular, receivables from CSEA include not only the amount deriving from receivables from the equalisation of the gas distribution service (€82,230 thousand), but also the amount deriving from the receivables for UG2 and Gas Bonus "pass-through" items (€52,487 thousand in total) and recognition of Technical Quality (€63,605 thousand). This item also includes receivables for the recognition of remuneration on traditional meters and first-generation smart meters disposed of before the end of their useful lives (€12,150 thousand).

The item must always be correlated with payables to the Equalisation Fund, as reported in note 40 "Other current liabilities".

This item is broken down as follows:

Thousands of euro	As of December 31,		Variations
	2024	**2023**	
Other tax receivables:			
VAT receivables claimed for reimbursement	275	35,786	(35,511)
Receivables due from tax authorities for VAT	774	12,339	(11,564)
Other tax receivables	62	277	(215)
Other receivables:			
From social security and insurance agencies	565	473	92
Receivables from CSEA	215,210	243,392	(28,182)
Receivables from third parties for tender / concession expiration	1,189	1,955	(766)
Receivables for grants related to plants	974	901	74
Receivables from municipalities	246	246	-
Receivables from suppliers	3,836	2,424	1,413
Other receivables	1,452	1,947	(495)
Provision for other doubtful debts	(1,074)	(2,402)	1,328
Accrued income	17	25	(8)
Deferred charges for other multi-year fees	58	35	23
Deferred charges for property lease fees	375	445	(70)
Deferred charges for promotional expenses	7	7	(0)
Deferred charges for insurance premiums	2,476	2,385	91
Other deferred charges	10,301	13,320	(3,019)
Total	**236,743**	**313,553**	**(76,810)**

25. Assets held for sale – €283 thousand

Under assets held for sale, the Group reports the value of three properties for the year, which are expected to be sold in the next 12 months.

LIABILITIES

Equity

26. Equity – €1,449,761 thousand

Equity rose by €89,053 thousand in the year as a result of the following changes:

- a decrease in the ordinary dividend payout of an overall €125,019 thousand;
- a decrease of €8,260 thousand in IAS reserves, relating to the value of the hedging derivatives now closed, but whose effects unfold over time based on the underlying hedged;
- an increase in the operating result of €222,333 thousand, of which €134 thousand resulting from the operating result for non-controlling interests;

Share capital – €3,639 thousand

At December 31, 2024 the share capital consisted of 363,851,660 2i Rete Gas S.p.A. ordinary shares, for a value of €3,639 thousand, fully subscribed and paid up.

Share premium reserve – €286,546 thousand

The share premium reserve did not change in the year.

Legal reserve – €728 thousand

The legal reserve stood at €728 thousand, with no change during the year.

Reserves for valuation of derivatives – €65,276 thousand

The reserve for valuation of derivatives was created in 2016 following the first subscription of Forward Starting Interest Rate Swap contracts. The swaps were closed as planned by December 31, 2023, while the effect on the profit and loss account for the reversal of the reserve for the valuation of derivatives is recorded on the basis of the interest expense flow of the Debenture Loan for the following 10 years.

Other reserves – €239,921 thousand

Other reserves are in line with the previous year due to the recognition in equity of the effect of the actuarial valuation of the Group's defined benefit plan.

Retained earnings – €629,494 thousand

Retained earnings rose by €57,052 thousand from the previous year as a result of the allocation of the profit for the year 2023.

Net profit/(loss) for the year – €222,199 thousand

The result for 2024 was up by €40,128 thousand on the previous year.

Non-current liabilities

27. Long-term loans – €2,520,672 thousand

The item refers to the four tranches of the long-term debenture loan issued by the Parent Company maturing between 2026 and 2033 and to three credit lines (totalling €316 million).

The table below shows short- and long-term debt expressed in the original currency and the relevant interest rate. The notional amount of the loan is the same as its carrying amount.

Thousands of euro	**Carrying amount**		**National amount**		**Interest rate**	**Interest rate**
	As of December 31,		**As of December 31,**		**in force**	**actual**
	2024	**2023**	**2024**	**2023**		
Fixed-rate debt	70,000	70,000	70,000	70,000	1.39%	1.39%
Fixed-rate debt	155,000	155,000	155,000	155,000	1.40%	1.40%
Floating-rate debt	90,909	109,091	90,909	109,091	Eur+0,59%	3.19%
Debenture loan expiring 2025	-	500,000	-	500,000		
Debenture loan expiring 2026	435,000	435,000	435,000	435,000	1.75%	1.91%
Debenture loan expiring 2027	730,000	730,000	730,000	730,000	1.61%	1.62%
Debenture loan expiring 2031	500,000	500,000	500,000	500,000	0.58%	0.64%
Debenture loan expiring 2033	550,000	550,000	550,000	550,000	4.38%	4.48%
Costs linked to loans (long-term)	(10,237)	(12,795)				
Total long-term	**2,520,672**	**3,036,295**	**2,530,909**	**3,049,091**		
Floating-rate debt	18,182	18,182	18,182	18,182	Eur+0,59%	3.19%
Short-term debt (hot money)	25,000		25,000		3.92%	3.92%
Short-term debt (hot money)	50,000		50,000		4.47%	4.47%
Loan - Revolving Credit Facility	130,000		130,000		4.37%	4.37%
Debenture loan expiring 2024	-	489,705	-	489,705		
Debenture loan expiring 2025	500,000		500,000		2.20%	2.29%
Costs linked to loans (short-term)	(376)	(450)				
Total short-term	**722,806**	**507,437**	**723,182**	**507,887**		

The maturity schedule for financial liabilities, whether medium-/long-term (notional amount of €2,530,909 thousand) or short-term (€723,182 thousand – see points 33 and 34 of these notes), is shown in the following table:

	National		1 year	2 – 5 years	Beyond 5 years
Thousands of euro	As of December 31 , 2024	As of December 3 1, 2023			
Short and medium/long-term bank loans and debenture loans					
Loan - Medium/long-term Capex Line..........	315,909	334,091	-	297,727	18,182
Loan - Short-term Capex Line	223,182	18,182	223,182	-	-
Medium/long-term debenture loans	2,215,000	2,715,000	-	1,165,000	1,050,000
Debenture loans due within next year	500,000	489,705	500,000	-	-
Total	**3,254,091**	**3,556,978**	**723,182**	**1,462,727**	**1,068,182**

The terms and conditions of the debenture loan, issued for a market of institutional investors, do not provide for covenants. The loans taken out with the European Investment Bank are subject to some covenants calculated on the basis of the consolidated financial statements that the Company must meet to continue using the credit lines.

The covenants relate to the following indicators:

- Total net financial debt;
- RAB (Regulatory Asset Base);
- EBITDA;
- Net Financial Charges.

As of December 31, 2024 the Company had met all covenants.

28. Post-employment and other employee benefits – €26,961 thousand

The Group provides employees with various types of benefits, including post-employment benefits, health benefits, compensation due instead of notice of dismissal (*Indennità Sostitutive del Preavviso - ISP*) and compensation due instead of energy discount (*Indennità Sostitutive Sconto Energia*).

The item includes provisions for post-employment defined benefit plans and other long-term employee benefits required by law or contract.

Pursuant to IAS 19 Revised, these “defined benefit obligations” were determined using the “Projected Unit Credit Method”, with the liability being calculated in proportion to the service already rendered at the reporting date, and not the service that might presumably be rendered overall.

In detail, the plans provided for the following benefits:

Thousands of euro	As of December 31,		Variations
	2024	2023	
Post-employment benefits..........	21,089	22,135	(1,046)
ASEM health service	1,323	1,293	30
Fondo GAS..........	4,549	5,181	(632)
Total	**26,961**	**28,609**	**(1,648)**

Below are comments on the main items making up the aggregate.

Post-employment benefits (TFR)

Under Italian law, when the employment relationship ends, the employee is entitled to receive post-employment benefits, corresponding, for each year of service, to an amount calculated by dividing their gross annual salary by 13.5.

It is noted that following the approval of Law 296 of December 27, 2006 (2007 finance law) and subsequent decrees and implementing regulations, only the portions of post-employment benefits held with the Company qualify as a defined benefit plan, while the accrued portions allocated to supplementary pension schemes and the treasury fund held by INPS (the Italian Social Security Agency) qualify as a defined contribution plan.

Healthcare benefits

Based on the Italian collective bargaining agreement for executives in the industrial sector, executives have the right to supplementary healthcare in addition to that provided by the Italian Health Service, during both the employment relationship and retirement. ASEM and FASI, the healthcare fund set up for workers in Italy's electricity industry, reimburse medical expenses.

Fondo Gas (Gas Fund)

Italian Law Decree no. 78/2015, coordinated with Law no. 125/2015 (Official Journal 14.08/2015), ordered the elimination of the "Fondo Gas" (Gas Fund) as from December 1, 2015. The decree also provided for the payment, either to current employees or as a voluntary continuation of the contribution to Fondo Gas, of an amount (to be paid by the employer) equal to 1% of the 2014 contribution to Fondo Gas, for each full year or any part thereof that the person has been a member of the fund. Said amount can be set aside with the employer or paid as a contribution to a supplementary pension scheme (hereinafter referred to as "former Fondo Gas Contribution"). The provision shall be made in 240 equal monthly instalments. Should the employment relationship end before the payments are completed, the remaining amount to be paid to Fondo Gas shall be paid in a lump sum at the time of the final wage.

The Company set aside an additional amount during the year after revising the estimate based on the more accurate data available on the average seniority of current employees for the purposes of Fondo Gas.

The main assumptions in the actuarial estimates of employee benefit liabilities (Gas Fund and post-employment benefits) are set out below.

29. Provisions for risks and charges – €17,152 thousand

Provisions for risks and charges are used to cover contingent liabilities that might arise from litigation or other disputes, without taking into account the impact of disputes estimated to be settled in favour of the Group and those for which the potential expense cannot be measured reliably.

Provisions for risks and charges (considering both the short-term and the medium-/long-term portions) increased by €10,769 thousand on the whole compared to the previous year.

The table below shows the total provisions for risks and charges (both the short-term and the medium/long-term portion). The short-term portion is disclosed separately.

Thousands of euro	As of December 31, 2023	Of which current portion	Of which non-current portion	Allocations	Releases	Uses	Other movements	As of December 31, 2024	Of which current portion	Of which non-current portion
Provision for litigation and disputes	4,404	-	4,404	1,668	(848)	(871)	-	4,352	-	4,352
Provision for taxes and duties	2,125	-	2,125	463	(367)	(16)	-	2,204	-	2,204
Provision for disputes with personnel	100	-	100	-	-	-	-	100	-	100
Provision for disputes on concessions	33,735	33,735	-	7,370	(4,074)	(109)	-	36,921	36,921	-
Other provisions for risks and charges	49,950	45,737	4,214	34,221	(7,382)	(19,032)	(0)	57,757	47,260	10,497
Total	**90,313**	**79,471**	**10,842**	**43,721**	**(12,672)**	**(20,029)**	**(0)**	**101,334**	**84,181**	**17,152**
Provision for charges pertaining to leave incentives.	2,000	2,000	-	-	-	(252)	-	1,748	1,748	-
Total	**92,313**	**81,471**	**10,842**	**43,721**	**(12,672)**	**(20,281)**	**- 0.00**	**103,082**	**85,930**	**17,152**

Provisions for risks and charges totaled €103,082 thousand with a short-term portion of €85,930 thousand and a long-term portion of €17,152 thousand.

Existing provisions broken down as follows:

- "Provision for litigation and disputes", amounting to €4,352 thousand to cover contingent liabilities mainly arising from ongoing litigation cases;

- "Provision for taxes and duties", standing at €2,204 thousand, mainly concerning ongoing litigation or disputes concerning local taxes;

- "Provision for disputes with personnel", amounting to €100 thousand, covering expected charges arising from disputes with personnel of a company acquired in previous financial years. The Company did not consider it necessary to change this item in the year;

- "Provision for disputes on concessions", totalling €36,921 thousand, generally refers to estimated costs of sundry disputes with licensing Municipalities; over the year this item underwent a net increase of €3,187 thousand based on the likelihood of Municipalities requesting revision of the agreed concession fees. The likely maximum risk is estimated in the provision taking into account the limitation times dictated by the legislation itself;

- "Other provisions for risks and charges", amounting to 57,757 thousand, cover charges that might arise from the need for maintenance or replacement of metering equipment that fails to meet company standards as well as other specific risks related to penalties or tariff revisions. The item increased by €7,807 thousand during the year, due to net releases for risks that are no longer relevant and net provisions for emerging risks; the provision for network equipment had a net impact of €(1,376) thousand, while the provision for tariff penalties grew by €5,442 thousand;

- "Provision for charges pertaining to leave incentives", totalling €1,748 thousand, addresses possible liabilities that may arise from agreements defined or in the process of being defined for incentives for personnel to leave, which started during the year and are still under way. The provision was used during 2024 for €252 thousand.

The fiscal position of the Group has been defined up to 2019.

30. Non-current financial liabilities – €0 thousand

As of December 31, 2023, non-current financial liabilities stood at zero.

31. Non-current financial liabilities IFRS 16 – €15,544 thousand

At December 31, 2024 this item included financial liabilities falling due after 12 months deriving from the application of IFRS 16, i.e. payables arising from future leases that the Group will have to pay for the exclusive use of those assets whose hire, rental or lease contracts fall under the application of the aforesaid standard.

The table below shows details of maturities broken down by short, medium and long-term debt and by type of contract.

Thousands of euro	**Present value of IFRS 16 cash As of December 31, 2024**	**1 year**	**2 – 5 years**	**Beyond 5 years**
ST/LT IFRS 16 Financial liabilities				
Non-current IFRS 16 financial liabilities	**15,544**	**-**	**15,264**	**280**
IFRS 16 Property			10,273	280
IFRS 16 Vehicles			4,991	-
IFRS 16 ICT			-	-
Current IFRS 16 financial liabilities.............................	**7,384**	**7,384**	**-**	**-**
IFRS 16 Property		4,691		
IFRS 16 Vehicles		2,491		
IFRS 16 ICT		203		
Total	**22,928**	**7,384**	**15,264**	**280**

32. Other non-current liabilities – €359,301 thousand

This item rose by €3,950 thousand compared to the previous year, and is made up as follows:

Thousands of euro	As of December 31,		Variations
	2024	2023	
Sundry payables	1,063	1,056	7
Deferred income for grants related to plants	61,433	57,764	3,669
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	296,805	296,532	274
Total other non-current liabilities	**359,301**	**355,352**	**3,950**

In addition to normal operating trends, the change in deferred income also accommodates the representation of the value of those assets heavily impacted by contributions following the awarding of ATEM Naples 1.

The item must be analysed in conjunction with the short-term portion in the item "Other current liabilities".

Current Liabilities

33. Short-term loans – €204,997 thousand

The item in question includes the short-term debt with credit institutions under so-called revolving lines, which have a tenor of less than one year.

34. Current portion of medium/long-term bank loans – €723,806 thousand

At December 31, 2024, the item included the Company's total short-term debt to bond-holders and to the banking system, including tranches of debt to the EIB that are contractually due to be repaid within the next 12 months and short-term lines of credit. For details, see note 27.

35. Current portion of long-term provisions and short-term provisions – €85,930 thousand

Comments and details of this item are provided in the section on provisions for risks and charges (note 29).

36. Trade payables – € 213,431 thousand

This item includes all trade and operating liabilities of certain amount and timing. All reported payables were incurred in Italy.

The item decreased by €9,376 thousand compared to the previous year due to the normal dynamics of purchases during the period.

The balance as of December 31, 2024 mainly consisted of the residual amount payable to suppliers to which gas distribution plant construction and maintenance is outsourced, payables to staff and operational support services, as well as the purchase of electricity and gas services for internal use.

37. Income tax payables – €20,911 thousand

As of December 31, 2024, income tax payables were higher than in the previous year due to normal trends for advance and final payments.

38. Current financial liabilities – €29,979 thousand

Current financial liabilities mostly refer to the interest expense accrued and not yet paid relating to the tranches of the debenture loan.

Thousands of euro	As of December 31,		Variations
	2024	2023	
Accrued liabilities for interest on short-term bank loans and bank expenses	29,030	31,761	(2,731)
Other current financial payables	949	890	59
Total	**29,979**	**32,651**	**(2,672)**

39. Current IFRS 16 financial liabilities – €7,384 thousand

The item includes financial liabilities relating to rental and leasing contracts categorised with IFRS 16 right-of-use assets, which are expected to be paid within the next 12 months. A breakdown of maturities by type of contract is provided under note 31 above.

40. Other current liabilities – €230,347 thousand

Other current liabilities increased by €100,291 thousand during the year, mainly due to the rise in the item "Other payables" and the indebtedness towards CSEA for amounts related to various tariff components.

The position with CSEA must be viewed in light of the relevant receivables due from CSEA included under Other current assets.

In summary, other current liabilities are set out below:

Thousands of euro	As of December 31,		Variations
	2024	**2023**	
other tax payables	11,915	3,942	7,973
payables to social security and pension agencies	11,715	9,825	1,890
other payables	187,193	96,858	90,335
accrued liabilities	4,118	3,971	147
deferred income	15,406	15,460	(54)
Total	**230,347**	**130,056**	**100,291**

Other tax payables, amounting to €11,915 thousand, are set out below:

Thousands of euro	As of December 31,		Variations
	2024	**2023**	
due to tax authorities for VAT	7,596	43	7,553
due to tax authorities for taxes withheld from employees	4,293	3,852	442
due to tax authorities for withholding taxes	25	47	(22)
Total	**11,915**	**3,942**	**7,973**

Amounts due to social security and pension agencies, totalling €11,715 thousand, were down compared with the previous year, in line with personnel changes during the year:

Thousands of euro	As of December 31,		Variations
	2024	**2023**	
due to INPS (National Social Security Institute)	10,535	8,772	1,763
due to other agencies	1,180	1,053	127
Total	**11,715**	**9,825**	**1,890**

Other payables, amounting to €187,193 thousand, are set out below:

Thousands of euro	As of December 31,		Variations
	2024	**2023**	
Payables to employees	20,983	13,134	7,849
Payables to municipalities for rights and fees	1,009	1,048	(39)
Payables for connections, network extension and other payables to customers	18,298	12,536	5,762
Payables for security deposits and user advances	9,441	7,848	1,593
Payables to CSEA	130,851	56,256	74,595
Other payables	6,610	6,036	574
Total	**187,193**	**96,858**	**90,335**

Payables to the Fund for Energy and Environmental Services (CSEA) consisted of €108,050 thousand in payables for entries that are transferred to trading companies through the invoicing mechanism and then paid to CSEA, generally on a bi-monthly basis (UG1, UG2, UG3, Re, Gs and Rs), and residual payables of €11,071 thousand mainly relating to equalisation amounts for previous years and the current year.

Accrued liabilities and deferred income, amounting to €19,524 thousand, are set out below:

Thousands of euro	As of December 31, 2024	As of December 31, 2023	Variations
Accrued liabilities			
Accrued liability for additional monthly salaries paid to employees	3,841	3,742	99
Other accrued liabilities	276	229	48
Total accrued liabilities	**4,118**	**3,971**	**147**
Deferred income			
Deferred income for grants related to plants	2,447	2,575	(129)
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	10,298	10,210	88
Other deferred income	2,661	2,674	(13)
Total deferred income	**15,406**	**15,460**	**(54)**
Total accrued liabilities and deferred income	**19,524**	**19,431**	**93**

25. Liabilities held for sale – €33 thousand

At December 31, 2024, the item records a security deposit of €33 thousand.

Related party disclosures

Related parties are identified in accordance with international accounting standards.

"Related parties" with whom the Group had dealings in 2023 included:

- F2i SGR S.p.A. – as the operating company of "F2i – Third Italian Infrastructure Fund, closed-end investment fund, reserved for qualified investors"
- Finavias S.a.r.l.
- Bonatti S.p.A.
- APG Infrastructure Pool 2017 II
- Melegnano Energia Ambiente S.p.A. (MEA S.p.A.)
- 2i Servizi Energetici S.r.l.

The definition of related parties includes key management personnel, including their close relatives, of the parent company as well as of the companies controlled directly and/or indirectly by them, jointly controlled companies and those in which the parent company exercises considerable influence. Key management personnel are those who have direct and indirect power and responsibility for planning, management, and control of company operations, including Directors and Auditors.

All trade balances relate to transactions undertaken at market values.

Trade, financial and other transactions involving the Group, its parent companies and its subsidiaries are shown below.

Trade and other transactions

2024

Thousands of euro	**Trade**		**Trade**	
	Receivables	**Payables**	**Costs**	**Revenue**
F2i SGR S.p.A	-	59	59	-
MEA SPA	-	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti Spa...	-	3,074	2,889	12
2i Servizi Enegetici Srl	25	50	94	64
Key management personnel, including directors and statutory auditors	-	3,345	4,826	-
Overall total...	**25**	**6,547**	**7,888**	**84**

2023

Thousands of euro	**Trade**		**Trade**	
	Receivables	**Payables**	**Costs**	**Revenue**
F2i SGR S.p.A	-	60	60	-
MEA SPA	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti Spa...	5	7,085	3,625	5
2i Servizi Enegetici Srl	28	194	66	62
Key management personnel, including directors and statutory auditors	-	70	3,057	-
Overall total...	**42**	**7,428**	**6,829**	**76**

Financial transactions

2024

Thousands of euro	**Trade**		**Trade**		
	Receivables	**Payables**	**Costs**	**Revenue**	**Dividends Paid**
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					79,887
Finavias S. à r.l.					45,058
MEA SPA				5	
2i Servizi Enegetici Srl	1,370		49	84	
Overall total..	**1,370**	**-**	**49**	**89**	**124,945**

2023

Thousands of euro	**Trade**		**Trade**		
	Receivables	**Payables**	**Costs**	**Revenue**	**Dividends Paid**
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					70,936
Finavias S. à r.l.					40,009
MEA SPA				32	
2i Servizi Enegetici Srl	1,370		145	39	
Overall total..	**1,370**	**-**	**145**	**71**	**110,945**

Significant extraordinary events and operations

Pursuant to CONSOB Communication no. DEM/6064293 of July 28, 2006, there were no significant extraordinary events or operations during the year.

Positions or transactions arising from atypical and/or unusual operations

Pursuant to CONSOB Communication no. DEM/6064293 of July 28, 2006, it is noted that there were no positions or transactions arising from atypical and/or unusual transactions.

Fees for Directors, auditors and key management personnel

Fees for directors totalled €363 thousand in 2024 (of which €284 thousand to personnel given strategic responsibility); fees for Statutory Auditors totalled €69 thousand (fully included in the category of personnel given strategic responsibility) and fees for key management personnel came to €4,461 thousand.

Remuneration of the Independent Auditors

The remuneration of the independent auditors totalled €422 thousand in 2024, and included the annual auditing of the statutory and consolidated financial statements, the auditing of the unbundling financial report and the statements required by ARERA, as well as the contribution of Consob.

Public grants received

With regard to the changes contained in Law no. 124 of August 4, 2014, the "Annual competition law", more precisely article 1 (paragraphs 125-129), it is reported that during the course of 2024 the following grants were received by Group companies from public bodies:

Euro

Name	Prov.	December 31, 2024	Type
Municipality of Torre Orsaia	SA	1,255,871	Pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Torre Orsaia	SA	128,150	Pursuant to Regional Law 100/2018 of the Campania Region
Municipality of San Giovanni a Piro.	SA	415,290	Pursuant to Regional Law 100/2018 of the Campania Region
Municipality of San Giovanni a Piro.	SA	2,788,372	Pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Camerota	SA	24,900	Pursuant to Regional Law 100/2018 of the Campania Region
Municipality of Tortorella.................	SA	19,353	Pursuant to Regional Law 100/2018 of the Campania Region
Municipality of Tortorella.................	SA	177,404	Pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Casaletto Spartano...	SA	9,187	Pursuant to Regional Law 100/2018 of the Campania Region
MUNIC. MORIGERATI	SA	9,801	Pursuant to Regional Law 100/2018 of the Campania Region
MUNIC. MORIGERATI	SA	104,987	Pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Roccagloriosa..........	SA	782,808	Pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Caselle in Pittari	SA	98,497	Pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
MUNICIPALITY OF VIBONATI ...	SA	303,721	Pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
GSE - Gestore Servizi Energetici SpA..		122,585	Incentives for photovoltaic projects
Total public grants collected		**6,240,926**	

It is noted that the amount did not include any grants received from public administrations not yet refunded to the Group.

Contractual commitments and guarantees

The Company provided €143,487 thousand by way of guarantees in the interests of third parties. These guarantees include €114,783 thousand in bank guarantees and €28,704 thousand in insurance and other guarantees.

These guarantees were provided as collateral for maintenance and extension work relating to distribution networks as well as participation in tenders for operating gas distribution services.

Further to section 22-ter of art. 2427 of the Italian Civil Code, it is stressed that there are no agreements that have not been disclosed in the financial statements that might significantly impact the Group's financial statements.

Operating segment reporting

The Group is managed as a single business unit engaging mainly in natural gas distribution through networks. As a result, the Group's operations are analysed as a whole by senior management.

The reporting format used by senior management to take operating decisions is consistent with the formats used in the consolidated financial statements shown herein, excluding the impact of IFRIC 12 highlighted in note 5.c as well as in the section covering costs.

Contingent liabilities and assets

Contingent liabilities

Currently there are no significant contingent liabilities.

Contingent assets

Currently there are no significant contingent assets.

Credit, liquidity and market risk

Credit risk

The 2i Rete Gas Group provides its distribution services to over 260 sales companies, the most significant of which is Enel Energia S.p.A.

With regard to invoiced volumes, in 2024 too there were some non-relevant cases of counterparty non-compliance.

User access to the gas distribution service is governed by the Network Code, which, in compliance with the provisions of ARERA, establishes the rights and obligations of the entities involved in the distribution service process, as well as the contractual clauses that reduce the risk of breach by sales companies.

As part of gas distribution operations, credit lines to external counterparties are closely monitored by assessing the relevant credit risk and requiring adequate guarantees and/or security deposits for the purpose of ensuring an appropriate level of protection against the risk of default by the counterparty.

Outstanding guarantees and security deposits on trade receivables totalled €251,190 thousand.

This resulted in a mitigation of the credit risk.

A summary quantitative indication of the maximum exposure to credit risk can be derived from the carrying amount of financial assets, before the relevant bad debt provision.

As of December 31, 2024, the maximum credit risk exposure was €656.8 million:

Thousands of euro	As of December 31, 2024	As of December 31, 2023	Variations
Non-current financial assets	14.4	12.8	1.7
Other non-current financial assets (gross of bad debt provision)	54.1	24.1	30.0
Trade receivables (gross of bad debt provision)	278.5	208.2	70.4
Other current financial assets	5.6	7.1	(1.5)
Cash and cash equivalents	80.7	324.9	(244.2)
Other receivables (gross of bad debt provision)	223.5	251.3	(27.9)
Total	**656.8**	**828.4**	**(171.5)**

Liquidity risk

Based on the current financial structure and the expected cash flows as projected in the business plans, the 2i Rete Gas Group is able to autonomously meet the financial requirements of its ordinary operations and ensure business continuity.

In order to properly disclose liquidity risk as required by IFRS 7, below are details of the Company's debt.

The contractual maturities of the financial liabilities outstanding as of December 31, 2024 are set forth below:

Millions of euro	**1 year**	**1 – 5 years**	**Beyond 5 years**
Financial liabilities as of December 31, 2024			
Long-term loans	-	297.7	18.2
Medium/long-term debenture loans	-	1,165.0	1,050.0
Medium/long-term debenture loans maturing within 12 months	500.0		
Short-term loans	205.0		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	30.0		
Non-current IFRS 16 financial liabilities		15.3	0.3
Current IFRS 16 financial liabilities	7.4		
Total	**760.5**	**1,478.0**	**1,068.5**

For comparative purposes, the contractual maturities of the financial liabilities outstanding as of December 31, 2023 are set forth below:

Millions of euro	**1 year**	**1 – 5 years**	**Beyond 5 years**
Financial liabilities as of December 31, 2023			
Long-term loans	-	297.7	36.4
Medium/long-term debenture loans	-	1,665.0	1,050.0
Short-term loans	489.7		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	32.7		
Non-current IFRS 16 financial liabilities		15.8	0.6
Current IFRS 16 financial liabilities	7.3		
Total	**547.8**	**1,978.5**	**1,086.9**

The projected liquidity requirements are estimated based on the cash flows expected from ordinary operations.

It should be noted that loans are regularly monitored for compliance with some financial covenants at a consolidated level.

As of December 31, 2024, these covenants had been fully met.

"Medium/long-term debenture loans" totalling €2,715 million refer to the aforementioned debenture loan tranches issued by 2i Rete Gas and expiring between 2026 and 2033.

The Company's growth plan requires refinancing existing debt, but given the Company's excellent performance, the rating obtained, and the ongoing compliance with the financial covenants established by the lending banks, currently the Company does not face any problems in obtaining said refinancing.

The Company constantly monitors opportunities to optimise its financial structure.

For an in-depth analysis of long-term loans, see note 27 in these financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices as a result of changes in exchange rates, interest rates, or the prices of equity instruments.

Transactions that qualify for hedge accounting pursuant to the requirements of the accounting standards are designated as hedging transactions, while those that do not meet such requirements are classified as trading transactions, even though, from a management point of view, they have been entered into for hedging purposes.

In accordance with IFRS 7, the table below shows financial assets and liabilities, disclosing their carrying amount and fair value at December 31, 2024. The Company has no financial assets held to maturity, available for sale or held for trading.

		Carrying amount					
Thousands of euro	Notes	Measured at fair value	Receivables	Available for sale	Other financial liabilities and payables	Total	Fair value
Financial assets designated at fair value							
Non-current financial assets	16					-	-
Financial assets not measured at fair value							
Non-current financial assets	16		14,444			14,444	14,444
Other non-current assets	17		52,752			52,752	52,752
Trade receivables	19-25		272,167			272,167	272,167
Short-term financial receivables	20		1,585			1,585	1,585
Other current financial assets	21		3,981			3,981	3,981
Cash and cash equivalents	22		80,695			80,695	80,695
Other current assets	24		223,527			223,527	223,527
Total assets			**649,151**	**-**	**-**	**649,151**	**649,151**
Financial liabilities measured at fair value							
IRS Derivatives	38					-	-
Financial liabilities not measured at fair value							
Long-term loan	27				315,909	315,909	315,909
Medium/long-term debenture loans	27				2,204,763	2,204,763	2,141,647
Medium/long-term debenture loans maturing within 12 months	33-34				499,627	499,627	498,000
Non-current IFRS 16 financial liabilities	31	15,544				15,544	15,544
Other non-current liabilities	32				1,063	1,063	1,063
Short-term loans	33-34				223,179	223,179	223,179
Current portion of medium/long-term bank loans	34				18,182	18,182	18,182
Trade payables	36-25				213,431	213,431	213,431
Current financial liabilities	38				29,030	29,030	29,030
Current IFRS 16 financial liabilities	39	7,384				7,384	7,384
Other current liabilities	40			33	214,941	214,974	214,974
Total liabilities		**22,928**	**-**	**33**	**3,701,942**	**3,724,904**	**3,660,161**

In order to enable comparison, the same table as the one used in 2023 is provided:

				Carrying amount				
Thousands of euro	**Notes**	**Measured at fair value**	**Derivatives**	**Receivables**	**Available for sale**	**Other financial liabilities and payables**	**Total**	**Fair value**
Financial assets designated at fair value..								
Non-current financial assets..................	16		-				-	-
Financial assets not measured at fair value..								
Non-current financial assets..................	16			12,768			12,768	12,768
Other non-current assets.........................	17			23,865			23,865	23,865
Trade receivables	19-25			197,365			197,365	197,365
Short-term financial receivables............	20			2,853			2,853	2,853
Other current financial assets	21			4,249			4,249	4,249
Cash and cash equivalents......................	22			324,901			324,901	324,901
Other current assets...............................	24			297,362			297,362	297,362
Total assets			**-**	**863,364**	**-**	**-**	**863,364**	**863,364**
Financial liabilities measured at fair value..								
IRS Derivatives.....................................	38		-				-	-
Financial liabilities not measured at fair value...								
Long-term loan	27					334,091	334,091	334,091
Medium/long-term debenture loans	27					2,702,205	2,702,205	2,537,939
Medium/long-term debenture loans maturing within 12 months	33-34					489,255	489,255	486,953
Non-current IFRS 16 financial liabilities	31	16,361					16,361	16,361
Other non-current liabilities	32					1,056	1,056	1,056
Short-term loans....................................	33-34					18,182	18,182	18,182
Trade payables	36-25					222,807	222,807	222,807
Current financial liabilities.....................	38					31,761	31,761	31,761
Current IFRS 16 financial liabilities.......	39	7,303					7,303	7,303
Other current liabilities	40					114,596	114,596	114,596
Total liabilities......................................		**23,664**	**-**	**-**	**-**	**3,913,951**	**3,937,615**	**3,771,047**

It should also be pointed out that the Group has no financial assets held to maturity, available for sale or held for trading.

With regard to the financial assets that are not measured at fair value, and the value of trade payables and other current liabilities, the carrying amount is considered to be a reasonable approximation of the fair value, as shown in the tables above.

To determine the fair value of the debenture loan, the Group relied on market valuations at the end of the reporting period.

Interest rate risk

The Company manages interest rate risk with the aim of achieving a balanced debt structure, reducing the amount of financial debt exposed to changes in interest rates and minimising funding costs over time, thereby limiting volatility in performance.

With regard to the current debt structure, €3,145 million out of a reported €3,254 million was not exposed to interest rate risk as of December 31, 2024.

As of December 31, 2024, the Group did not have any interest rate derivatives.

Significant events after the close of the year

No significant events occurred after the end of the year.

2iRG S.p.A.

Consolidated financial statements as of December 31, 2023

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of 2i Rete Gas SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of 2i Rete Gas SpA (the Group), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated profit and loss account, statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).
Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of 2i Rete Gas SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Capitalisation in intangible assets of capital expenditure on the gas distribution network under service concession agreements *Annual Report* *Chapter III Directors' Report – Section 5 Regulatory and tariff framework*	

Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Chapter IV Consolidated financial statements - Section 6 Notes to the consolidated financial statements – Note 13 Intangible assets Concessions and similar rights recognised as intangible assets as of 31 December 2023 totalled €4,353 million, accounting for 75% of the Group's total assets. Amounts capitalised in the year totalled €347 million. The Group operates in gas distribution, an activity regulated by Autorità di Regolazione per Energia Reti e Ambiente (ARERA), the energy, networks and environment regulator. Revenues from gas distribution are determined annually on the basis of the tariff in force, which is mainly calculated on the basis of a pre-determined rate of remuneration of capital expenditure made, amortisation charges and operating costs. A correct capitalisation of intangible assets for assets under concession, in accordance with IFRIC 12, is a key audit matter in consideration of the significant amounts of capital expenditure and their impact in the quantification of the tariff determined by ARERA every year.	We understood and evaluated the system of internal controls over the capital expenditure cycle, with particular reference to the identification and verification of the operating effectiveness of relevant controls. We verified whether the accounting policies adopted by the Group for the capitalisation of costs conformed to the applicable financial reporting standards. We performed substantive tests, on a test basis, analysing the documentary evidence for amounts capitalised, in order to verify their accuracy, completeness and recognition in the appropriate reporting period. We verified the accuracy and completeness of disclosures provided in the notes to the consolidated financial statements.
Recoverability of goodwill *Annual Report* *Chapter IV Consolidated financial statements - Section 6 Notes to the consolidated financial statements – Note 13 Intangible assets* Goodwill recognised as of 31 December 2023 totalled €305 million, accounting for 5% of the Group's total assets. The recoverability of goodwill is tested by the directors at the year end in accordance with IAS 36 – Impairment of assets. The recoverable amount of the group of cash generating units ("CGUs") "Gas distribution", which is the business in which the Group operates, to which goodwill is allocated, is determined on the basis of value in use, calculated on the future cash flows estimated in the 2024-2028 business plan approved by the board of directors of the parent company on 20 December 2023. The recoverable amount of the "Gas distribution" business is compared with the carrying amounts of	Also with the support of PwC experts, we verified: • The adequacy of the entire process of verification of the recoverability of goodwill, in accordance with the applicable financial reporting standards; • The method of allocation of goodwill to the CGUs; • The reasonableness of the assumptions used to determine the value in use of the "Gas distribution" business, with particular reference to the growth rates of revenues, costs and capital expenditure and the discount rates, also through sensitivity analyses; • The correct identification of the carrying amounts of the assets and liabilities

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
the assets and liabilities directly attributable to the business, including goodwill. In consideration of the materiality of the balance and of the degree of subjectivity of some of the variables used to estimate value in use, the verification of the recoverability of goodwill was a key matter in our audit of the consolidated financial statements.	directly attributable to the "Gas distribution" business; • The mathematical accuracy of the calculation model used. We verified the accuracy and completeness of disclosures provided in the notes to the consolidated financial statements.
Measurement of provisions for risks and charges *Annual Report* *Chapter IV Consolidated financial statements - Section 6 Notes to the consolidated financial statements – Note 29 Provision for risks and charges* Provisions for risks and charges recognised as of 31 December 2023 totalled €92 million and comprise probable liabilities arising from past events, the amount of which can be reasonably estimated at the reporting date. Provisions for risks and charges are mainly related to charges for sundry litigation with municipalities and charges that may arise from the need to maintain or replace measurement devices that do not fully meet corporate standards. In consideration of the materiality of the balance and of the use of estimates by management, the measurement of provisions for risks and charges was key matter in our audit of the consolidated financial statements.	We carried out activities to understand and evaluate relevant controls over the measurement of provisions for risks and charges. We verified, on a test basis, supporting evidence for the most significant positions in order to assess the adequacy of the provisions. We obtained confirmations from the main legal counsels retained by the Group, with an indication of individual positions and their assessment of the risk of possible liabilities. We had a critical discussion with management about their conclusions on the criteria applied to quantify provisions for risks and charges. We verified the accuracy and completeness of disclosures provided in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate 2i Rete Gas SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

We were appointed by the shareholders of 2i Rete Gas SpA at the general meeting held on 29 April 2015 to perform the audit of the Company consolidated and separate financial statements for the years ending 31 December 2015 through 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared in accordance with article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of 2i Rete Gas SpA are responsible for preparing a report on operations[52] and a report on the corporate governance and ownership structure of the 2i Rete Gas Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the 2i Rete Gas Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of 2i Rete Gas Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of 2i Rete Gas SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016. We have verified that the directors approved the non-financial statement.

[52] The report on operations is publicly available at the 2i Rete Gas' web site. The report on operations is not included in, and does not form part of, this International Offering Circular.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 5 April 2024

PricewaterhouseCoopers SpA

Signed by

Giulio Grandi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2023

(in thousands of €)	Notes	For the year ended December 31, 2023	of which to related parties	For the year ended December 31, 2022	of which to related parties
Revenue					
Revenue from sales services	5.a	783,470	-	694,682	-
Other revenue	5.b	32,595	76	36,894	99
Revenue from intangible assets / assets under development	5.c	336,572	-	320,538	-
Sub-total		**1,152,637**		**1,052,115**	
Costs					
Raw materials and consumables	6.a	57,082	-	45,521	-
Services	6.b	358,219	3,691	348,827	5,972
Labour cost	6.c	138,906	2,713	123,177	2,304
Amortization, depreciation and impairment losses	6.d	232,232	-	213,447	-
Other operating costs	6.e	48,563	424	29,738	340
Capitalised costs for internal work	6.f	(1,126)	-	(894)	-
Sub-total		**833,875**		**759,816**	
EBIT		**318,762**		**292,299**	
Income/(expenses) from equity investments	7	(113)	(113)	37	38
Financial income	8	6,640	39	1,290	29
Financial expenses	8	(72,256)	-	(58,657)	-
Sub-total		**(65,729)**		**(57,330)**	
Profit/(loss) before tax		**253,033**		**234,969**	
Taxes	9	70,967	-	65,493	-
Profit/(loss) from continuing operations		**182,066**		**169,476**	
Profit/(loss) from discontinued operations	10	**-**		**-**	
Net profit/(loss) for the year		**182,066**		**169,476**	
Net proitf/(loss) for the year attributable to:					
- Owners of the parent		182,071		169,815	
- Non-controlling interests		(5)		(339)	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2023

(in thousands of €)	For the year ended December 31, 2023	2022
Net profit/(loss) recognised in the profit and loss account	**182,066**	**169,476**
- Net profit/(loss) attributable to owners of the Parent	182,071	169,815
- Net profit/(loss) attributable to non-controlling interests	(5)	(339)
Other comprehensive income		
Items that will never be restated under profit/(loss):		
Revaluations of net liabilities/assets for defined benefits - owners of the Parent	(490)	3,500
Deferred tax assets and liabilities on items which will never be classified under profit/(loss) - owners of the Parent...	712	(983)
Total	**222**	**2,517**
Items that may be restated subsequently under profit/(loss):		
Change in fair value of hedging derivatives - owners of the Parent	(7,604)	113,874
Change in fair value of hedging derivatives reclassified in profit for the year - owners of the Parent..	(6,707)	(1,235)
Change in fair value of hedging derivatives (tax effect) - owners of the Parent	1,825	(27,330)
Change in fair value of hedging derivatives reclassified in profit for the year (tax effect) - owners of the Parent..	1,610	296
Total	**(10,877)**	**85,606**
Total other comprehensive income	**(10,655)**	**88,123**
Total comprehensive income	**171,411**	**257,599**
Total comprehensive income attributable to:		
- Owners of the Parent	171,416	257,938
- Non-controlling interests	(5)	(339)

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF FINANCIAL POSITION
As of December 31, 2023

(in thousands of €)	Notes	As of December 31, 2023	of which to related parties	As of December 31, 2022	of which to related parties
Assets					
Non-current assets					
Property, plant and equipment	11	37,054	-	38,082	-
IFRS 16 right-of-use assets	12	24,058	-	26,073	-
Intangible assets	13	4,706,595	-	4,584,357	-
Net deferred tax assets	14	128,308	-	114,910	-
Equity investments	15	3,833	3,710	3,706	3,584
Non-current financial assets	16	12,768	-	116,660	-
Other non-current assets	17	23,906	-	33,290	-
Total		**4,936,522**		**4,917,077**	
Current assets					
Inventories	18	23,849	-	18,852	-
Trade receivables	19	197,365	42	55,433	72
Short-term financial receivables	20	2,853	1,350	2,822	960
Other current financial assets	21	4,249	20	489	6
Cash and cash equivalents	22	324,901	-	46,038	-
Income tax receivables	23	3,059	-	13,717	-
Other current assets	24	313,553	-	547,451	-
Total		**869,830**		**684,802**	
Non-current assets (or assets included in disposal groups)					
Non-current assets (or assets included in disposal groups) held for sale	25	12	-	1,703	-
Total		**12**		**1,703**	
Total assets		**5,806,364**		**5,603,582**	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF FINANCIAL POSITION
As of December 31, 2023

(in thousands of €)	Notes	As of December 31, 2023	of which to related parties	As of December 31, 2022	of which to related parties
Equity and liabilities					
Equity – Owners of the parent	26				
Share capital		3,639	-	3,639	-
Treasury shares		-	-	-	-
Other reserves		600,732	-	607,275	-
Retained earnings/ (accumulated losses)		572,442	-	517,750	-
Net profit/(loss) for the year		182,071	-	169,815	-
Total equity – Owners of the parent		**1,358,883**		**1,298,479**	
Equity – non-controlling interests					
Non-controlling interests		1,829	-	2,168	-
Net profit/(loss) for the year – non-controlling interests		(5)	-	(339)	-
Total equity – non-controlling interests		**1,824**		**1,829**	
Total equity		**1,360,708**		**1,300,308**	
Non-current liabilities					
Long-term loans	27	3,036,295	-	3,086,998	-
Post-employment and other employee benefits	28	28,609	-	30,207	-
Provision for risks and charges	29	10,842	-	10,486	-
Deferred tax liabilities	14	-	-	-	-
Non-current financial liabilities	30	-	-	-	-
Non-current IFRS 16 financial liabilities	31	16,361	-	18,811	-
Other non-current liabilities	32	355,352	-	353,854	-
Total		**3,447,459**		**3,500,356**	
Current liabilities					
Short-term loans	33	-	-	-	-
Current portion of long-term loans	34	507,437	-	118,147	-
Current portion of long-term and short-term provisions	35	81,471	-	65,001	-
Trade payables	36	222,807	7,417	448,994	6,850
Income tax payables	37	16,473	-	1,221	-
Current financial liabilities	38	32,651	-	19,611	-
Current IFRS 16 financial liabilities	39	7,303	-	6,660	-
Other current liabilities	40	130,056	11	143,054	10
Total		**998,197**		**802,688**	
Non-current liabilities (or liabilities included in disposal groups) held for sale					
Non-current liabilities (or liabilities included in disposal groups) held for sale	25	-	-	230	-
Total		**-**		**230**	
Total liabilities		**4,445,656**		**4,303,274**	
Total equity and liabilities		**5,806,364**		**5,603,582**	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

	Notes	For the year ended December 31, 2023	2022
A) Cash and cash equivalents – opening balance	22	**40,038**	**442,956**
Cash flow from operating activities			
Profit/(loss) before tax		253,033	234,969
Taxes	9	(70,967)	(65,493)
1. Net profit/(loss) for the period		**182,066**	**169,476**
Adjustments for:			
Amortisation/depreciation	6.d	233,055	214,157
Impairment/(Reversals)/(Releases)	6.d	(823)	(711)
Capital (gains)/losses	5.b/6.e	13,435	5,754
Allocations to provisions for risks, charges and post-employment benefits		37,012	21,802
Financial (income)/expenses	7 and 8	65,729	57,330
2. Total adjustments		**348,407**	**298,332**
Change in net working capital			
Inventories	18	(4,997)	1,198
Trade receivables	19	(141,094)	168,267
Trade payables	36	(226,188)	229,776
Other current assets	24	233,898	(332,462)
Other current liabilities	40	(13,010)	(61,121)
Net tax receivables/(payables)	23 and 37	25,910	(12,672)
Increase/(decrease) in provisions for risks and charges and post-employment benefits	28, 29 and 35	(13,005)	(17,621)
Increase/(decrease) in provisions for deferred tax assets and liabilities	14	(9,251)	2,731
Other non-current assets	17	9,368	7,037
Other non-current liabilities	32	1,287	14,460
Financial income/(expenses) other than for financing	8	(1,071)	148
3. Total change in net working capital		**(138,150)**	**(261)**
B) Cash flow from operating activities (1+2+3)		**392,323**	**467,548**
Cash flow (used in)/generated by investing activities			
Net fixed assets		(367,682)	(653,256)
Purchase of subsidiary and income from equity investments	7, 15 and IFRS 3	(239)	-
C) Cash flow (used in)/generated by investing activities		**(367,922)**	**(653,256)**
D) Free cash flow (B+C)		**24,401**	**(185,708)**
Cash flows from financing activities			
Dividend payout		(111,011)	(105,008)
Change in amortised cost	16, 27 and 34	(5,439)	2,309
Financial income/(expenses) relating to the FV of the derivative instrument from comprehensive income	7 and 8	(6,707)	(1,235)
Financial income for financing activities	8	4,533	562
Financial (expenses) for financing activities	8	(69,078)	(58,078)
Receipts from debenture loan issues	27	550,000	-
Debenture loan settlements	27 and 33	(87,688)	(22,607)
Change in short-term and long-term financial debt	27 and 33	(118,182)	(18,182)
Change in other non-current financial assets	16	96,183	(64)
Change in other financial receivables	20 and 21	(3,791)	(1,271)
Change in IFRS 16 financial leases	31, 39 and 11	(7,398)	(7,239)
Change in other financial payables	38	13,040	(399)
E) Cash flow from financing activities		**254,462**	**(211,210)**
F) Cash flow for the period (D+E)		**278,864**	**(396,918)**
G) Cash and cash equivalents – closing balance	22	**324,901**	**46,038**

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2023

Other companies	Share capital	Share premium reserve	Legal reserve	Reserves for valuation of derivatives	Other reserves	Retained earnings/(accumulated losses)	Profit/(loss) for the year	Total - Owners of the Parent	Total - Non-controlling interests	Total consolidated equity
As of December 31, 2021	**3,639**	**286,546**	**728**	**(1,194)**	**233,072**	**411,830**	**210,927**	**1,145,548**	**2,168**	**1,147,716**
Allocation of profit/(loss) for 2021:										
Breakdown of profit/(loss)	-	-	-	-	-	105,919	(105,919)	-	-	**-**
- Dividend payout	-	-	-	-	-	-	(105,008)	**(105,008)**	-	**(105,008)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(105,008)***	-	***(105,008)***
- Change in IAS reserves	-	-	-	85,606	2,517	-	-	**88,123**	-	**88,123**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	169,815	**169,815**	(339)	**169,476**
As of December 31, 2022	**3,639**	**286,546**	**728**	**84,412**	**235,589**	**517,750**	**169,815**	**1,298,479**	**1,829**	**1,300,308**
Allocation of profit/(loss) for 2022:										
Breakdown of profit/(loss)	-	-	-	-	-	58,804	(58,804)	-	-	**-**
- Dividend payout	-	-	-	-	-	-	(111,011)	**(111,011)**	-	**(111,011)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(111,011)***	-	***(111,011)***
- Other changes	-	-	-	-	4,111	(4,111)	-	**-**	-	**-**
- Change in IAS reserves	-	-	-	(10,877)	222	0	-	**(10,655)**	(0)	**(10,655)**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	182,071	**182,071**	(5)	**182,066**
As of December 31, 2023	**3,639**	**286,546**	**728**	**73,535**	**239,922**	**572,442**	**182,071**	**1,358,883**	**1,824**	**1,360,708**

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS

Format and contents of the Financial Statements

The 2i Rete Gas Group operates in the gas distribution sector. The Parent Company 2i Rete Gas S.p.A. is a joint stock company, and is based in Milan, Via Alberico Albricci, 10.

The local structure of the Parent Company consists of six departments.

The departmental offices are:

- North-West Department - Via Gazzoletto, 16/18 - 26100 Cremona (CR)
- North Department – Via Francesco Rismondo, 14 – 21049 Tradate (VA)
- North-East Department - Via Serassi, 17/Rs - 24124 Bergamo (BG)
- Centre Department – Via Morettini, 39 – 06128 Perugia (PG)
- South-West Department – Via Boscofangone snc – 80035 Nola (CE)
- South-East Department – Via Enrico Mattei – 72100 Brindisi (BR)

On March 22, 2024 the Directors of 2i Rete Gas S.p.A. approved these consolidated financial statements, which were made available to the Shareholders within the terms set forth in art. 2429 of the Italian Civil Code.

For the purposes of IAS 10.17, the date taken into consideration by the Directors in preparing the financial statements is March 22, 2024.

These consolidated financial statements are audited by PricewaterhouseCoopers S.p.A.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2023 have been prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Board (IASB), as endorsed by the European Union pursuant to EC Regulation No. 1606/2002 and effective at the end of the year, and the related SIC/IFRIC interpretations issued by the Interpretation Committee, in force at the same date. The above standards and interpretations are hereinafter referred to as “IFRS-EU”.

Reporting and valuation criteria

These consolidated financial statements have been drawn up using a standard application of the accounting standards set out below for all the years shown.

Basis of presentation

The consolidated financial statements consist of the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes.
The assets and liabilities reported in the Statement of Financial Position are classified on a “current/non-current” basis, separately disclosing the as-sets and liabilities held for sale.
Current assets, which include cash and cash equivalents, are those intended to be realised, sold or used during the Group’s normal operating cycle or in the twelve months following the reporting period; current liabilities are those expected to be settled during the Group’s normal operating cycle or in the twelve months following the reporting period.
Items in the Profit and Loss Account are classified based on the nature of costs, while the Statement of Cash Flows is presented using the indirect method.
The consolidated financial statements are presented in euro (the functional currency) and the values shown in the notes are expressed in thousands of euro, unless otherwise stated.
The consolidated financial statements have been prepared using the historical cost method, except for those items which, in accordance with the IFRS-EU, are measured at fair value, as indicated in the valuation criteria for the individual items.
These consolidated financial statements have been prepared on a going concern basis, as set out in greater detail in the Directors’ Report[53].

[53] *The Directors’ Report is publicly available at the 2i Rete Gas’ web site. The Director’s Report is not included in, and does not form part of, this International Offering Circular.*

Consolidation criteria

The consolidated financial statements are prepared consolidating the data of the Parent Company and of the investee companies it controls, directly or indirectly, on a line-by-line basis. Control exists when the Group is exposed to variable returns arising from its relationship with the Company, or has rights over such returns, and at the same time has the ability to affect them by exercising its power over the Company. The financial statements of subsidiaries are included in the consolidated financial statements from when the Parent Company starts to exercise control until the date when such control ends.
The Group accounts for business combinations by applying the acquisition method on the date when it effectively obtains control of the purchased company. In this regard, reference should be made to the section "Business combinations" below.
Third-party equity investments are valued in proportion to the related share of net identifiable assets of the purchased company at the acquisition date. The changes in the Group's stake in a subsidiary which do not entail loss of control are recognised as transactions among shareholders in their role as shareholders.
In the case of loss of control, the Group derecognises the subsidiary's assets and liabilities, any third-party equity investments and other equity items relating to the subsidiaries. The profit or loss deriving from the loss of control is. recognised in profit or loss. Any re-sidual equity investment held in the former subsidiary is measured at the fair value at the date of loss of con-trol.
In drawing up the consolidated financial statements, debit and credit items are derecognised, as well as costs and revenue of all significant transactions among the companies included in the scope of consolidation. Unrealised profits, as well as capital gains and losses arising from transactions among Group companies, are also derecognized.

Property, plant and equipment

Preparing the financial statements under the IFRS-EU requires the use of estimates and assumptions which impact the values of assets and liabilities and disclosure on contingent assets and liabilities at the reporting date, as well as on total revenue and costs in the reporting period. The estimates and related assumptions are based on previous experience and other factors considered rea-sonable in the circumstances. They are adopted when the carrying amount of financial statement items cannot be easily deduced from other sources. The actual results might therefore differ from these estimates. The estimates and assumptions are periodically revised, and the effect of each change is reflect-ed in profit or loss, should that revision relate only to the year in question. Should the revision relate to both current and future years, the change is recorded in the year in which it is carried out and in related future periods.

Revenue recognition

Revenue from gas transport is determined annually on the basis of the tariff regulation in force, which, as from 2009, sets forth the definition of the tariff revenue cap (known as VRT, Vincolo dei Ricavi Tariffari) which is allowed for each gas distrbution company. On the basis of Resolution 570/2019/R/gas adopted at the end of 2019, parameters regulating the calculation of the VRT for the years from 2020 to 2025 (Fifth Regulatory Period) were defined.

The figure for revenue is accounted for in the invoicing of gas transport to sales companies and, to complement the VRT value, in the CSEA equalisation element.

Since it is necessary to base the VRT calculation on an asset recognition which is updated to the previous year, the Company must also estimate a growth rate for its average active Redelivery Points to enable the updating of the figure for the year just ended.

Therefore, the value indicated also includes an estimated element, whose impact is largely insignificant, connected to the increase in the average number of active Rede-livery Points.

When the balance is calculated, the value of the VRT annually communicated by ARERA by means of a specific resolution may be subject to change depending on the actual average number of Redelivery Points served and invoiced.

Pensions and other post-employment benefits

Some company employees participate in pension plans which offer benefits based on salary history and years of service. In addition, some employees benefit from other post-employment benefit schemes.

The expenses and liabilities associated with these plans are calculated on the basis of estimates made by our actuarial consultants, who use a combination of statistical and actuarial elements, including statistics relating to past years and forecasts of future costs. Estimates are also made of death and withdrawal rates, assumptions on the future trend in discount rates, the rates of wage in-creases and trends in medical care costs.
These estimates can significantly differ from actual results, owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in actual medical care costs. Such differences can have a substantial im-pact on the quantification of pension costs and other related charges.

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is periodically tested for impairment, and wherever circumstances or events suggest that more frequent testing is necessary.
Where the carrying amount of a group of fixed assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their future disposal, in accordance with the Company's most recent plans.

The estimates of these recoverable values are considered to be reasonable, however possible changes in the estimation factors used to calculate the aforementioned recoverable values could produce different measurements. For further details on the means of carrying out the impairment test and its results, reference should be made to the specific section.

Disputes

The 2i Rete Gas Group is involved in various legal disputes relating mainly to labour cases and litigation with some concession-granting Authorities.
Given the nature of these disputes, it is not always objectively possible to foresee the final outcome of these proceedings, some of which could end with a negative outcome.
The estimate of the provisions is the result of a complex process which entails subjective assessments by management. The provisions for risks recorded in the financial statements have been estimated to cover all significant liabilities for cases where lawyers have noted a likely negative outcome and made a reasonable estimate of the amount of the loss.

Bad debt provision

This provision reflects the estimates of losses on the Company's receivables portfolio. Allocations have been made for forecast losses on receivables, estimated on the basis of past experience in reference to receivables with similar credit risk, current and historical unpaid amounts, write-offs and receipts as well as careful monitoring of the quality of the receivables portfolio and the current and forecast state of the economy and key markets.
Although the provision allocated is adequate, the use of different assumptions or a change in economic circumstances could result in changes to the bad debt provision and, therefore, have an impact on profits.
The estimates and assumptions are periodically revised, and the impact of each change is reflected in profit or loss in the relevant year.

Equity investments in associates and companies subject to joint control

Equity investments in associates are those in which the 2i Rete Gas Group has considerable influence over the financial and operational policies, although not holding control or joint control.
Companies subject to joint control or joint ventures are companies where the Group, by virtue of an agreement, claims rights over net assets.
Equity investments in associates and in joint ventures are initially recognised at cost and subsequently recognised on an equity basis. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profits or losses of the investee companies accounted for using the equity method, until the date on which said considerable influence or joint control ends.

Business combinations

Business combinations subsequent to January 1, 2010 are recognised using the acquisition method envisaged by IFRS 3 (Revised). The identifiable assets acquired and the liabilities assumed are measured at their respective fair values at the acquisition date. Any excess of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. If the fair value of the net assets acquired exceeds the consideration transferred, the acquirer recognizes a bargain purchase gain in profit or loss. The carrying value of any goodwill is subject to annual impairment testing in order to identify any impairment.

Should it be possible to determine the fair value of the assets, liabilities and identifiable contingent liabilities only provisionally, the business combination is recognised using these provisional values. Any adjustment arising from the completion of the valuation process is recognised within 12 months of the acquisition date.
Transaction costs, other than those relating to the issue of debt securities and equity, which are incurred by the Group to make a business combination, are recognised as operating costs when incurred.

Combinations of entities under common control

Business combinations under which the participating companies are definitively controlled by the same company or companies both before and after the combination, and this control is not temporary, are regarded as "under common control" transactions.
These transactions are not regulated by IFRS 3 or by other IFRSs. In the absence of a relevant international accounting standard, in compliance with the principle of prudence which entails application of the criterion of continuity of values for the net as-sets acquired, the Group has opted to recognise assets and liabilities from any combinations of entities under common control at the carrying value which these assets and liabilities had in the financial statements of the seller/acquiree or in the consolidated financial statements of the common controlling entity. Where the transfer values are higher than the historical values, the surplus is eliminated by writing down the Group's equity

Property, plant and equipment

In compliance with IFRIC 12, effective as from January 1, 2010, the Group analysed its outstanding concessions at December 31, 2010 and made changes to the accounting treatment of fixed assets. As specified in greater detail below, following application of IFRIC 12, some fixed assets which were previously considered as tangible are now reclassified as intangible.
Property, plant and equipment not relating to gas distribution concessions are recognised at historical cost, including directly attributable ancillary costs necessary for the asset to be ready; subject to any legal or implicit obligations, the cost may be increased

by the present value of the cost estimated for the dismantling and removal of the asset. The corresponding liability is recognised in liabilities under a specific provision for future risks and charges. Currently, no liability linked to the dismantling and removal of assets is recognised, since there are no legal or implicit obligations which justify such recognition.
The purchase or production cost includes the financial expenses relating to loans connected to the purchase of tangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.
Some assets, which were revalued at the date of transition to the IFRS-EU or in previous periods, have been recognised on the basis of the revalued cost, considered as deemed cost.

Should significant parts of individual tangible assets have different useful lives, the identified components are recognised and depreciated separately.
The costs incurred subsequent to the purchase are recognised as an increase in the carrying amount of the asset to which they refer, when it is probable that future economic benefits deriving from the cost will flow to the Group and the cost of the item can be reliably determined. All other costs are recognised in profit or loss in the year in which they are incurred.
The cost of replacing part or all of an asset is recognised as an increase in the value of the asset to which it refers and is depreciated over its residual useful life; the net carrying amount of the replaced unit is recognised in profit or loss, with recognition of any capital loss.
Property, plant and equipment are recognised net of accumulated depreciation and any impairment loss-es, determined as set out below.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually; any changes are applied on a prospective basis. Depreciation begins when the asset is ready for use.

The estimated useful life of the main tangible assets is as follows:

Asset description	Useful Life
Land	-
Non-industrial buildings	50 years
Industrial buildings	50 years
Miscellaneous equipment and concentrators	8, 10, 15, 20 years
Office furniture and equipment	5, 8, 33, 10 years
Electronic devices	5 years
Vehicles	5 years
Cars	4, 5 years
Other	4, 5, 15 years

Land, both unbuilt and with industrial and non-industrial buildings, is not depreciated as it has an indefinite useful life, except for the land which is transferred for free at the end of the concession.

Intangible assets

As noted above, in compliance with IFRIC 12, effective as from January 1, 2010, the Group analysed its outstanding concessions at December 31, 2010 and made changes to the accounting treatment of fixed assets. In particular, since the Group is subject to demand risk, the accounting treatment which it considered correct to apply is that of intangible assets: all the proprietary infrastructure obtained under a concession contract is no longer recognised as tangible assets but classified as intangible assets.
Intangible assets are measured at purchase or internal production cost, when it is likely that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes directly attributable ancillary expenses necessary to make the assets ready for use. The cost includes the financial expenses relating to the loans connected to the purchase of intangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.
Intangible assets which have a finite useful life are recognised net of accumulated amortisation and any impairment losses, determined as follows.
Amortisation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed at least annually; any changes are applied on a prospective basis.

Amortisation begins when the intangible asset is ready for use.

The estimated useful life of the main intangible assets is as follows:

Asset description	Useful Life
Intellectual property rights	3, 5, 20 years
Concessions	Concession life (*) (**)
Licences, trademarks and similar rights	3, 5, 20 years
Goodwill	Indefinite, subject to impairment testing
Other	3, 5, 7, 10, 20, 50 years – useful life of contract

(*) Amortisation is calculated based on the realisable value estimated at the end of the concession life, where applicable. In case of concessions expired at the end of the reporting period and whose expiration date has been postponed, the residual value is reviewed taking into account the relevant expiration postponement.

(**) With the locations acquired through ATEM tenders, the useful lives specifically provided for in the tariff regulation were applied, taking into account any remaining useful life.

Intangible assets which have an indefinite useful life are not systematically amortised but undergo at least an annual check for recoverability (impairment test).
As for concessions, the 2i Rete Gas Group holds the concession for the gas distribution service assigned by tender for a maximum period of 12 years by local authorities (municipalities, municipality groups and mountain communities). Through service agreements, local authorities can set the terms and conditions for the distribution service, as well as the quality levels to be achieved. The concessions are allocated on the basis of the financial conditions, quality and safety standards, investment plans and the technical and managerial capabilities offered.
As in the previous annual financial report, it should be highlighted that a significant number of concessions managed by the 2i Rete Gas Group for gas distribution were terminated on the basis of their natural or ope legis expiry at December 31, 2010.
It is noted that since the publication of Legislative Decree no. 93/11 on June 29, 2011, local authorities may only initiate new tenders within the terms set forth in the “Ambit” and “Criteria” decrees issued in 2011. For this reason only those local authorities that have initiated the tender procedure for the surrender of the gas distribution concession prior to the publication of Legislative Decree no. 93/11 may proceed with said tender. In all other cases, tenders are suspended until municipalities are ready to call them on a territorial basis. In the meantime, the 2i Rete Gas Group is continuing with the management of the network in the same way as prior to the expiry.
Should the concession not be reassigned to the Group, the Group would have the right to compensation equal to the industrial value of the assets used for the concession determined in accordance with the relevant laws.

IFRS 16 right-of-use assets

IFRS 16 right-of-use assets are fixed assets reflected in the financial statements as of January 1, 2019 following first-time adoption of the standard in question.
This standard provides the lessee with a single accounting model requiring the recognition of assets and liabilities for all leases.
The lessee must recognise the leased asset under tangible assets and at the same time recognise financial liabilities equal to the current value of future payments. The only admitted exceptions are short-term leasing (for 12 months or less) and the leasing of “small assets” (e.g. office furniture, PCs) for which accounting treatment is similar to that currently adopted for operating leases.
In the mapping carried out, three main cases were identified which are of interest in the Group’s contracts:

- Vehicle hire
- Property lease
- ICT services entailing exclusive use of the underlying assets

The Group organised and categorised these contracts, recording the relevant clauses for the purposes of IFRS 16 accounting, as well as establishing an incremental borrowing rate curve, which mirrors the real rate to which the Group would be subject in case of use of capital markets.

Impairment losses

Tangible and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, their recoverable amount is estimated.
The recoverable amount of goodwill and intangible assets with an indefinite useful life, if any, as well as that of intangible assets not yet available for use, is estimated at least annually.
For an asset which does not generate fully independent cash flows, including goodwill, the recoverable value is determined in relation to the "cash generating unit" (CGU) to which this asset belongs.
In this regard, please note that the Group as a whole is considered to be a CGU.
The recoverable amount is the higher of an asset’s fair value, net of disposal costs, and its value in use.
In determining the value in use, the expected future cash flows are discounted using a discount rate which reflects the current market valuations of the cost of funding in relation to the timing and specific risks of the business.
An impairment is recognised in profit or loss if the carrying amount of an asset, or of the CGU to which it is allocated, is higher than its recoverable amount.
Impairment of a CGU is first charged against the carrying amount of any goodwill allocated to the CGU, then proportionally to reduce the other assets which make up the CGU.
Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount.
Impairment of goodwill can never be reversed in future years.

Inventories

Inventories are measured at the lower of cost and the net realisable value. The weighted average cost method is used, which includes relevant ancillary expenses. The net realisable value is the sale price estimated in normal business operations, net of the costs estimated for the sale or, where applicable, the replacement cost.

Financial instruments

The initial recognition of non-derivative financial assets and liabilities takes place, for loans, receivables and debt securities issued, at the moment when they originated, while for all the other financial assets and liabilities it takes place on the trading date.

Financial assets are derecognised when: i) the contractual rights to receive cash flows end; ii) when the Group has maintained the right to receive cash flows from the asset, but has taken on the contractual obligation to pay them in full without any delay to a third party; or iii) when the Group has transferred the right to receive cash flows from the asset and has substantially transferred all the risks and benefits of ownership of the financial asset, or has transferred control over the financial asset.
Any residual involvement in the transferred asset which is originated or maintained by the Group is recorded as a separate asset or liability.
The Group derecognises a financial liability when the obligation specified in the contract is fulfilled or cancelled or has expired.

Fair Value hierarchy under IFRS 13

In accordance with IFRS 13, assets and liabilities recognised at fair value in the consolidated financial statements are measured and classified based on the fair value hierarchy outlined by the standard, which consists of three levels based on the observability of the inputs to the corresponding valuation technique. Fair value hierarchy levels are based on the type of inputs used to determine fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).

Level 3: unobservable data for the asset or liability, reflecting the assumptions that market participants should use in pricing the asset or liability, including the risk assumptions (of the model and the inputs used).
The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire fair value measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.
If an observable input requires an adjustment using unobservable inputs and that adjustment is material to the measurement, the resulting measurement would be categorised within the same level as the lowest level input used.
The Group has implemented adequate controls to monitor all measurements, including those received from third parties. If those checks show that the measurement cannot be considered as market corroborated, the instrument must be categorised within Level 3.

Financial assets measured at fair value through profit or loss

This category includes any financial assets held for trading or measured at fair value through profit or loss at the time of initial recognition.
Such assets are initially recognised at their fair value. The attributable transaction costs are recognised in profit or loss when they are incurred. Profit and losses from subsequent changes in their fair value are recognised in profit or loss.

Financial assets held to maturity

This category includes non-derivative financial instruments quoted in an active market that do not represent equity investments, which the Company can and intends to hold until maturity. They are initially recognised at fair value, including any transaction costs; subsequently, they are measured at amortised cost using the effective interest rate method, net of impairment (if any).
Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate.

Loans and receivables

This category includes financial and trade receivables, including non-derivative debt securities, with fixed or determinable payments, that are not quoted on an active market and that the Group does not originally intend to sell.
At first, such assets are recognised at fair value, adjusted for any transaction costs, and subsequently measured at amortised cost using the effective interest rate method, adjusted for any impairment losses. Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate.
Trade receivables falling due in line with generally accepted trade conditions are not discounted.
Receivables relating to EECs refer to contributions which will be awarded by the Cassa per i Servizi Energetici e Ambientali (Fund for Energy and Environmental Services) for certificates in the 2i Rete Gas Group's portfolio.
Receivables in general have been derecognised, since the right to receive the respective cash flows has been stopped when all the risks and benefits relating to the holding of credit have been substantially transferred or if the credit is deemed to be definitively uncollectable after all necessary recovery procedures have been completed. When the credit is cancelled, the relative provision is also eliminated if the credit had previously been written down.

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables falling due in line with generally accepted trade conditions are not discounted.

Financial liabilities

Financial liabilities other than derivatives are initially recognised at fair value at the settlement date, net of directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derivatives

Derivatives, if any, are recognised at fair value and are designated as hedging instruments when the relationship between the derivative financial instrument and the hedged item is formally documented and the effectiveness of the hedge is high (based on a periodic assessment).
Recognition of the result of measurement at fair value depends on the type of hedge accounting adopted.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities (fair value hedge), any changes in the fair value of the hedging instrument are recognised in profit or loss; likewise, adjustments to the fair values of the hedged assets or liabilities are also recognised in profit or loss.
When the derivatives are used to hedge the risk of changes in cash flows of hedged items (cash flow hedge), the changes in the fair value that are considered effective are recognised in other comprehensive income, and presented in a specific equity reserve, and subsequently reclassified to profit or loss in line with the economic effects produced by the hedged transaction.
The ineffective portion of the fair value of the hedging instrument is recognised in profit or loss.
Changes in the fair value of derivatives that no longer qualify for hedge accounting under IFRS-EU are recognised in profit or loss. The accounting for such instruments is done at the trading date.
Financial and non-financial contracts (where they have not already been measured at fair value) are assessed to determine whether they contain any embedded derivatives that need to be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated so that it significantly changes the original associated cash flows.
Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets, fair value is determined by discounting expected cash flows on the basis of the market interest rate curve at the end of the reporting period and translating amounts in currencies other than the euro at period-end exchange rates.

Employee benefits

Liabilities related to employee benefits paid upon or after leaving employment and in connection with defined benefit plans or other long-term benefits granted during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the end of the reporting period. The liability is recognised on an accrual basis over the vesting period of the related rights. These measurements are performed by independent actuaries. Following the adoption of IAS 19, the actuarial gains/losses that emerge following these measurements are immediately recognised in other comprehensive income.
Where the Group shows a demonstrable commitment, with a detailed formal plan without realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognised as a cost and measured on the basis of the number of employees that are expected to accept the offer.

Provisions for risks and charges

Allocations to provisions for risks and charges are recognised when, at the reporting date, there is a legal or implicit obligation towards third parties, as a result of a past event, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the effect is significant, allocations are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market value of the cost of funding in relation to timing and, if applicable, the specific risks of the obligation. If the amount is discounted, the periodic adjustment of the present value due to timing is recognised as a financial expense in profit or loss.

Contributions

Whether they are from public entities or third parties operating in the private sector, contributions are recognised at fair value when it is reasonably certain that they will be received and that the conditions for their recognition will be met.
Contributions received for specific expenditures are systematically recognised among other liabilities and taken to profit or loss over the period in which the related costs are incurred.
Public contributions (plant contributions) received for specific assets whose value is recognised among tangible and intangible assets are recognised among other liabilities and taken to profit or loss over the amortisation/depreciation period of the assets they refer to.
Private contributions (connection fees, including property subdivision contributions) are recognised in a specific liability item in the statement of financial position and taken to profit or loss in relation to the amortisation/depreciation period of the assets they refer to.

Revenues and Costs

Revenue is recognised using the following criteria depending on the type of transaction:

- revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the assets sold are transferred to the buyer and their amount can be reliably determined and collected;
- revenue from gas transport is accrued on the basis of the tariffs and related restrictions contained in legal provisions and in the provisions of ARERA, in force during the reporting period. It is recalled that with the introduction of the new formula for recognising gas transport revenue adopted since 2009, with the entry into force of ARG/gas Resolution no. 159.08, largely re-confirmed with ARERA Resolutions 573/13,367/14 and 570/19, an equalisation mechanism was created to allow the revenue accruing to distribution companies to be counted as remuneration for invested capital and operating costs attributable to the gas distribution and metering service, regardless of the volumes distributed;
- revenue from the rendering of services is recognised in line with the stage of completion of the services. Should it not be possible to reliably determine the value of revenue, it is recognised up to the amount of the costs incurred and expected to be recovered.

Costs are recognised when they relate to goods and services sold or used in the year or allocated through systematic accrual when it is not possible to identify their future benefit.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis in line with interest accrued on the net value of the related financial assets and liabilities using the effective interest rate method.

Dividends

Dividends from equity investments are recognised when the right of the shareholders to receive the dividend payment is established. The dividends payable to third parties are recognised as a change in equity on the date on which they are approved by the Shareholders' Meeting.

Income taxes

Current income taxes for the year, recognised as "income tax payables" net of advances paid or as "income tax receivables" if the net balance is positive, are determined on the basis of the estimated taxable income and in accordance with the current fiscal regulations or the fiscal regulations essentially in force at the end of the reporting period.
Deferred tax liabilities and assets, which are set out in the tables as the net impact of the two items under assets, are calculated based on the temporary differences between the carrying amounts recorded in the financial statements and their corresponding values recognised for tax purposes by applying the tax rates effective on the date the temporary difference will be settled, based on the tax rates that are enacted or substantively enacted at the reporting date.
Deferred tax assets are recognised when recovery is likely, i.e. when sufficient future taxable income is expected to be available to recover the assets. Recoverability of deferred tax assets is re-examined at the end of each reporting period.
Taxes relating to components that are directly recognised in equity are also recognised in equity.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale rather than ongoing use are classified as held for sale and shown separately from the other assets and liabilities in the Statement of financial position. These non-current assets (or disposal groups) are initially recognised according to the appropriate IAS/IFRS that is applicable to each asset and liability and subsequently at the lower of their carrying amount and their fair value, less costs to sell. Any subsequent impairment loss is directly recognised against any non-current assets (or disposal groups) classified as held for sale and recognised through profit or loss. The relevant carrying amounts for the previous year are not reclassified.
A discontinued operation is a part of a business which has been sold or classified as held for sale and which:

- represents a significant branch or geographic area of activity;
- is part of a coordinated plan for the disposal of a significant branch or geographic area of activity, or
- is a subsidiary that was purchased only to be resold.

Results of discontinued operations, whether they have been sold or classified as held for sale and in the process of being sold, are recognised separately in profit or loss, net of tax effects. The corresponding values for the previous year, if any, are reclassified and recognised separately in profit or loss, net of tax effects, for comparative purposes.

Recently issued accounting standards

Pursuant to IAS 8, the following section "Accounting standards, amendments and interpretations applicable by the Group as from this year" sets out the main features of the amendments to the International Accounting Standards in force as from January 1, 2023 and of potential interest for the Group. In the following sections, there is an indication of the accounting standards and interpretations which have already been issued, but not yet come into force, or which have not yet been endorsed by the European Union and are therefore not applicable for the drafting of the financial statements at December 31, 2023, the impact of which may be included as from the financial statements for subsequent years.

Endorsed accounting standards and interpretations in force from January 1, 2023

In compliance with IAS 8 "Accounting policies, changes in accounting estimates and errors", the IFRS in force from January 1, 2023 are indicated hereunder:

- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
  These amendments provide guidance for applying materiality judgements to accounting policy disclosures in a way that is more useful. Specifically:
- the requirement to disclose "significant" accounting policies has been replaced by the requirement to disclose "material" accounting policies;
- guidance has been added on how to apply the concept of materiality to accounting standard disclosures.

When assessing materiality of disclosure on accounting policies, entities shall consider both the size of the transactions, other events or conditions and their nature.

- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments introduce a new definition of "accounting estimates", more clearly differentiating them from accounting policies, and provide guidance on whether changes should be treated as changes in estimates, changes in accounting policies or errors.

- Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

These amendments do away with the possibility of not recognising deferred taxes on the initial recognition of transactions that give rise to taxable and deductible temporary differences (e.g. leases).
With respect to leases, these amendments also clarify that, when lease payments are deductible for tax purposes, it is a matter of judgement (after considering the applicable tax law) whether such deductions are attributable for tax purposes to the lease liability reflected in the financial statements or to the related right-of-use asset. If tax deductions are allocated to the right-of-use asset, the tax bases of the right-of-use asset and the lease liability will be the same as their carrying amounts, and no temporary differences will arise on initial recognition. However, if tax deductions are allocated to the lease liability, then the tax bases of the right-of-use asset and lease liability will be nil, giving rise to taxable and deductible temporary differences, respectively. Even if the gross temporary differences are equal, a deferred tax liability and a deferred tax asset should still be recognised.

- IFRS 17 – Insurance Contracts and Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9—Comparative Information

IFRS 17, which replaces IFRS 4 "Insurance Contracts", defines how insurance contracts issued and reinsurance contracts held should be accounted for.
The amendments overcome one-off classification differences in comparative information from the previous year when IFRS 17 and IFRS 9 "Financial Instruments" were first applied. The optional classification overlay introduced by this amendment makes comparative information presented at the time of initial application of IFRS 17 and IFRS 9 more useful.

- Amendments to IAS 12 – Income Taxes - International Tax Reform – Pillar Two Model Rules

The amendments give companies temporary relief from accounting for deferred taxes arising from the application of new European tax rules ("GloBE rules"), for the implementation of the Global Minimum Tax, introduced by the Organisation for Economic Co-operation and Development (OECD). The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate.
The amendments will introduce:

- a temporary exception to the accounting for deferred taxes—and related disclosure—arising from jurisdictions implementing the global tax rules. This will help to ensure consistency in the financial statements while easing into the implementation of the rules; and
- targeted disclosure requirements, to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The Group's financial statements as at December 31, 2023 make use of the above temporary exception following the entry into force of Legislative Decree no. 209 of December 27, 2023. In consideration of the fact that the Company is part of a national group with consolidated turnover exceeding 750 million euro, it is evaluating the impact of the national minimum tax and implementing processes to apply the Pillar 2 provisions as from the 2024 tax period.

International accounting standards and/or interpretations issued but still not in force in 2023

As required by IAS 8 "Accounting policies, changes to accounting estimates and errors", shown below are the new standards or interpretations issued but still not in force or yet to be approved by the EU as at December 31, 2023 and, therefore, not applicable, and the foreseeable impacts on the Consolidated financial statements.

- Amendments to IAS 1 - Presentation of financial statements - Classification of liabilities as current or non-current

The amendments clarify the criteria to be applied in order to classify liabilities as current or non-current and specify that the classification of a liability is not affected by the probability that settlement of such liability will be deferred for 12 months after the reporting period. The Group's intention to settle the liability in the short term has no impact on classification. These amendments, endorsed by the European Union, will come into force on January 1, 2024. The classification of financial liabilities is not expected to be affected by these amendments.

- Amendments to IAS 1 – Presentation of Financial Statements – Non-current Liabilities with Covenants

These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.
These amendments, endorsed by the European Union, will come into force on January 1, 2024. The classification of financial liabilities and disclosure are not expected to be affected by these amendments.

- Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback Transaction

These amendments specify the requirements on how to account for a sale and leaseback after the date of the transaction.
More specifically, in the subsequent measurement of the lease liability, the seller-lessee determines "lease payments" and "revised lease payments" in such a way that no gain or loss is recognised in respect of the retained right-of-use asset.
These amendments, endorsed by the European Union, will come into force on January 1, 2024. These amendments are not expected to have an impact on the Group's financial statements.

- Amendments to IAS 7 – Statement of Cash Flows and to IFRS 7 – Financial Instruments: Disclosure requirements – Supplier Finance Arrangements

These amendments introduce new disclosure requirements to enhance the transparency of information provided on supplier finance arrangements, particularly with regard to their effects on a company's liabilities, cash flows and exposure to liquidity risk.
These amendments, applicable as of January 1, 2024, have yet not been endorsed by the European Union. These amendments are not expected to have an impact on the Group's financial statements.

- Amendments to IAS 21 – The effects of changes in foreign exchange rates: lack of exchangeability.

These amendments clarify how to assess whether a currency can be exchanged into another currency and, when it cannot. When a currency cannot be exchanged with another, these amendments define the methods for determining the exchange rate to use. The amendments also clarify the disclosure to be provided when a currency cannot be exchanged.
These amendments, applicable from January 1, 2025, have yet not been endorsed by the European Union. These amendments are not expected to have an impact on the Group's financial statements.

Information on Profit and Loss Account

Revenue

Methane gas is transported by the Company exclusively within Italy.

5.a Revenue from sales services – €783,470 thousand

"Revenue from sales and services" refers mainly to gas transport activity and the connection fees and is composed as follows:

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Sales and services			
Gas and LPG transport	742,704	650,402	93,302
Release/(Allocation) to the provision for risks	(1,136)	2,369	(3,505)
Connection fees	10,315	10,627	(312)
Ancillary fees	5,657	5,969	(312)
Revenue from customer operations	939	83	856
Sundry revenue and other sales and services	24,991	25,232	(241)
Total revenue from sales and services	**783,470**	**694,682**	**88,787**

Revenue from gas transport totalled €742,704 thousand and mainly refers to the 2023 Tariff Revenue Cap for natural gas together with revenue from adjustments relating to previous years.
The item increased during the year, once the changes to the related item "Release/allocation to the provision for risks" were considered, totalling €88,797 thousand.
This figure was calculated further to the publication of ARERA Resolution 570/2019/R/gas, which indicated the means for calculating the tariffs for the 2020-2025 regulatory period. The increase in the balance is due to both the provision of Determination 1/2023, which recognises remuneration linked to the residual value of smart meters, which were replaced before the end of their useful lives, and the adjustments to the Tariff Revenue Cap and the contribution for the year of the perimeter of ATEM Naples 1, which amounted to roughly €38.1 million.
Net allocations in the year (€1,136 thousand) derive from Resolution 525/2022/R/GAS; said allocations were actually made to cover the risk of downgrading, for locations with a year of first supply after 2017, of part of the Tariff Revenue Cap in the event that at the end of the observation period set by the Authority the minimum number of active users needed for full recognition of investments undertaken is not reached. In 2022, on the contrary, provisions were released that had been made in previous years following Resolution 559/2020/R/gas "Approval of amounts to recover non-depreciation pursuant to paragraph 3 of article 57 of the RTDG and recalculation of benchmark tariffs for gas distribution and metering services for the years 2015-2020".
Connection fees, which totalled €10,315 thousand, were in line with previous years.
"Sundry revenue and other sales and services", amounting to €24,991 thousand in 2023, include revenue from the suspension and reactivation of defaulting customers at the request of the sales companies (€7,336 thousand); in addition to revenue from meter

reading, which amounted to €6,908 thousand (a further improvement over the previous year), revenue from the T.Col[54] tariff component, substantially in line with the previous year, was also included in this item (€10,255 thousand).

5.b Other revenue €32,595 thousand

"Other revenue" fell by €4,299 thousand and was as follows:

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Other revenue			
Third parties:			
Revenue from plant contributions	3,280	3,465	(185)
Revenue from contributions	-	93	(93)
Revenue from plant certification pursuant to resolution no. 40	1,218	1,318	(100)
Rental income	273	295	(21)
Capital gains from asset disposal	1,347	2,194	(848)
Compensation for damages, favourable judgments and legal costs	650	3,846	(3,197)
Other revenue and income and services	8,229	6,646	1,583
Revenue and contribution concerning photovoltaic plants	157	110	47
Technical quality revenue	17,441	18,928	(1,487)
Total other revenue	**32,595**	**36,894**	**(4,299)**

It is noted that revenue, costs and allocations for EECs have been recognised in aggregate form, thus presenting only the net margin (positive or negative) for the year.
The net balances for EEC management in 2023 and in the previous year were both negative; therefore the relevant amount is included in the item Other Costs and not in this item.
Revenue as per Resolution 574/2013/R/gas concerning the technical quality of gas distribution and metering services recorded a slight decrease of €1,487 thousand. The balance of €17,441 thousand depends on both the number of gas chromatography tests undertaken by the distributor (a parameter which the Group can control) and on the fall in leaks at the distributor's plants (a parameter that cannot be governed directly by the distributor except through continuous monitoring, undertaken with dedication using new, cutting-edge technologies).
Capital gains from asset disposals include a capital gain of €1,062 thousand from sale of assets linked to ATEM Udine 2 (Mortegliano). Last year, insurance damage reimbursements were instead heavily impacted by the recognition of the damage verified by the Parent Company's Datacentre following a weather event, while this year no significant issues of this kind were recorded.
Lastly, the item "Other revenue and income and services" is in line with the previous year's result; this item basically consists of revenue from activities carried out on defaulting end customers, the administrative management of which has been delegated to the gas distributor. The increase is due partly to the closure of a dispute with a supplier who enforced the guarantee provided.

5.c Revenue from intangible assets/assets under development – €336,572 thousand

As from January 1, 2010 the Company has been recognising this revenue pursuant to IFRIC 12 "Service concession arrangements".

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Revenue from intangible assets / assets under development			
Revenue from intangible assets / assets under development	336,572	320,538	16,034
Total revenue from intangible assets / assets under development	**336,572**	**320,538**	**16,034**

Revenue from intangible assets and assets under development represents the share of revenue directly attributable to the construction and enhancement of gas distribution infrastructure held under concession. Since it is not possible to identify a specific item relating to the network construction service in the existing tariff system, this revenue is recognised to the extent of the costs incurred for the same purpose, and therefore has no impact on gross margin.

[54]The T.Col tariff component is an element of electricity bills in Italy and is part of the general system charges. Specifically, T.Col is intended to cover the costs arising from the compensation mechanism for concessions granted to energy-intensive companies.

Costs

As already noted, all costs recognised under the accounting model as per IFRIC 12 are broken down by nature within the pre-existing cost items.
The following table provides a summary of the items relating to the Company's operating costs in order to ensure their compliance with the aforementioned standard.

Thousands of euro	For the year ended December 31, 2023	2022	Variations
Costs relating to revenue from intangible assets/assets under development			
Raw materials and consumables	7,925	11,197	(3,272)
Costs for services	219,081	215,472	3,609
Other operating costs	752	716	36
Amortisation/depreciation	3,593	3,289	305
Capitalised costs for materials, personnel and services	105,221	89,864	15,357
Of which labour cost	69,269	59,501	9,768
Of which raw materials and consumables	35,952	30,363	5,589
Total costs relating to revenue from intangible assets / assets under development	**336,572**	**320,538**	**16,034**

6.a Raw materials and consumables - €57,082 thousand

"Costs of raw materials and consumables" and the changes thereto compared to the previous year are detailed below:

Thousands of euro	For the year ended December 31, 2023	2022	Variations
Raw materials and consumables			
Third parties:			
Costs for the purchase of gas, water and lubricants	3,206	3,176	30
Stationery and printed materials	178	141	37
Various materials	58,696	41,007	17,689
(Change in inventories of raw materials)	(4,997)	1,198	(6,195)
Total costs of raw materials and consumables	**57,082**	**45,521**	**8,355**
- - of which capitalised for intangible assets	43,877	41,560	2,317
- - of which capitalised for other internal work	628	590	38

"Costs of raw materials and consumables" essentially comprise the cost for the purchase of the materials, fuel and lubricants used in the process of laying the pipes; as regards the various materials, the most significant amount in the item relates to purchase costs for meters and network equipment, which increased as a result of the inflationary pressure in the first part of the year. The item was also impacted by both the change in perimeter following the acquisition of ATEM Naples 1 and the associated organisational efforts, and the registration of the impact of the write-offs of some trade receivables for material under warranty, which are highly unlikely to be collected.

6.b Services - €358,219 thousand

"Costs for services" are broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2023	**2022**	
Costs for services...			
Maintenance, repair and realisation of assets	221,353	222,952	(1,599)
Costs for electricity, power and water...	3,633	1,863	1,770
Gas (for internal use)...	2,824	3,134	(311)
Telephone and data transmission costs..	3,245	2,969	276
Insurance premiums	4,695	4,404	291
Costs for services and other expenses relating to personnel	4,873	3,817	1,056
Fees...	829	892	(63)
Legal and notary costs...	1,792	1,444	348
Costs for company acquisitions and disposals/strategic consulting	25	44	(19)
Advertising	175	217	(42)
IT services...	12,670	12,117	553
Meter reading service..	3,467	2,776	692
Audit fees..	573	606	(33)
Repairs and emergency service	3,680	3,804	(124)
Plant certifications Resolution no. 40..	381	439	(58)
Gas transport by third parties	838	1,184	(346)
Professional, other and consultancy services.................................	7,030	5,853	1,177
Other costs for services	9,787	9,442	345
Costs for use of third-party assets..			
Leases	1,097	736	361
Rentals	477	903	(426)
Other costs for the use of third-party assets...................................	2,736	2,238	498
Fee for temporary occupation of public space (C.o.s.a.p.)/Single Property Tax (CUP)	5,701	4,458	1,243
Municipal gas concession fees	66,339	62,537	3,802
Total...	**358,219**	**348,827**	**9,392**
- Of which capitalised for intangible assets	219,081	215,472	3,609

The aggregate figure of costs for services (including for third-party leases not falling within the scope of IFRS 16) showed a further increase (up by €9,392 thousand) compared to the previous year. This balance includes expenses for maintenance activities (€221,353 thousand), capitalised as per the application of the IFRIC 12 interpretation (€197,946 thousand). Net of capitalised costs, the Services item nonetheless rose by approximately €5,783 thousand due to expenses connected with the expansion in the perimeter of operations.

The change in the balance is attributable to the following main factors:

- While costs for the ordinary and extraordinary maintenance of distribution networks by third-party companies declined, also taking into account their capitalisation, costs for utilities (electricity, water, gas, telephony) rose on the whole by €1,770 thousand due to the increase in energy prices that the Group managed to contain in the previous year;
- personnel-related services and expenses rose by €1,056 thousand, mostly relating to transfers, the resumption in staff mobility continuing in the year;
- an increase in costs related to the meter reading service for €692 thousand and IT services for €553 thousand, due also to inflationary pressure;
- costs for the use of third-party assets, rents, leases and hires recorded a limited increase on the whole, while the change in the single property tax (CUP), depending on the increase in the perimeter of operations, amounted to €1,243 thousand in the year.
- lastly, municipal fees, essentially related to the increase in the perimeter as a result of the acquisition of the ATEM Naples 1 assets, rose by €3,802 thousand due to higher costs to be paid to the Municipalities.

It is noted that service costs still include the cost quota for those contracts whose fees do not fall within the scope of application of IFRS 16 (intra-annual or low-value leases).

6.c Personnel costs - €138,906 thousand

Personnel costs are broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Wages and salaries	100,073	88,916	11,157
Social security contributions	30,360	27,521	2,839
Post-employment benefits	6,604	5,936	667
Asem/Fisde	(45)	(26)	(18)
Company Welfare Scheme	1,146	668	478
Other labour cost	508	(191)	699
Total labour cost	**138,647**	**122,824**	**15,823**
Non-recurring labour cost			
Redundancy incentives	259	353	(94)
Total non-recurring labour cost	**259**	**353**	**(94)**
Total labour cost	**138,906**	**123,177**	**15,729**
- Of which capitalised for intangible assets	69,269	59,501	9,768
- Of which capitalised for other internal work	424	270	153

"Personnel costs" include all expenses incurred on an ongoing basis that directly or indirectly concern employees, and were up by a total of €15,729 thousand, due to the entry of 238 new employees in the final month of the year 2022 following the acquisition of ATEM Naples 1.
The table below shows employee variations in the year by category:

	Executive	Middle managers	White collars	Blue collars	Total
Personnel as of December 31, 2022	**33**	**130**	**1,380**	**679**	**2,222**
Increase	2	-	62	37	**101**
Decrease	(2)	(9)	(87)	(48)	**(146)**
Change in category	2	2	-	(4)	**-**
Personnel as of December 31, 2023	**35**	**123**	**1,355**	**664**	**2,177**

The normal personnel turnover was recorded during the year, with exits essentially due to some employees having reached retirement age.

6.d Amortization, depreciation and impairment losses - €232,232 thousand

Impairment, depreciation of tangible assets and right-of-use assets and amortisation of intangible assets amounted to €232,232 thousand, up by €18,785 thousand compared to the previous year.
This change is due to the rise in amortisation of intangible assets, due to the acquisition of ATEM Naples 1.
The item also includes amortisation related to long-term contracts for the right to use third-party assets, according to IFRS 16, amounting to €7,604 thousand.
It is noted that, with the introduction of IFRIC 12, amortisation mainly concerns the rights to concessions through which the Group manages gas distribution networks.

This item is broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Depreciation of tangible assets..	5,355	5,096	259
Depreciation of IFRS 16 right-of-use assets..................................	7,604	6,984	621
Amortisation of intangible assets	220,096	202,078	18,018
Impairment losses:			
- Impairment of tangible assets	-	17	(17)
- Write-down of receivables	(823)	(728)	(95)
Total amortisation, depreciation and impairment losses	**232,232**	**213,447**	**18,785**
- Of which capitalised for intangible assets	3,593	3,289	305

6.e Other operating costs – €48,563 thousand

"Other operating costs" increased by €18,824 thousand compared to last year, due in particular to the net provisions for risks and charges:

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Other operating costs..			
Remuneration of statutory auditors, Supervisory Body and Committees	107	129	(22)
Remuneration of members of the Board of Directors....................	341	258	84
Membership fees...	422	385	36
Contribution to the Supervisory Authority	116	200	(84)
Compensation to customers	2,762	577	2,184
Municipal tax on property...	478	492	(14)
CCIAA (chamber of commerce) fees and duties...........................	502	535	(33)
Net costs for energy efficiency certificates	1,185	1,229	(44)
Tax on the occupation of public space (Tosap)	5	36	(31)
Capital losses on the disposal of assets	14,775	7,949	6,826
Capital losses on the sale of assets	7	-	7
Local and sundry taxes..	612	670	(58)
Other costs	3,551	4,711	(1,160)
(Net) provision for risks and charges	23,700	12,567	11,134
Total other operating costs	**48,563**	**29,738**	**18,824**
- Of which capitalised for intangible assets	752	716	36

More specifically, the main contributors to the increase in other costs were capital losses from the disposal and sale of assets relating primarily to meters (€6,833 thousand), compensation to customers following the implementation, from April 1, 2023, of Resolution 269/2022/R/gas on the service level performance of redelivery points equipped with smart meters (€2,184 thousand) and higher net provisions for risks and charges (€11,134 thousand).
Capital losses were partly absorbed by the use of provisions specifically allocated for faulty meters that need replacing. A portion of the capital losses, where related to meters that at the date of replacement had not been fully amortised from a tariff perspective, is repaid by means of a tariff based on an annual payment.
Furthermore, a more important meter replacement campaign was launched during the year, also in response to the difficulty in changing their batteries that enable them to transmit readings.
The item also includes a net balance of €1,185 thousand for the purchase of Energy Efficiency Certificates in 2023, essentially in line with the previous year.

6.f Capitalised costs for internal work – €(1,126) thousand

Following the introduction of IFRIC 12, the costs directly related to construction work on the network under concession are no longer accounted for as capitalised costs for internal work.

For this reason, the item now only includes those residual costs which can be capitalised but do not concern concession assets. In the specific case, the value mainly refers to capitalisations of concentrators, equipment for the communication network of the new smart meters which are not part of the concession assets.

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Interna services	(424)	(270)	(153)
Other capitalised costs	(74)	(34)	(40)
Materials	(628)	(590)	(38)
Total capitalised costs for internal work	**(1,126)**	**(894)**	**(231)**

7. Income/(Expenses) from equity investments – €(113) thousand

This item includes the economic impact of updating the equity valuation of associate companies 2i Servizi Energetici S.r.l. and Melegnano Energia Ambiente S.p.A..

8. Financial income/(expenses) – €(65,616) thousand

This item is broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2023	2022	
Financial income			
Interest income from current accounts and post office deposits	4,533	562	3,971
Interest income from receivables from customers	31	103	(72)
Other financial interest and income	2,076	625	1,451
Total income	**6,640**	**1,290**	**5,349**
Financial charges			
Interest expense on medium/long-term loans	8,842	4,111	4,732
Other expenses on medium/long-term loans from banks	507	560	(53)
Financial expenses on debenture loans	62,758	51,423	11,336
Financial expenses from amortised cost	2,639	2,309	329
Interest expense on short-term bank loans	653	144	509
Interest expense on current bank accounts	386	580	(194)
Discounting of post-employment and other employee benefits	1,074	367	708
Interests on taxes and contributions	9	7	2
Change in fair value of hedging derivatives reclassified from comprehensive income	(6,707)	(1,235)	(5,472)
Other financial and interest expense	1,616	206	1,410
IFRS16 Financial Expenses	478	186	292
Total expenses	**72,256**	**58,657**	**13,599**
Total financial income and (expenses)	**(65,616)**	**(57,367)**	**(8,249)**

Financial income and expenses posted a negative result of €65,616 thousand, mainly due to the recognition in the year of interest relating to debenture loans and the related amortised cost, and the related change in fair value of the hedging derivative, as well as interest payable for used medium- and long-term lines of credit.
During the year, the Company issued a new tranche of the debenture loan for €550 million, to cover the tranches soon to mature, a transaction that, while helping to secure the Company's financial structure, however involved a temporary increase in the related financial charges.
As of December 31, 2023, the Company held €3,556,978 thousand in loans outstanding, including €3,204,705 thousand for six tranches of the debenture loan 2024-2033 and €352,273 thousand divided into three credit lines.
The structure of the Group's debt is almost entirely "fixed rate" (€3,429,705 thousand), thanks mainly to the debenture loan tranches, lengthening the average duration of the existing debt while significantly reducing the cost of debt.

As regards interest income, a net increase in the amount was recorded during the year thanks to some liquidity management transactions carried out after the last tranche of the debenture loan was issued. The increase in the cost related to said loan must therefore be viewed also in light of this positive economic impact.

9. Taxes – €(70,967) thousand

This item is broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2023	**2022**	
Current taxes..			
Current income taxes: IRES (corporate income tax)......................	65,287	50,833	14,454
Current income taxes: IRAP (regional business tax)......................	14,931	11,947	2,984
Total current taxes..	**80,217**	**62,780**	**17,437**
Adjustments for income taxes relating to previous years..........			
Negative adjustments for income taxes relating to previous years .	-	3	(3)
Positive adjustments for income taxes relating to previous years...	-	(18)	18
Total adjustments for income taxes relating to previous years.	**-**	**(15)**	**15**
Deferred and prepaid taxes			
Deferred taxes (use)/allocation...	(3,386)	(4,336)	950
Prepaid taxes (allocation)/use...	(5,865)	7,064	(12,930)
Total current deferred and prepaid taxes......................................	*(9,251)*	*2,728*	*(11,979)*
Total deferred and prepaid taxes...	**(9,251)**	**2,728**	**(11,979)**
Total taxes...	**70,967**	**65,493**	**5,473**

Income taxes for 2023 totalled €70,967 thousand up by €5,473 thousand.
Specifically, taxes represent the recognition of the charge for current taxes for the year, including IRES of €65,287 thousand and IRAP of €14,931 thousand.
Following the publication of the Budget Law for 2022 (Law no. 234 of December 30, 2021, published in the Italian Official Journal on December 31, 2021), the terms regarding the realignment of tax values for intangible assets and goodwill were amended (i) providing for a tax recovery period of 50 years instead of the 18 originally envisaged, and (ii) providing companies with more options to alter the choices already made. Last year the Parent Company had already decided to confirm the option already exercised, considering it absolutely plausible, given its business model, that deferred tax assets created in the period indicated by the budget law would be used.

IRES tax incidence for 2023 was 25.8%.

The table below shows the reconciliation of the actual and theoretical tax rates, determined by applying the tax rate in force during the year to profit before tax, without taking into account the adjustments from previous years:

Thousands of euro	For the year ended December 31,	
	2023	**2022**
Pre-tax profit	253,033	234,969
Theoretical IRES taxes	**60,764**	**56,374**
Lower taxes:		
Release of contributions taxed in prior years	1,327	893
Use of provisions	5,308	6,278
Release of provisions	2,903	3,844
Reversal of statutory amortisation/depreciation not deducted in prior years	3,923	6,045
Deducted tax amortisation	7,444	7,432
others	4,416	6,444
Higher taxes:		
allocations to provisions	13,008	9,307
amortisation/depreciation on amounts that are not recognised for tax purposes	3,501	3,595
statutory amortisation/depreciation exceeding the fiscal limits	11,535	10,369
reversal of excess fiscal amortisation / depreciation deducted in prior years	714	868
partially deductible costs	938	636
taxes and duties	10	4
others	135	613
Total current income taxes (IRES)	**65,287**	**50,833**
IRAP	**14,931**	**11,947**
Total deferred taxes	**(9,251)**	**2,728**
Total income taxes from continuing and discontinued operations	**70,967**	**65,509**

10. Discontinued operations – €0 thousand

The result from discontinued operations was zero.

Information on the Statement of Financial Position

ASSETS

Non-current assets

11. Property, plant and equipment – €37,054 thousand

Following the introduction of IFRIC 12, property, plant and equipment include only those assets that are not related to gas distribution concessions. Such assets are recognised as intangible.

The breakdown and changes in property, plant and equipment in 2022 and 2023 are shown below:

Thousands of euro	**Land**	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Improvements on third-party assets**	**Fixed assets under construction and advances**	**Total**
Historical cost	7,102	32,963	14,713	26,328	58,745	14,482	295	**154,628**
Accumulated depreciation	-	(24,404)	(3,603)	(24,715)	(50,597)	(13,628)	-	**(116,948)**
As of December 31, 2021	**7,102**	**8,560**	**11,110**	**1,613**	**8,147**	**853**	**295**	**37,680**
Increases (including Fixed assets classified as available-for-sale)	-	679	1,387	999	2,409	503	-	**5,979**
Commissioning	-	247	-	-	-	-	(247)	**-**
Disposals	(2)	(7)	(371)	-	-	(4)	(48)	**(432)**
Gross value	(2)	(463)	(476)	(22)	(30,436)	(2,143)	(48)	**(33,590)**
Acc. depr.	-	456	105	22	30,435	2,139	-	**33,158**
Impairment losses	(17)	-	-	-	-	-	-	**(17)**
Fixed assets classified as available-for-sale	(32)	-	-	-	-	-	-	**(32)**
Gross value	(32)	(72)	-	-	-	-	-	**(104)**
Acc. depr.	-	72	-	-	-	-	-	**72**
Depreciation	-	(582)	(969)	(454)	(2,829)	(262)	-	**(5,096)**
Total changes	**(51)**	**337**	**48**	**545**	**(420)**	**237**	**(295)**	**402**
Historical cost	7,051	33,354	15,625	27,305	30,718	12,841	-	**126,895**
Accumulated depreciation	-	(24,458)	(4,467)	(25,147)	(22,991)	(11,751)	-	**(88,813)**
As of December 31, 2022	**7,051**	**8,897**	**11,157**	**2,159**	**7,727**	**1,091**	**-**	**38,082**
Increases (including Fixed assets classified as available-for-sale)	-	145	1,757	373	2,380	248	-	**4,903**
Disposals	-	(5)	(517)	-	(37)	(3)	-	**(563)**
Gross value	-	(13)	(677)	(30)	(2,121)	(3,012)	-	**(5,852)**
Acc. depr.	-	8	160	30	2,083	3,008	-	**5,289**
Reclassifications	-	-	-	-	-	-	-	**-**
Fixed assets classified as available-for-sale	-	(12)	-	-	-	-	-	**(12)**
Gross value	-	(249)	-	-	-	-	-	**(249)**
Acc. depr.	-	237	-	-	-	-	-	**237**
Depreciation	-	(558)	(1,038)	(545)	(2,873)	(342)	-	**(5,355)**
Total changes	**-**	**(430)**	**202**	**(172)**	**(530)**	**(97)**	**-**	**(1,027)**
Historical cost	7,051	33,237	16,705	27,648	30,977	10,078	-	**125,969**
Accumulated depreciation	-	(24,771)	(5,346)	(25,661)	(23,780)	(9,084)	-	**(88,642)**
As of December 31, 2023	**7,051**	**8,467**	**11,360**	**1,987**	**7,197**	**993**	**-**	**37,054**

The item in question as of December 31, 2023 shows a net change compared to December 31, 2022 of €1,027 thousand due to normal investment, divestment and depreciation trends for these assets.
Plant and equipment related to concentrators, data receiving and transmitting equipment as part of the communication network of smart meters are excluded from the scope of IFRIC 12, since they are not recognised as concession assets.

12. IFRS 16 right-of-use assets – €24,058 thousand

Following the application of standard IFRS 16, hire, rental or lease contracts are carried in this item as exclusive use rights.
It is noted that liabilities include a related financial debt, equal to the sum of estimated and appropriately discounted future fees.

Below is the table of changes in fixed assets for 2022 and 2023.

Thousands of euro	**IFRS 16 Property**	**IFRS 16 Vehicles**	**IFRS 16 ICT**	**Total**
Historical cost	28,807	13,456	367	42,630
Accumulated depreciation	(11,526)	(4,941)	(206)	(16,673)
As of December 31, 2021	**17,282**	**8,515**	**161**	**25,957**
Increase and change in right-of-use assets	8,787	1,230	230	10,247
Disposal and changes in right-of-use assets	(2,976)	(171)	-	(3,147)
Gross value	(3,942)	(1,196)	-	(5,138)
Acc. depr.	967	1,024	-	1,991
Depreciation	(4,113)	(2,663)	(208)	(6,984)
Total changes	**1,699**	**(1,605)**	**22**	**116**
Historical cost	33,652	13,490	597	47,739
Accumulated depreciation	(14,672)	(6,580)	(414)	(21,666)
As of December 31, 2022	**18,981**	**6,910**	**182**	**26,073**
Increase and change in right-of-use assets	3,343	2,966	244	6,552
Disposal and changes in right-of-use assets	(721)	(214)	(27)	(962)
Gross value	(1,424)	(1,408)	(27)	(2,860)
Acc. depr.	703	1,194	-	1,897
Depreciation	(4,551)	(2,845)	(208)	(7,604)
Total changes	**(1,930)**	**(94)**	**8**	**(2,015)**
Historical cost	35,571	15,047	813	51,431
Accumulated depreciation	(18,520)	(8,231)	(622)	(27,373)
As of December 31, 2023	**17,051**	**6,816**	**191**	**24,058**

13. Intangible assets – €4,706,595 thousand

It should be noted that, following the introduction of IFRIC 12, intangible assets also include fixed assets related to gas distribution concessions.
The breakdown and changes in intangible assets for 2022 and 2023 are shown below:

Thousands of euro	**Patent and intellectual property rights**	**Concessions and similar rights**	**Concessions and similar rights – fixed assets under development**	**Fixed assets under development**	**Other intangible assets**	**Goodwill**	**Payments on account**	**Total**
Historical cost	98,824	7,593,141	42,509	1,024	180,497	305,253	-	**8,221,248**
Accumulated depreciation......	(96,042)	(3,836,492)	-	-	(142,367)		-	**(4,074,900)**
As of December 31, 2021......	**2,782**	**3,756,650**	**42,509**	**1,024**	**38,130**	**305,253**	**-**	**4,146,348**
Increases (including Fixed assets classified as available-for-sale).................................	-	608,975	32,942	2,775	14,232	-	15	**658,939**
Commissioning	-	23,785	(23,785)	(625)	625	-	-	**0**
Decreases	-	(18,454)	(168)	(35)	(0)	-	-	**(18,657)**
Gross value	(222)	(45,885)	(168)	(35)	(26,259)	-	-	**(72,568)**
Acc. amor.	222	27,431	-	-	26,258	-	-	**53,911**
Reclassifications	-	(3)	3	-	-	-	-	**-**
Gross value	-	(3)	3	-	-	-	-	**-**
Acc. amor.	-	-	-	-	-	-	-	**-**
Fixed assets classified as available-for-sale....................	-	(196)	2	-	-	-	-	**(195)**
Gross value	-	(212)	2	-	-	-	-	**(210)**
Acc. amor.	-	15	-	-	-	-	-	**15**
Amortisation	(1,247)	(186,841)	-	-	(13,989)	-	-	**(202,078)**
Total changes........................	**(1,247)**	**427,266**	**8,993**	**2,115**	**867**	**-**	**15**	**438,009**
Historical cost	98,602	8,179,803	51,502	3,139	169,095	305,253	15	**8,807,408**
Accumulated depreciation......	(97,067)	(3,995,887)	-	-	(130,098)		-	**(4,223,052)**
As of December 31, 2022......	**1,535**	**4,183,916**	**51,502**	**3,139**	**38,997**	**305,253**	**15**	**4,584,357**
Increases (including Fixed assets classified as available-for-sale).................................	2,277	312,620	34,702	525	17,202	-	-	**367,326**
Commissioning	-	30,737	(30,723)	(2,759)	2,759	-	(14)	**0**
Decreases	-	(24,667)	(144)	(21)	-	-	-	**(24,832)**
Gross value	-	(46,385)	(144)	(21)	-	-	-	**(46,551)**
Acc. amor.	-	21,718	-	-	-	-	-	**21,718**
Impairment losses	-	-	-	-	-	(153)	-	**(153)**
Fixed assets classified as available-for-sale....................	-	(4)	(3)	-	-	-	-	**(7)**
Gross value	-	(4)	(3)	-	-	-	-	**(7)**
Acc. amor.	-	-	-	-	-	-	-	**-**
Amortisation	(1,135)	(204,752)	-	-	(14,209)	-	-	**(220,096)**
Total changes........................	**1,142**	**113,934**	**3,833**	**(2,255)**	**5,752**	**(153)**	**(14)**	**122,238**
Historical cost	100,879	8,476,770	55,335	884	189,056	305,100	1	**9,128,024**
Accumulated depreciation......	(98,202)	(4,178,920)	-	-	(144,307)	-	-	**(4,421,429)**
As of December 31, 2023......	**2,676**	**4,297,850**	**55,335**	**884**	**44,749**	**305,100**	**1**	**4,706,595**

Intangible assets rose by €122,238 thousand compared to December 31, 2022, due to investments made in the year, and also as a result of the expansion in the perimeter of operations due to the acquisition of ATEM Naples 1.
The items "Concessions and similar rights" and "Concessions and similar rights - Fixed assets under development" showed an aggregate balance of €4,353,184 thousand in the financial year, an overall change of €117,766 thousand.

The item refers to the recognition of the Group's rights over fixed assets as concession holder and gas distribution service provider stemming from investments in the distribution network, as well as one-off fees for the acquisition of natural gas distribution concessions.
Operating investments totalled €347,322 thousand in the year, compared to €320,538 thousand last year, excluding the contribution from the acquisition of ATEM Naples 1 assets.
As described above, on December 1, 2022 the Parent Company took over management of the gas distribution service in ATEM Naples 1 "City of Naples and Coastal Plan", with more than 1,600 km of network and almost 400,000 Redelivery Points, and at the same time took on 238 people, who had been released by the outgoing operator.
The concession is for a 12 year-year period and, as described in the notes to the financial statements as of December 31, 2022, the transaction was accounted for in 2022 as an asset acquisition based on the provisional consideration, the best estimate of the price at the time of drafting of the previous financial statements. The equalisation required by the procedure was defined in 2023, which saw an adjustment to the price paid amounting to €7.8 million. Said amount is not significant in terms of the impacts of amortisation and revenue as of December 31, 2022.
Disposals during the year for these two classes amounted to €(24,811) thousand, and related to routine replacement and improvement of equipment. Amortisation amounted to €(204,752) thousand, an increase resulting from both investments made and the contribution of the ATEM acquisition.
The amortisation of concession charges has been determined on a straight-line basis and on the basis of the estimated realisable value at the end of the concession.
The Group determined the terms of the concessions using the same criteria adopted in the previous year.

For concessions that have expired at the reporting date, and therefore are operating in an extension regime (prorogatio), the residual value has been restated to take into consideration the postponement of the effective expiry of these concessions.

In particular, it is recalled that under the Decree of the Ministry of Economic Development dated January 19, 2011, "Determination of territorial ambits in the natural gas distribution sector", which came into force on April 1, 2011, according to art. 3(3) of the decree: "as from the entry into force of this measure, the tenders for the award of the gas distribution service as per article 14(1) of Legislative Decree no. 164 of May 26, 2000, for which the call for tenders has not been published or for which the deadline for the submission of tenders has not expired, shall be awarded only in respect of the areas determined in annex 1, which forms an integral part of this measure" and that, in accordance with article 14(7) of Legislative Decree no. 164/2000, "The outgoing operator, pursuant to article 14(7) of Legislative Decree No. 164 of May 23, 2000, remains obliged, however, to continue the management of the service until the effective date of the new assignment."
"Fixed assets under development and advances", totalling €3,139 thousand in 2022 mainly consisted of investments in software being developed to ensure more efficient management of the Company's activities.
During 2023, €2,759 thousand in fixed assets under construction were completed, while new investments rose by €525 thousand, therefore determining a final balance of €884 thousand.

"Other intangible assets" of €44,749 thousand include other long-term costs, also linked to the implementation of smart meter remote control or remote reading systems.

"Goodwill" totalled €305,100 thousand and relates to the deficit from the merger of companies that had previously been subsidiaries. This item was recognised in agreement with the Board of Statutory Auditors. It decreased during the year following the sale of assets relating to the Mortegliano concession, in compliance with paragraph 86 of IAS 36.

The estimate of the recoverable value of goodwill recognised in the financial statements is based on the Discounted Cash Flow model that uses estimates of future cash flows, applying an appropriate discount rate, to measure an asset's value in use.
For the purposes of this estimate, the whole Group is considered as a Cash Generating Unit, consistently with the corporate vision. In particular, cash flows are considered for a forecast period of 5 years, consistent with the 2i Rete Gas Group plan approved by the Board of Directors on December 20, 2023 and drafted on a going concern assumption, plus the terminal value calculated with the perpetual income algorithm.

Within this framework, the main assumptions are:
continuity in concession management, since the redefinition of the relevant local areas resulting from the territorial tenders will be a concrete opportunity for the Group to expand its business on the competitive market also thanks to its economic capacity, available credit lines, and top position in a market that is experiencing concentration;
the continuous management of end customers, with the assumption of further organic growth only on the already existing networks at a rate compatible with the experience on the market in recent years;

The discount rates applied, the forecast period over which projected cash flows are discounted, and the Group terminal value growth rate are detailed in the table below.

Tax Rate (2)	**WACC (1)**	**Cash flow forecast period**	**TV (g) growth rate**
28.6% (2)	4.5%	2024 - 2028	0%

(1) Post-tax WACC is aligned to the average cost of financing of the best-performing peers in the sector
(2) IRAP + IRES rate

The value in use, determined in accordance with the aforementioned methods, was higher than the value of the net invested capital recorded in the financial statements.
The recoverability of the Group's invested capital was also confirmed by a further sensitivity analysis undertaken by considering possible changes in the key assumptions included in the business and financial plan used for the impairment test.
In particular, a worsening scenario was simulated by changing the value of net cash flows within the plan. Without prejudice to all the other assumptions included in the plan, the analysis carried out showed that, in order to reach the indifference point (i.e. the value in use of the asset being equal to the net invested capital), there would have to be damaging changes to the plan such as to reduce the net cash flows by more than 12%, a percentage which is much higher than the reductions considered possible by the Group.

14. Net deferred tax assets – €128,307 thousand

Deferred tax assets and deferred tax liabilities are determined based on the tax rates in force at the reporting date. Deferred tax assets totalled €261,479 thousand, while deferred tax liabilities totalled €133,171 thousand.

Deferred tax assets and liabilities as of December 31, 2023 were determined using the tax rates in force: 24% for IRES (corporate income tax) and 4.63% for IRAP (regional business tax).

Deferred tax assets fell as a result of normal changes during the year.

Considering, among other things, the flows estimated in the most recent business plans, the Group believes it can use deferred tax assets in the ordinary course of business.

The table below details changes in deferred tax assets and liabilities by type of temporary difference, determined according to the tax rates in force, and the portion of recoverable and non-recoverable deferred taxes.

Thousands of euro	As of December 31, 2022	Adjustments to UNICO	Increases recognised in			Decreases recognised in		Other changes		Other reclassifications	As of December 31, 2023
			Total	Profit and Loss Account	Equity	Profit and Loss Account	Equity	Profit and Loss Account	Equity		
Deferred income tax assets:..											
allocation to provisions for risks and charges with deferred deductibility	**17,369**	-	17,369	10,458	-	(4,691)	-	-	-	-	**23,136**
allocation to provisions for incentives to leave and stock options	**521**	-	521	76	-	(74)	-	-	-	-	**522**
allocation to provisions for disputes	**3,099**	-	3,099	2,253	-	(1,809)	-	-	-	-	**3,543**
allocation to provisions for inventory obsolescence	**3,548**	-	3,548	93	-	(217)	-	-	-	-	**3,424**
impairment losses with deferred deductibility (impairment of receivables)	**2,179**	-	2,179	0	-	(651)	-	-	-	-	**1,529**
impairment losses with deferred deductibility (impairment of plants)............	**1,899**	-	1,899	4	-	-	-	-	-	-	**1,903**
depreciation and amortisation with deferred deductibility.	**137,450**	(0)	137,450	11,632	-	(3,428)	-	-	-	-	**145,654**
separation of land-buildings and component analysis	**114**	-	114	0	-	-	-	-	-	-	**114**
start-up costs	**2,225**	-	2,225	1	-	-	-	-	-	-	**2,225**
Post-employment and other employee benefits.	**2,748**	-	2,748	3,847	-	(2,118)	-	-	-	-	**4,477**
cash deductible taxes and duties.......................................	**4**	-	4	-	-	-	-	-	-	-	**4**
proceeds subject to deferred taxation (connection fees)	**30,425**	-	30,425	57	-	(822)	-	-	-	-	**29,660**
deferred deductibility charges .	**11,785**	-	11,785	27	-	(1,896)	-	-	-	-	**9,916**
goodwill	**40,295**	0	40,296	92	-	(6,972)	-	-	-	-	**33,415**
post-employment and other employee benefits - OCI	**1,853**	-	1,853	-	5	-	-	-	-	-	**1,858**
derivative financial instruments (in case of a net negative change in the relevant equity reserve)...........	**(0)**	-	(0)	-	-	-	-	-	-	-	**(0)**
for losses recoverable in future years.......................................	**1**	-	1	-	-	-	-	-	-	-	**1**
other consolidation adjustments	**94**	-	94	5	-	(2)	-	-	-	-	**97**
Total	**255,608**	**-**	**255,608**	**28,544**	**5**	**(22,679)**	**-**	**-**	**-**	**-**	**261,479**
Deferred income tax liabilities:	**23,858**	-	23,858	297	-	(714)	-	-	-	-	**23,442**
differences on tangible and intangible assets – additional depreciation and amortisation .	**23,858**	-	23,858	297	-	(714)	-	-	-	-	**23,442**
differences on intangible assets – goodwill	**5,194**	-	5,194	3	-	-	-	-	-	-	**5,197**
separation of land-buildings and component analysis	**3,825**	-	3,825	10	-	-	-	-	-	-	**3,835**
allocation to assets of costs relating to company mergers ...	**29,484**	-	29,484	88	-	(1,908)	-	-	-	-	**27,665**
Post-employment and other employee benefits	**1,506**	-	1,506	-	-	-	(693)	-	-	-	**814**

proceeds subject to deferred taxation	**3,354**	-	3,354	410	-	-	-	-	-	-	**3,764**
derivative financial instruments (in case of a net positive change in the relevant equity reserve)........................	**26,656**	-	26,656	-	23,065	-	(26,500)	-	-	-	**23,222**
other.......................................	**797**	-	797	38	-	(205)	-	-	-	-	**630**
ASEM - OCI..........................	**177**	-	177	-	-	-	(14)	-	-	-	**163**
recognition of deferred taxes due to merger	**45,845**	-	45,845	514	-	(1,919)	-	-	-	-	**44,439**
5% dividends received allocated to future years on an accruals basis	**0**	-	0	-	-	-	-	-	-	-	**0**
Total.......................................	**140,698**	**-**	**140,698**	**1,360**	**23,065**	**(4,746)**	**(27,207)**	**-**	**-**	**-**	**133,171**
Net deferred tax assets..........	**114,910**	**-**	**114,910**	**27,184**	**(23,060)**	**(17,933)**	**27,207**	**-**	**-**	**-**	**128,307**

15. Equity investments – €3,833 thousand

The table on the following page shows the changes in the year for each equity investment, with the corresponding values at the beginning and end of the year, as well as the list of equity investments held in other companies.

Thousands of euro	**Carrying amount**	**% ownership**	**Increases for the period**	**Disposals**	**Other increases**	**Other decreases**	**Adjustments**	**Original cost**	**Increase / (Decrease)**	**Carrying amount**	**% ownership**
	As of December 31, 2022								**As of December 31, 2023**		
Associates.................................											
Equity Method Valuation........											
Melegnano Energia Ambiente SpA...	3,547	**40.00%**			2			2,451	1,097	3,548	**40.00%**
2i Servizi Energetici Srl	37	**60.00%**	270			(145)		6		162	**60.00%**
Other companies											
Valuation at cost.......................											
Interporto di Rovigo S.p.A........	42	**0.30%**						42		42	**0.30%**
Fingranda S.p.A. in Liquidazione.	26	**0.58%**						26		26	**0.58%**
Agenzia di Pollenzo S.p.A.	33	**0.27%**						33		33	**0.27%**
Industria e Università S.r.l.	11	**0.09%**						11		11	**0.09%**
Borgo Offida S.r.l.	0	**0.19%**						1		0	**0.19%**
Banca Popolare Pugliese...........	11	**0.00%**								11	**0.00%**
Immobiliare Cestia srl...............	0	**0.05%**								0	**0.05%**
Total equity investments..........	**3,706**		**270**	**-**	**2**	**(145)**	**0**	**2,570**	**1,097**	**3,833**	

The tables below show the list of equity investments in associates and their values as recognised in the Group's financial statements as of December 31, 2023:

Associates	**Registered office**	**Share Capital (euro)**	**Equity (euro)**	**Revenue (euro)**	**Profit/loss in previous year (euro)**	**End of the reporting period**	**% ownership**	**Consolidated carrying amount (euro)**
Melegnano Energie Ambiente SpA................	Melegnano (MI)	4,800,000	8,946,592	2,963,260	79,735	31.12.2022	40%	3,548,429
2i Servizi Energetici Srl .	Milan	10,000	269,825	373,115	(241,450)	31.12.2022	60%	161,895

Finally, the equity investments in other companies at the same date were:

Other companies	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year (euro)	End of the reporting period	% ownership	Consolidated carrying amount (euro)
Interporto di Rovigo S.p.A.	Rovigo	6,904,887	7,699,745	3,764,101	418,440	31.12.2022	0.30%	41,634
Fingranda S.p.A. in Liquidazione	Cuneo	2,662,507	1,144,202	-	(15,671)	31.12.2022	0.58%	25,822
Agenzia di Pollenzo S.p.A.	Bra (CN)	23,079,108	22,862,836	1,022,618	70,729	31.12.2022	0.27%	33,082
Industria e Università S.r.l.	Varese	13,440,528	11,027,787	-	(31,990)	31.12.2022	0.09%	10,989
Borgo Offida Srl *	Offida (AP)	10,000	(329,923)	382	(26,074)	31.12.2022	0.19%	0
Banca Popolare Pugliese ...	Parabita (LE)	182,971,860	344,017,210	153,833,456	14,050,709	31.12.2022	0.01%	11,127
Immobiliare Cestia srl	Rome (RM)	50,000	384,821	144,628	(55,166)	31.12.2022	0.05%	26

16. Non-current financial assets – €12,768 thousand

The item includes primarily receivables for sums paid to contracting authorities for the purpose of tender preparation and which could be returned at the end of the procedure if it is lost.
During the year, the item also included the fair value measurement of hedging derivatives, closed during 2023 through their unwinding.
Lastly, there is a residual deferral of transaction costs incurred in obtaining loan facilities unused as of December 31, 2023.

Thousands of euro	As of December 31, 2023	As of December 31, 2022	Variations
Non-current deferred financial charges	236	341	(105)
Long-term loans to employees	86	23	63
Financial receivables from others..	12,446	12,607	(161)
Fair value measurement of IRS derivatives	-	103,690	(103,690)
Total	**12,768**	**116,660**	**(103,892)**

17. Other non-current assets – €23,906 thousand

This item fell by €9,384 thousand compared to December 31, 2022; it is broken down as follows:

Thousands of euro	As of December 31, 2023	As of December 31, 2022	Variations
security deposits..	3,732	3,754	(22)
receivables for plant contributions to be received	560	560	-
tax receivables reimbursements applied for	306	306	-
prepaid promotional expenses...	41	48	(7)
from municipalities for disposals of assets due to expiration of concessions	824	1,029	(205)
non-current receivables from CSEA	16,149	24,775	(8,626)
other non-current assets	2,447	2,955	(507)
bad debt provision - other non-current assets	(153)	(137)	(16)
Total	**23,906**	**33,290**	**(9,384)**

Guarantee deposits of €3,732 thousand refer to receivables for work to be performed on distribution plants and from user contracts.

The receivable for contributions to be received (€560 thousand) consisted of the recognition of the medium/long-term portion of receivables for plant-related contributions to be received: this item was unchanged during the year.

Tax receivables of €306 thousand relate to reimbursement requests pursuant to art. 6 of Legislative Decree 185/2008 (deduction from IRES of the IRAP portion for labour costs and interest expense). There were no changes to this item in the year.

Credit due from municipalities for disposals of assets due to the expiration of concessions totalled €824 thousand. This was the result of disputes or similar proceedings ongoing with some municipalities to define the amount of the refund owed to the Company as outgoing operator for the relevant concessions and plants already redelivered. Local action continued to resolve existing situations.

The balance of non-current receivables due from CSEA, totalling €16,149 thousand, referred to the amount payable to distribution companies for the conventional meters that must be replaced by smart meters under Resolution 155/09 but that had not yet been fully amortised through tariffs at the date of their replacement. The residual amount due to the intense replacement activity that has taken place in recent years, will be repaid by CSEA according to the time-frame set out in the resolution.

Finally, the balance of miscellaneous non-current assets includes the residual value of prepaid expenses in the form of rent paid in advance to API, the Company that owns the networks managed in the municipality of Rozzano (€1,375 thousand).

Non-current assets

18. Inventories – €23,849 thousand

Closing inventories of raw materials, ancillaries and consumables mainly consisted of materials for construction and maintenance of gas distribution plants and, in particular, new smart meters.
Compared to the previous year, this item increased by €4,997 thousand, due to purchases of electronic meters during the year, set against the growing material prices.
The item includes the provision for the write-down of inventories of €1,002 thousand, set aside to take into account the inventories that are unlikely to be used in the future.
The Company uses the weighted average cost method.

19. Trade receivables – €197,365 thousand

Compared to December 31, 2022, trade receivables rose by €141,933 thousand.
The item is broken down as follows:

Thousands of euro	**As of December 31,**		**Variations**
	2023	**2022**	
Third-party customers:			
Receivables from customers..	199,301	51,055	148,247
- Bad debt provision	(5,204)	(7,515)	2,311
Receivables for returns under warranty..	8,883	12,539	(3,657)
- Bad debt provision for returns under warranty	(5,614)	(646)	(4,969)
Total...	**197,365**	**55,433**	**141,933**

Receivables due from third-party customers consist of trade receivables and receivables from operations, and largely relate to gas distribution operations.
The significant positive difference compared to the previous year is due essentially to the fact that, in 2022, a significant reduction was recorded due to Government provisions in place at the time to reduce the impact of energy market trends on end consumers, through the introduction of negative tariff components and the elimination of certain existing components.
In the previous year, this factor had led to a decrease in existing receivables from customers, an increase in receivables from CSEA (under Other current assets), and an increase in Trade payables (into which the resulting negative customer balances were reclassified due to these components).
This year, the Company instead returned to the usual balanced position, thanks to typical business trends, with the effect of the previous temporary provisions no longer applicable.
At year-end, said receivables are recognised net of a €5,204 thousand bad debt provision.
With regard to the impact assessment pursuant to IFRS 9, the Company did not consider it necessary to update its assessments, since the guarantees hedging receivables significantly reduce the risk of insolvency.
Receivables for returns under warranty, which are recognised net of the relevant bad debt provision, concern receivables from the manufacturers of meters for non-functioning assets that have long-term warranties. The amount is stated net of the bad debt provision to take account of changed contractual conditions and findings that lead to the belief that the receivable is no longer collectable.
Changes in the bad debt provision are set out below.

Thousands of euro	As of December 31,		Variations
	2023	2022	
Opening balance	**7,515**	**9,127**	**(1,612)**
Allocations	402	1,414	(1,012)
Releases	(1,240)	(2,142)	901
Uses	(1,472)	(884)	(589)
Closing balance	**5,204**	**7,515**	**(2,311)**

The bad debt provision as of December 31, 2023 was taxed to the tune of €4,803 thousand (€7,512 thousand as of December 31, 2022).
All Group companies operated exclusively in Italy.

20. Short-term financial receivables – €2,853 thousand

Short-term financial receivables consisted of financial receivables (€1,119 thousand) arising from exercising the right of withdrawal of Azienda Elettrica Valtellina e Valchiavenna. The amount reflects the estimate based on the preliminary withdrawal value that was disputed by the Company, was updated following payment of the Company's dividend and will have to be updated based on the outcome of the ensuing litigation. The balance recognises other receivables, including €1,350 thousand from associate Company 2i Servizi Energetici.

21. Other current financial assets – €4,249 thousand

Other current financial assets contain the interest income accrued from banks and third parties for €4,229 thousand and, to a residual extent, from 2i Servizi energetici and unpaid as of December 31, 2023.

22. Cash and cash equivalents – €324,901 thousand

Cash and cash equivalents rose by €278,864 thousand following the loan transaction through the issue of a tranche of a debenture loan under the Parent Company‘s EMTN programme and normal business operations.

Cash and cash equivalents are broken down as follows:

Thousands of euro	As of December 31,		Variations
	2023	2022	
Bank deposits	324,734	45,784	278,951
Post office deposits	5	96	(91)
Cash in hand	162	158	4
Total	**324,901**	**46,038**	**278,864**

Cash associated with operating activities is held in bank and post office deposits.

23. Income tax receivables – €3,059 thousand

Income tax receivables due from the Tax Authorities related to both IRES and IRAP; the balance in the year was due to normal changes for the payment of advances and balances during 2023.

24. Other current assets – €313,553 thousand
Other current assets declined by €233,898 thousand compared to the previous year, mainly due to lower receivables from CSEA of €162,268 thousand and less VAT receivables from the Tax Authorities of €78,031 thousand, of which €16,507 thousand extra claimed for reimbursement during the year.
Both changes are attributable to the particular situation in the previous year brought about by the introduction of negative pass-through items and the elimination of some tariff components; this activity in 2023 was limited until the completion of the final months of the year.
In the first few months of 2023, a total of €44.4 million was collected, relating to a factoring transaction needed to manage the credit generated.
In particular, receivables from CSEA include not only the amount deriving from receivables from the equalisation of the gas distribution service (€86,437 thousand), but also the amount deriving from the receivables for UG2 and Gas Bonus “pass-through” items (€54,431 thousand in total) and recognition of Technical Quality (€63,446 thousand). This item also includes receivables for the recognition of remuneration on traditional meters disposed of before the end of their useful lives (€6,316 thousand).
The item is always correlated with payables to the Equalisation Fund, as reported in note 40 "Other current liabilities".

This item is broken down as follows:

Thousands of euro	As of December 31,		Variations
	2023	2022	
Other tax receivables:			
VAT receivables claimed for reimbursement	35,786	19,280	16,507
Receivables due from tax authorities for VAT	12,339	106,877	(94,538)
Other tax receivables	277	2	275
Other receivables:			
From social security and insurance agencies	473	464	9
Receivables for grants related to plants	901	1,512	(611)
Receivables from CSEA	243,392	405,660	(162,268)
Receivables from third parties for tender / concession expiration	1,955	2,996	(1,041)
Receivables from municipalities	246	246	-
Receivables from suppliers	2,424	3,128	(704)
Other receivables	1,947	4,251	(2,304)
Provision for other doubtful debts	(2,402)	(2,402)	-
Accrued income	25	26	(1)
Deferred charges for other multi-year fees	35	37	(2)
Deferred charges for property lease fees	445	445	-
Deferred charges for promotional expenses	7	9	(2)
Deferred charges for insurance premiums	2,385	-	2,385
Other deferred charges	13,320	4,922	8,398
Total	**313,553**	**547,451**	**(233,898)**

25. Assets held for sale – €12 thousand

Under assets held for sale, the Group reports the value of a property for the year, which is expected to be sold in the next 12 months.

LIABILITIES

Equity

26. Equity – €1,360,708 thousand

Equity rose by €60,400 thousand in the year as a result of the following changes:

- a decrease in the ordinary dividend payout of an overall €111,011 thousand;
- a decrease of €10,655 thousand in IAS reserves, relating to the value of the hedging derivatives now closed, but whose effects unfold over time based on the underlying hedged;
- an increase in the operating result of €182,066 thousand, of which a negative €339 thousand resulting from the operating result for minority interests;

Share capital – €3,639 thousand

As of December 31, 2023 the share capital consisted of €363,851,660 2i Rete Gas S.p.A. ordinary shares, for a value of €3,639 thousand, fully subscribed and paid up.

Share premium reserve – €286,546 thousand

The share premium reserve did not change in the year.

Legal reserve – €728 thousand

The legal reserve stood at €728 thousand, with no change during the year.

Reserves for valuation of derivatives – €73,535 thousand

The reserve for valuation of derivatives was created in 2016 following the first subscription of Forward Starting Interest Rate Swap contracts. The swaps were closed as planned by December 31, 2023, while the effect on the profit and loss account for the reversal of the reserve for the valuation of derivatives is recorded on the basis of the interest expense flow of the Debenture Loan for the following 10 years.

Other reserves – €239,922 thousand

Other reserves rose by €4,333 thousand owing to the reclassification from retained earnings following the merger of 2i Rete Gas S.r.l. in 2i Rete Gas S.p.A. and the recognition in equity of the impact of the actuarial valuation of the Group's defined benefit plan.

Retained earnings – €572,442 thousand

Retained earnings rose by €54,693 thousand from the previous year as a result of the allocation of the profit for the year 2022, net of the reclassification of €4,111 thousand to other reserves due to the above-mentioned merger.

Net profit/(loss) for the year – €182,071 thousand

The result for 2023 was up by €12,256 thousand on the previous year.

Non-current liabilities

27. Long-term loans – €3,036,295 thousand

The item refers to the five tranches of the long-term debenture loan issued by the parent Company maturing between 2024 and 2033 and to three credit lines (totalling €352 million).
The table below shows short- and long-term debt expressed in the original currency and the relevant interest rate. The notional amount of the loan is the same as its carrying amount.

Thousands of euro	**Carrying amount**		**National amount**		**Interest rate**	**Interest rate**
	As of December 31,		**As of December 31,**		**in force**	**actual**
	2023	**2022**	**2023**	**2022**		
Fixed-rate debt	70,000	70,000	70,000	70,000	1.39%	1.39%
Fixed-rate debt	155,000	155,000	155,000	155,000	1.40%	1.40%
Floating-rate debt	109,091	127,273	109,091	127,273	Eur+0.59%	4.48%
Debenture loan expiring 2024	-	577,393	-	577,393		
Debenture loan expiring 2025	500,000	500,000	500,000	500,000	2.20%	2.29%
Debenture loan expiring 2026	435,000	435,000	435,000	435,000	1.75%	1.91%
Debenture loan expiring 2027	730,000	730,000	730,000	730,000	1.61%	1.62%
Debenture loan expiring 2031	500,000	500,000	500,000	500,000	0.58%	0.64%
Debenture loan expiring 2033	550,000		550,000		4.38%	4.48%
Costs linked to loans (long-term)	(12,795)	(7,667)				
Total long-term	**3,036,295**	**3,086,998**	**3,049,091**	**3,094,666**		
Floating-rate debt	18,182	18,182	18,182	18,182	Eur+0.59%	4.48%
Fixed-rate debt	-	100,000	-	100,000		
Debenture loan expiring 2024	489,705	-	489,705	-	3.00%	3.13%
Costs linked to loans (short-term)	(450)	(35)				
Total short-term	**507,437**	**118,147**	**507,887**	**118,182**		

The maturity schedule for financial liabilities, whether medium-/long-term (notional amount of €3,049,091 thousand) or short-term (€507,887 thousand – see points 33 and 34 of these notes), is shown in the following table:

	National		1 year	2 – 5 years	Beyond 5 years
Thousands of euro	As of December 31, 2023	As of December 31, 2022			
Short and medium/long-term bank loans and debenture loans					
Loan - Medium/long-term Capex Line	334,091	352,273	-	297,727	36,364
Loan - Short-term Capex Line	18,182	118,182	18,182	-	-
Medium/long-term debenture loans	2,715,000	2,742,393	-	1,665,000	1,050,000
Debenture loans due within next year	489,705	-	489,705	-	-
Total	**3,556,978**	**3,212,848**	**507,887**	**1,962,727**	**1,086,364**

The terms and conditions of the debenture loan, issued for a market of institutional investors, do not provide for covenants.

The loans taken out with the European Investment Bank are subject to some covenants calculated on the basis of the consolidated financial statements that the Company must meet to continue using the credit lines.
The covenants relate to the following indicators:

- Total net financial debt;
- RAB (Regulatory Asset Base);
- EBITDA;
- Net Financial Charges.

As of December 31, 2023 the Company had met all covenants.

28. Post-employment and other employee benefits – €28,609 thousand

The Group provides employees with various types of benefits, including post-employment benefits, health benefits, compensation due instead of notice of dismissal (*Indennità Sostitutive del Preavviso - ISP*) and compensation due instead of energy discount (*Indennità Sostitutive Sconto Energia*).
The item includes provisions for post-employment defined benefit plans and other long-term employee benefits required by law or contract.

Pursuant to IAS 19 Revised, these "defined benefit obligations" were determined using the "Projected Unit Credit Method", with the liability being calculated in proportion to the service already rendered at the reporting date, and not the service that might presumably be rendered overall.
In detail, the plans provided for the following benefits:

Thousands of euro	As of December 31, 2023	As of December 31, 2022	Variations
Post-employment benefits	22,135	23,326	(1,191)
ASEM health service	1,293	1,277	16
Fondo GAS	5,181	5,605	(423)
Total	**28,609**	**30,207**	**(1,599)**

Below are comments on the main items making up the aggregate.

Post-employment benefits (TFR)

Under Italian law, when the employment relationship ends, the employee is entitled to receive post-employment benefits, corresponding, for each year of service, to an amount calculated by dividing their gross annual salary by 13.5.
It is noted that following the approval of Law 296 of December 27, 2006 (2007 budget law) and subsequent decrees and implementing regulations, only the portions of post-employment benefits held with the Company qualify as a defined benefit plan, while the accrued portions allocated to supplementary pension schemes and the treasury fund held by INPS (the Italian Social Security Agency) qualify as a defined contribution plan.

Healthcare benefits

Based on the Italian collective bargaining agreement for executives in the industrial sector, executives have the right to supplementary healthcare in addition to that provided by the Italian Health Service, during both the employment relationship and retirement. ASEM and FASI, the healthcare fund set up for workers in Italy's electricity industry, reimburse medical expenses.

Fondo Gas (Gas Fund)

Italian Law Decree No. 78/2015, coordinated with Law no. 125/2015 (Official Journal 14.08/2015), ordered the elimination of the "Fondo Gas" (Gas Fund) as from December 1, 2015. The decree also provided for the payment, either to current employees or as a voluntary continuation of the contribution to Fondo Gas, of an amount (to be paid by the employer) equal to 1% of the 2014 contribution to Fondo Gas, for each full year or any part thereof that the person has been a member of the fund. Said amount can be set aside with the employer or paid as a contribution to a supplementary pension scheme (hereinafter referred to as "former Fondo Gas Contribution"). The provision shall be made in 240 equal monthly instalments. Should the employment relationship end before the payments are completed, the remaining amount to be paid to Fondo Gas shall be paid in a lump sum at the time of the final wage.
The Company set aside an additional amount during the year after revising the estimate based on the more accurate data available on the average seniority of current employees for the purposes of Fondo Gas.
The main assumptions in the actuarial estimates of employee benefit liabilities (Gas Fund and post-employment benefits) are set out below.

housands of euro	**As of December 31,**	
	2023	**2022**
Actuarial assumptions		
Discount rate	3.10%	3.70%
Annual rate of increase in cost of living	2.00%	2.30%
Rate of increase in cost of health spending	3.30%	3.30%
Demographic assumptions		
Mortality rate	ISTAT Table 2017	ISTAT Table 2017
Resignation rate < 50 years of age	2.00%	2.00%
Resignation rate > 50 years of age	nil	nil

29. Provisions for risks and charges – €10,842 thousand

Provisions for risks and charges are used to cover contingent liabilities that might arise from litigation or other disputes, without taking into account the impact of disputes estimated to be settled in favour of the Group and those for which the potential expense cannot be measured reliably.

Provisions for risks and charges (considering both the short-term and the medium-/long-term portions) increased by €16,827 thousand on the whole compared to the previous year.
The table below shows the total provisions for risks and charges (both the short-term and the medium/long-term portion). The short-term portion is disclosed separately.

Thousands of euro		**Of which current portion**	**Of which non-current portion**	**Allocations**	**Releases**	**Uses**		**Of which current portion**	**Of which non-current portion**
	As of December 31, 2022						**As of December 31, 2023**		
Provision for litigation and disputes	5,575	-	5,575	2,131	(2,134)	(1,167)	4,404	-	4,404
Provision for taxes and duties	2,025	-	2,025	496	(356)	(41)	2,125	-	2,125
Provision for disputes with personnel	100	-	100	-	-	-	100	-	100
Provision for disputes on concessions	32,064	32,064	-	6,124	(3,555)	(899)	33,735	33,735	-
Other provisions for risks and charges	33,723	30,937	2,786	31,227	(3,740)	(11,260)	49,950	45,737	4,214
Total	**73,486**	**63,001**	**10,486**	**39,978**	**(9,784)**	**(13,367)**	**90,313**	**79,471**	**10,842**
Provision for charges pertaining to leave incentives.	2,000	2,000	-	259	-	(259)	2,000	2,000	-
Total	**75,486**	**65,001**	**10,486**	**40,237**	**(9,784)**	**(13,626)**	**92,313**	**81,471**	**10,842**

Provisions for risks and charges totalled €92,313 thousand with a short-term portion of €81,471 thousand and a long-term portion of €10,842 thousand.
Existing provisions broken down as follows:

- “Provision for litigation and disputes”, amounting to €4,404 thousand to cover contingent liabilities mainly arising from ongoing litigation cases;
- “Provision for taxes and duties”, standing at €2,125 thousand, mainly concerning ongoing litigation or disputes concerning local taxes;
- “Provision for disputes with personnel”, amounting to €100 thousand, covering expected charges arising from disputes with personnel of a company acquired in previous financial years. The Company did not consider it necessary to change this item in the year;
- “Provision for disputes on concessions", totalling €33,735 thousand, generally refers to estimated costs of sundry disputes with licensing Municipalities; over the year this item underwent a net increase of €1,671 thousand based on the likelihood of Municipalities requesting revision of the agreed concession fees. The likely maximum risk is estimated in the provision taking into account the limitation times dictated by the legislation itself;
- “Other provisions for risks and charges”, amounting to €49,950 thousand, cover charges that might arise from the need for maintenance or replacement of metering equipment that fails to meet company standards and other specific risks. During the year, the item increased by €16,228 thousand due to net releases for no-longer-current risks and net provisions for emerging risks; the provision for network equipment rose by €9,103 thousand;
- “Provision for charges pertaining to leave incentives”, totalling €2,000 thousand, addresses possible liabilities that may arise from agreements defined or in the process of being defined for incentives for personnel to leave, which started during the year and are still under way. The provision was used during 2023 for €259 thousand.

The fiscal position of the Group has been defined up to 2018.

30. Non-current financial liabilities – €0 thousand

As of December 31, 2023, non-current financial liabilities stood at zero.

31. Non-current financial liabilities IFRS 16 – €16,361 thousand

As of December 31, 2023 this item included financial liabilities falling due after 12 months deriving from the application of IFRS 16, i.e. payables arising from future leases that the Group will have to pay for the exclusive use of those assets whose hire, rental or lease contracts fall under the application of the aforesaid standard.
The table below shows details of maturities broken down by short, medium and long-term debt and by type of contract.

Thousands of euro	**Present value of IFRS 16 cash as of December 31, 2023**	**1 year**	**2 – 5 years**	**Beyond 5 years**
ST/LT IFRS 16 Financial liabilities				
Non-current IFRS 16 financial liabilities	**16,361**	**-**	**15,798**	**563**
IFRS 16 Property			11,683	563
IFRS 16 Vehicles			4,115	-
IFRS 16 ICT			-	-
Current IFRS 16 financial liabilities.............................	**7,303**	**7,303**	**-**	**-**
IFRS 16 Property		4,565		
IFRS 16 Vehicles		2,548		
IFRS 16 ICT		191		
Total	**23,664**	**7,303**	**15,798**	**563**

32. Other non-current liabilities – €355,352 thousand

This item rose by €1,498 thousand compared to the previous year, made up as follows:

Thousands of euro	**As of December 31,**		**Variations**
	2023	**2022**	
Sundry payables..	1,056	1,052	4
Deferred income for grants related to plants	57,764	58,554	(790)
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	296,532	294,248	2,284
Total deferred income...	**355,352**	**353,854**	**1,498**

In addition to normal operating trends, the change in deferred income also accommodates the representation of the counterpart of those assets heavily impacted by contributions following the awarding of ATEM Naples 1, increasing accordingly. The item must be seen in conjunction with the short-term portion of "Other current liabilities".

Current Liabilities

33. Short-term loans – €0 thousand

This item stood at zero, just as in 2022.

34. Current portion of medium/long-term bank loans – €507,437 thousand

As of December 31, 2023, the item included the Company's total short-term debt to bond-holders and to the banking system, including tranches of debt to the EIB that are contractually due to be repaid within the next 12 months. For details, see Section 27.

35. Current portion of long-term provisions and short-term provisions – €81,471 thousand

Comments and details of this item are provided in the section on provisions for risks and charges (note 29).

36. Trade payables – €222,807 thousand

This item includes all trade and operating liabilities of certain amount and timing. All reported payables were incurred in Italy.
This item decreased by €226,188 thousand compared to the previous year, which was impacted by the classification within it of debit balances with customers generated by the presence of negative tariff components in the billing; in 2023 these components returned to positive values, for which the debit balance also returned to standard business levels.
The breakdown of trade payables to third-party suppliers and Group suppliers is set out below, broken down by financial statements item:

Thousands of euro	As of December 31,		Variations
	2023	2022	
Suppliers	222,807	448,994	(226,188)
Total	**222,807**	**448,994**	**(226,188)**

The balance as of December 31, 2023 mainly consisted of the residual amount payable to suppliers to which gas distribution plant construction and maintenance is outsourced, payables to staff and operational support services, as well as the purchase of electricity and gas services for internal use.

37. Income tax payables – €16,473 thousand

As of December 31, 2023, income tax payables were higher than in the previous year due to normal trends for advance and final payments.

38. Current financial liabilities – €32,651 thousand

Current financial liabilities mostly refer to the interest expense accrued and not yet paid relating to the tranches of the debenture loan.

Thousands of euro	As of December 31,		Variations
	2023	2022	
Accrued liabilities for interest on short-term bank loans and bank expenses	31,761	18,785	12,977
Other current financial payables	890	826	64
Total	**32,651**	**19,611**	**13,040**

39. Current IFRS 16 financial liabilities – €7,303 thousand

The item includes financial liabilities relating to rental and leasing contracts categorised with IFRS 16 right-of-use assets, which are expected to be paid within the next 12 months. A breakdown of maturities by type of contract is provided under note 31 above.

40. Other current liabilities – €130,056 thousand

Other current liabilities decreased in the year by €12,998 thousand, mainly due to the fall in “Other payables”, an item which also includes the amount due to the Fund for Energy and Environmental Services (CSEA) for the items relating to various tariff components.
The position with CSEA must be viewed in light of the relevant receivables due from CSEA included under Other current assets.
In summary, other current liabilities are set out below:

Thousands of euro	**As of December 31,**		**Variations**
	2023	**2022**	
other tax payables	3,942	3,881	61
payables to social security and pension agencies	9,825	9,173	653
other payables	96,858	113,045	(16,187)
accrued liabilities	3,971	3,525	446
deferred income	15,460	13,429	2,031
Total	**130,056**	**143,054**	**(12,998)**

Other tax payables, amounting to €3,942 thousand, are set out below:

Thousands of euro	**As of December 31,**		**Variations**
	2023	**2022**	
due to tax authorities for VAT	43	149	(106)
due to tax authorities for taxes withheld from employees	3,852	3,703	149
due to tax authorities for withholding taxes	47	30	18
Total	**3,942**	**3,881**	**61**

Amounts due to social security and pension agencies, totalling €9,825 thousand, were down compared with the previous year, in line with personnel changes during the year:

Thousands of euro	**As of December 31,**		**Variations**
	2023	**2022**	
due to INPS (National Social Security Institute)	8,772	8,143	628
due to other agencies	1,053	1,029	24
Total	**9,825**	**9,173**	**653**

Other payables, amounting to €96,858 thousand, are set out below:

Thousands of euro	**As of December 31,**		**Variations**
	2023	**2022**	
Payables to employees	13,134	10,986	2,148
Payables to municipalities for rights and fees	1,048	1,201	(153)
Payables for connections, network extension and other payables to customers	12,536	10,555	1,981
Payables for security deposits and user advances	7,848	5,440	2,408
Payables to CSEA	56,256	77,241	(20,985)
Other payables	6,036	7,623	(1,587)
Total	**96,858**	**113,045**	**(16,187)**

Payables to the Fund for Energy and Environmental Services (CSEA) consisted of €37,488 thousand in payables for entries that are transferred to trading companies through the invoicing mechanism and then paid to CSEA, generally on a bi-monthly basis (UG1, UG2, UG3, Re, Gs and Rs), and residual payables of €9,745 thousand mainly relating to equalisation amounts for previous years and the current year.

Accrued liabilities and deferred income, amounting to €19,431 thousand, are set out below:

Thousands of euro	As of December 31,		Variations
	2023	2022	
Accrued liabilities			
Accrued liability for additional monthly salaries paid to employees	3,742	3,337	405
Other accrued liabilities	229	188	41
Total accrued liabilities	**3,971**	**3,525**	**446**
Deferred income			
Deferred income for grants related to plants	2,575	2,694	(118)
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	10,210	10,094	116
Other deferred income	2,674	641	2,033
Total deferred income	**15,460**	**13,429**	**2,031**
Total accrued liabilities and deferred income	**19,431**	**16,954**	**2,476**

25. Liabilities held for sale – €0 thousand

As of December 31, 2023, the item was zero.

Related party disclosures

Related parties are identified in accordance with international accounting standards.

"Related parties" with whom the Group had dealings in 2023 included:

- F2i SGR S.p.A. – as the operating company of "F2i – Third Italian Infrastructure Fund, closed-end investment fund, reserved for qualified investors"
- Finavias S.a.r.l.
- Bonatti S.p.A.
- APG Infrastructure Pool 2017 II
- Melegnano Energia Ambiente S.p.A. (MEA S.p.A.)
- 2i Servizi Energetici S.r.l.

The definition of related parties includes key management personnel, including their close relatives, of the parent company as well as of the companies controlled directly and/or indirectly by them, jointly controlled companies and those in which the parent company exercises considerable influence. Key management personnel are those who have direct and indirect power and responsibility for planning, management, and control of company operations, including Directors and Auditors.

All trade balances relate to transactions undertaken at market values.

Trade, financial and other transactions involving the Group, its parent companies and its subsidiaries are shown below.

Trade and other transactions

2023

Thousands of euro	Trade		Trade	
	Receivables	Payables	Costs	Revenue
F2i SGR S.p.A	-	60	60	-
MEA SPA	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti Spa	5	7,085	3,625	5
2i Servizi Enegetici Srl	28	194	66	62
Key management personnel, including directors and statutory auditors	-	70	3,057	-
Overall total	**42**	**7,428**	**6,829**	**76**

2022

Thousands of euro	Trade		Trade	
	Receivables	**Payables**	**Costs**	**Revenue**
F2i SGR S.p.A	-	60	60	-
MEA SPA..	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti Spa..	28	6,656	5,824	28
2i Servizi Enegetici Srl	35	71	149	62
Key management personnel, including directors and statutory auditors	-	53	2,564	0
Overall total...	**72**	**6,860**	**8,616**	**99**

Financial transactions

2023

Thousands of euro	Trade		Trade		
	Receivables	**Payables**	**Costs**	**Revenue**	**Dividends Paid**
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					70,936
Finavias S. à r.l.					40,009
MEA SPA...				32	
2i Servizi Enegetici Srl	1,370		145	39	
Overall total..	**1,370**	**-**	**145**	**71**	**110,945**

2022

Thousands of euro	Trade		Trade		
	Receivables	**Payables**	**Costs**	**Revenue**	**Dividends Paid**
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					67,100
Finavias S. à r.l.					37,845
MEA SPA...				238	
2i Servizi Enegetici Srl	966		200	29	
Overall total..	**966**	**-**	**200**	**267**	**104,945**

Significant extraordinary events and operations

Pursuant to CONSOB Communication of July 28, 2006 No. DEM/6064293, there were no significant extraordinary events or operations during the year.

Positions or transactions arising from atypical and/or unusual operations

Pursuant to CONSOB communication no. DEM/6064293 of July 28, 2006, it is noted that there were no positions or transactions arising from atypical and/or unusual transactions.

Fees for Directors, auditors and key management personnel

Fees for directors totalled €341 thousand in 2023 (of which €261 thousand to personnel given strategic responsibility); fees for Statutory Auditors totalled €68 thousand (fully included in the category of personnel given strategic responsibility) and fees for key management personnel amounted to €2,713 thousand.

Remuneration of the Independent Auditors

The remuneration of the independent auditors totalled €573 thousand in 2023, and included the annual auditing of the statutory and consolidated financial statements, the auditing of the unbundling financial report and the statements required by ARERA, as well as the contribution of Consob.

Public grants received

With regard to the changes contained in Law no. 124 of August 4, 2014, the “Annual competition law”, more precisely article 1 (paragraphs 125-129), it is reported that during the course of 2023 the following grants were received by Group companies from public bodies:

Euro

Name	Prov.	As of December 31, 2023	Type
MUNICIPALITY OF ISOLA DEL GRAN SASSO......................................	BN	13,894	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF ATINA.	FR	89,531	LAZIO REGION CONTRIBUTIONS B4874 19/12/08
MUNICIPALITY OF SUCCIVO.	CE	369,323	CONTRIBUTIONS LAW 784/80 - 266/97
MUNICIPALITY OF CASTELLI.	TE	8,624	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF TOSSICIA.	TE	8,934	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF CERMIGNANO.	TE	12,035	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF CASTELLALTO.	TE	13,440	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF PENNA SANT’ANDREA..................................	TE	18,905	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
GSE - Gestore Servizi Energetici SpA...		113,069	INCENTIVES FOR PHOTOVOLTAIC PROJECTS
MUNIC. OF MORIGERATI	SA	25,179	contributions Pursuant to Regional Law 100/2018 of the CAMPANIA REGION.
MUNICIPALITY OF TORRACA.........	SA	64,546	contributions Pursuant to Regional Law 100/2018 of the CAMPANIA REGION.
MUNICIPALITY OF ISPANI..............	SA	22,681	contributions Pursuant to Regional Law 100/2018 of the CAMPANIA REGION.
MUNICIPALITY OF TORTORELLA..	SA	27,934	contributions Pursuant to Regional Law 100/2018 of the CAMPANIA REGION.
MUNICIPALITY OF CASALETTO SPARTANO..	SA	60,858	contributions Pursuant to Regional Law 100/2018 of the CAMPANIA REGION.
MUNICIPALITY OF CASELLE IN PITTARI..	SA	188,014	contributions Pursuant to Regional Law 100/2018 of the CAMPANIA REGION.
Total public grants collected		**1,036,967**	

It is noted that the amount did not include any grants received from public administrations not yet refunded to the Group.

Contractual commitments and guarantees

The Company provided €147,115 thousand by way of guarantees in the interests of third parties. These guarantees include €118,391 thousand in bank guarantees and €28,724 thousand in insurance and other guarantees.
These guarantees were provided as collateral for maintenance and extension work relating to distribution networks as well as participation in tenders for operating gas distribution services.
Further to section 22(b) of art. 2427 of the Italian Civil Code, it is stressed that there are no agreements that have not been disclosed in the financial statements that might significantly impact the Group's financial statements.

Operating segment reporting

The Group is managed as a single business unit engaging mainly in natural gas distribution through networks. As a result, the Group’s operations are analysed as a whole by senior management.
The reporting format used by senior management to take operating decisions is consistent with the formats used in the consolidated financial statements shown herein, excluding the impact of IFRIC 12 highlighted in note 5.c as well as in the section covering costs.

Contingent liabilities and assets

Contingent liabilities

Currently there are no significant contingent liabilities.

Contingent assets

Currently there are no significant contingent assets.

Credit, liquidity and market risk

Credit risk

The 2i Rete Gas Group provides its distribution services to over 260 sales companies, the most significant of which is Enel Energia S.p.A.
With regard to invoiced volumes, in 2023 too there were some non-relevant cases of counterparty non-compliance.
User access to the gas distribution service is governed by the Network Code, which, in compliance with the provisions of ARERA, establishes the rights and obligations of the entities involved in the distribution service process, as well as the contractual clauses that reduce the risk of breach by sales companies.
As part of gas distribution operations, credit lines to external counterparties are closely monitored by assessing the relevant credit risk and requiring adequate guarantees and/or security deposits for the purpose of ensuring an appropriate level of protection against the risk of default by the counterparty.
Outstanding guarantees and security deposits on trade receivables totalled €276,220 thousand.

This resulted in a mitigation of the credit risk.

A summary quantitative indication of the maximum exposure to credit risk can be derived from the carrying amount of financial assets, before the relevant bad debt provision.

As of December 31, 2023 the maximum credit risk exposure was €828.4 million:

Thousands of euro	As of December 31,		Variations
	2023	2022	
Non-current financial assets	12.8	116.7	(103.9)
Other non-current financial assets (gross of bad debt provision)	24.1	33.4	(9.4)
Trade receivables (gross of bad debt provision)	208.2	63.6	144.6
Other current financial assets	7.1	3.3	3.8
Cash and cash equivalents	324.9	46.0	278.9
Other receivables (gross of bad debt provision)	251.3	418.3	(166.9)
Total	**828.4**	**681.3**	**147.1**

Liquidity risk

Based on the current financial structure and the expected cash flows as projected in the business plans, the 2i Rete Gas Group is able to autonomously meet the financial requirements of its ordinary operations and ensure business continuity.
In addition to the debenture loans issued, maturing between 2024 and 2033, the Company took out two loans with the European Investment Bank in 2015 and 2016, totalling €225 million, plus a line of credit with a leading bank.
In order to properly disclose liquidity risk as required by IFRS 7, below are details of the Company's debt.

The contractual maturities of the financial liabilities outstanding as of December 31, 2023 are set forth below:

Thousands of euro	1 year	1 – 5 years	Beyond 5 years
Financial liabilities as of December 31, 2023			
Long-term loans	-	297.7	36.4
Medium/long-term debenture loans	-	1,665.0	1,050.0
Medium/long-term debenture loans maturing within 12 months	489.7		
Short-term loans	-		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	32.7		
Non-current IFRS 16 financial liabilities		15.8	0.6
Current IFRS 16 financial liabilities	7.3		
Total	**547.8**	**1,978.5**	**1,086.9**

For comparative purposes, the contractual maturities of the financial liabilities outstanding as of December 31, 2022 are set forth below:

Thousands of euro	1 year	1 – 5 years	Beyond 5 years
Financial liabilities as of December 31, 20232			
Long-term loans	-	297.7	54.5
Medium/long-term debenture loans	-	2,242.4	500.0
Short-term loans	100.0		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	19.6		
Non-current IFRS 16 financial liabilities		17.9	0.9
Current IFRS 16 financial liabilities	6.7		
Total	**144.5**	**2,558.0**	**555.5**

The projected liquidity requirements are estimated based on the cash flows expected from ordinary operations.

It should be noted that loans are regularly monitored for compliance with some financial covenants at a consolidated level.

As of December 31, 2023, these covenants had been fully met.

"Medium/long-term debenture loans" totalling €2,715 million refer to the aforementioned debenture loan tranches issued by 2i Rete Gas and expiring between 2025 and 2033.

The Company's growth plan requires refinancing existing debt, but given the Company's excellent performance, the rating obtained, and the ongoing compliance with the financial covenants established by the lending banks, currently the Company does not face any problems in obtaining said refinancing.

The Company constantly monitors opportunities to optimise its financial structure.

For an in-depth analysis of long-term loans, see note 27 in these financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices as a result of changes in exchange rates, interest rates, or the prices of equity instruments.

Transactions that qualify for hedge accounting pursuant to the requirements of the accounting standards are designated as hedging transactions, while those that do not meet such requirements are classified as trading transactions, even though, from a management point of view, they have been entered into for hedging purposes.
As of December 31, 2023 the Company did not hold any derivatives.
It should also be pointed out that the Company has no financial assets held to maturity, available for sale or held for trading.

		Carrying amount						
Thousands of euro	**Notes**	**Measured at fair value**	**Derivatives**	**Receivables**	**Available for sale**	**Other financial liabilities and payables**	**Total**	**Fair value**
Financial assets designated at fair value								
Non-current financial assets	16		-				-	-
Financial assets not measured at fair value								
Non-current financial assets	16			12,768			12,768	12,768
Other non-current assets	17			23,865			23,865	23,865
Trade receivables	19-25			197,365			197,365	197,365
Short-term financial receivables	20			2,853			2,853	2,853
Other current financial assets..........................	21			4,249			4,249	4,249
Cash and cash equivalents	22			324,901			324,901	324,901
Other current assets	24			297,362			297,362	297,362
Total assets...			**-**	**863,364**	**-**	**-**	**863,364**	**863,364**
Financial liabilities measured at fair value .								
IRS Derivatives	38		-				-	-
Financial liabilities not measured at fair value								
Long-term loan..	27					334,091	334,091	334,091
Medium/long-term debenture loans	27					2,702,205	2,702,205	2,537,939
Medium/long-term debenture loans maturing within 12 months...	33-34					489,255	489,255	486,953
Non-current IFRS 16 financial liabilities	31	16,361					16,361	16,361
Other non-current liabilities...........................	32					1,056	1,056	1,056
Short-term loans	33-34					18,182	18,182	18,182
Trade payables	36-25					222,807	222,807	222,807
Current financial liabilities	38					31,761	31,761	31,761
Current IFRS 16 financial liabilities	39	7,303					7,303	7,303
Other current liabilities..................................	40					114,596	114,596	114,596
Total liabilities		**23,664**	**-**	**-**	**-**	**3,913,951**	**3,937,615**	**3,771,047**

In order to enable comparison, the same table as the one used in 2022 is provided:

Thousands of euro	Notes	Carrying amount: Measured at fair value	Derivatives *	Receivables	Available for sale	Other financial liabilities and payables	Total	Fair value
Financial assets designated at fair value								
Non-current financial assets	16		103,690				103,690	103,690
Financial assets not measured at fair value								
Non-current financial assets	16			12,970			12,970	12,970
Other non-current assets.................	17			33,242			33,242	33,242
Trade receivables	19-25			55,433			55,433	55,433
Short-term financial receivables.....	20			2,822			2,822	2,822
Other current financial assets	21			489			489	489
Cash and cash equivalents..............	22			46,038			46,038	46,038
Other current assets........................	24			542,039			542,039	542,039
Total assets			**103,690**	**693,033**	**-**	**-**	**796,722**	**796,722**
Financial liabilities measured at fair value								
IRS Derivatives..............................	38		-				-	-
Financial liabilities not measured at fair value								
Long-term loan	27					352,273	352,273	352,273
Medium/long-term debenture loans	27					2,734,726	2,734,726	2,463,989
Short-term debenture loans	33						-	-
Non-current IFRS 16 financial liabilities	31	18,811					18,811	18,811
Other non-current liabilities	32					1,052	1,052	1,052
Short-term loans.............................	33-34					118,147	118,147	118,147
Trade payables	36-25					448,994	448,994	448,994
Current financial liabilities.............	38					18,785	18,785	18,785
Current IFRS 16 financial liabilities	39	6,660					6,660	6,660
Other current liabilities	40				19	129,625	129,644	129,644
Total liabilities.............................		**25,472**	**-**	**-**	**19**	**3,803,601**	**3,829,091**	**3,558,355**

* amount measured at fair value and classified as Level 2, since its value can be derived from observable market data

With regard to the financial assets that are not measured at fair value, and the value of trade payables and other current liabilities, the carrying amount is considered to be a reasonable approximation of the fair value, as shown in the tables above.
To determine the fair value of the debenture loan, the Group relied on market valuations at the end of the reporting period.

Interest rate risk

The Company manages interest rate risk with the aim of achieving a balanced debt structure, reducing the amount of financial debt exposed to changes in interest rates and minimising funding costs over time, thereby limiting volatility in performance.
With regard to the current debt structure, €3,429.7 million out of a reported €3,557.0 million was not exposed to interest rate risk at 31 December 2023.
During 2023 the Parent Company closed forward start interest rate swap derivative contracts (maturity set at 10 years after the start date) with as many leading banks in order to hedge against the risk of an increase in interest rates.
This is therefore the situation as at December 31, 2023:

	Notional		Fair value		Fair value asset		Fair value liability	
Thousands of euro	**As of December 31, 2023**	**As of December 31, 2022**	**As of December 31, 2023**	**As of December 31, 2022**	**As of December 31, 2023**	**As of December 31, 2022**	**As of December 31, 2023**	**As of December 31, 2022**
Cash flow hedge derivatives.........................								
Forward Start Interest Rate Swap	-	500,000	-	103,690	-	103,690	-	-
Total Interest Rate Derivatives........................	**-**	**500,000**	**-**	**103,690**	**-**	**103,690**	**-**	**-**

Significant events after the close of the year

In February 2024, the Board of Directors of the Parent Company 2i Rete Gas S.p.A. resolved to launch the preliminary process for a possible listing of the Company, taking into account the positive effects on the Company of the entry into its shareholding structure of national and international institutional investors, hence diversifying its funding sources and optimising the capital structure.

2iRG S.p.A.

Consolidated financial statements as of December 31, 2022

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of 2i Rete Gas SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of 2i Rete Gas SpA (the Group), which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).
Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of 2i Rete Gas SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*How our audit addressed the key audit matter*
Capitalisation in intangible assets of capital expenditure on the gas distribution network under service concession agreements *Annual Report* *Chapter III Directors' Report – Section 5 Regulatory and tariff framework* *Chapter IV Consolidated financial statements - Section 6 Notes to the consolidated financial statements – Note 13 Intangible assets*	

Key Audit Matters	*How our audit addressed the key audit matter*
Concessions and similar rights recognised as intangible assets as of 31 December 2022 totalled €4,236 million, accounting for 76% of the Group's total assets. Amounts capitalised in the year totalled €642 million. The Group operates in gas distribution, an activity regulated by Autorità di Regolazione per Energia Reti e Ambiente (ARERA), the energy, networks and environment regulator. Revenues from gas distribution are determined annually on the basis of the tariff in force, which is mainly calculated on the basis of a pre-determined rate of remuneration of capital expenditure made, amortisation charges and operating costs. A correct capitalisation of intangible assets for assets under concession, in accordance with IFRIC 12, is a key audit matter in consideration of the significant amounts of capital expenditure and their impact in the quantification of the tariff determined by ARERA every year.	We performed an understanding and evaluation of the system of internal control over the capital expenditure cycle, with particular reference to identification and testing of key controls. We assessed the accounting policy adopted by the group in relation to the capitalisation of costs. We performed detailed tests analysing, on a sample basis, the supporting documentation of costs capitalised to verify accuracy, completeness and proper period of capitalisation. We have verified the accuracy and completeness of the disclosure made in the notes to the financial statements.
Recoverability of goodwill *Annual Report* *Chapter IV Consolidated financial statements - Section 6 Notes to the consolidated financial statements – Note 13 Intangible assets*	
Goodwill recognised as of 31 December 2022 totalled €305 million, accounting for 5% of the Group's total assets. The recoverability of goodwill is tested by the directors at the year-end in accordance with IAS 36 – Impairment of assets. The recoverable amount of the group of cash generating units ("CGUs") "Gas distribution", which is the business in which the Group operates, to which goodwill is allocated, is determined on the basis of value in use, calculated on the future cash flows estimated in the 2022-2026 business plan approved by the board of directors of the parent company on 17 January 2023. The recoverable amount of the "Gas distribution" business is compared with the carrying amounts of the assets and liabilities directly attributable to the business, including goodwill.	Also, with the support of PwC experts, we verified: • The adequacy of the entire process of verification of the recoverability of goodwill, in accordance with the applicable financial reporting standards; • The method of allocation of goodwill to the CGUs; • The reasonableness of the assumptions used to determine the value in use of the "Gas distribution" business, with particular reference to the growth rates of revenues, costs and capital expenditure and the discount rates, also through sensitivity analyses; • The correct identification of the carrying amounts of the assets and liabilities directly attributable to the "Gas distribution" business; • The mathematical accuracy of the calculation model used.

Key Audit Matters	*How our audit addressed the key audit matter*
In consideration of the materiality of the balance and of the degree of subjectivity of some of the variables used to estimate value in use, the verification of the recoverability of goodwill was a key matter in our audit of the consolidated financial statements.	We verified the accuracy and completeness of disclosures provided in the notes to the consolidated financial statements.
Measurement of provisions for risks and charges *Annual Report* *Chapter IV Consolidated financial statements - Section 6 Notes to the consolidated financial statements – Note 29 Provision for risks and charges* Provisions for risks and charges recognised as of 31 December 2022 totalled €75 million and comprise probable liabilities arising from past events, the amount of which can be reasonably estimated at the reporting date. Provisions for risks and charges are mainly related to charges for sundry litigation with municipalities and charges that may arise from the need to maintain or replace measurement devices that do not fully meet corporate standards. In consideration of the materiality of the balance and of the use of estimates by management, the measurement of provisions for risks and charges was key matter in our audit of the consolidated financial statements.	We carried out activities to understand and evaluate relevant controls over the measurement of provisions for risks and charges. We verified, on a test basis, supporting evidence for the most significant positions in order to assess the adequacy of the provisions. We obtained confirmations from the main legal counsels retained by the Group, with an indication of individual positions and their assessment of the risk of possible liabilities. We had a critical discussion with management about their conclusions on the criteria applied to quantify provisions for risks and charges. We verified the accuracy and completeness of disclosures provided in the notes to the consolidated financial statements.
Acquisition of Atem Napoli 1 *Annual Report* *Chapter III Directors' Report – Section 5 Regulatory and tariff framework* *Chapter IV Consolidated financial statements - Section 6 Notes to the consolidated financial statements – Note 13 Intangible assets* In the course of the year the Company acquired and took over the operation of the gas distribution service in the area of ATEM Napoli 1 "Città di Napoli e Impianto Costiero". The process and method of recognition of the transaction entailed evaluations by management about the accounting impact of the concession acquired.	We carried out activities to understand and evaluate relevant controls over the measurement of intangible assets. We verified the method of recognition of assets underlying the concession acquired and the related accounting treatment.

Key Audit Matters	*How our audit addressed the key audit matter*
In detail, analyses focused on the accounting treatment of the acquisition of the concession in accordance with 'IFRIC 12, the recognition of the assets acquired and the determination of the related revenues, the amortisation charges and the provisional purchase price. Given the materiality of the effects of the acquisition and in consideration of the complexity of the evaluations required of management, we considered this transaction a key audit matter.	We verified the reasonableness of the assumptions used to determine the values of capital expenditure, amortisation charges and revenues and we verified the correct determination of the carrying amounts of assets recognised in intangible assets and in other current and non-current liabilities. We had a critical discussion with management about factors likely to determine potential price adjustments in relation to the transaction, and the related disclosures in the consolidated financial statements. We verified the accuracy and completeness of disclosures provided in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate 2i Rete Gas SpA or to cease operations or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

We were appointed by the shareholders of 2i Rete Gas SpA at the general meeting held on 29 April 2015 to perform the audit of the Company consolidated and separate financial statements for the years ending 31 December 2015 through 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared in accordance with article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of 2i Rete Gas SpA are responsible for preparing a report on operations[55] and a report on the corporate governance and ownership structure of the 2i Rete Gas Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the 2i Rete Gas Group as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of 2i Rete Gas Group as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

Management of 2i Rete Gas SpA is responsible for the preparation of the non-financial disclosure in accordance with Legislative Decree 254/2016. We have verified that the non-financial disclosure was approved by the board of directors.

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016, the non-financial disclosure is subject to separate audit reporting by our firm.

Milan, 11 April 2023

PricewaterhouseCoopers SpA

[55] The report on operations is publicly available at the 2i Rete Gas' web site. The report on operations is not included in, and does not form part of, this International Offering Circular.

Signed by

Giulio Grandi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2022

(in thousands of €)	Notes	For the year ended December 31, 2022	of which to related parties	For the year ended December 31, 2021	of which to related parties
Revenue					
Revenue from sales services	5.a	694,682	-	721,615	-
Other revenue	5.b	36,894	99	35,780	86
Revenue from intangible assets / assets under development	5.c	320,538	-	319,395	-
Sub-total		**1,052,115**		**1,076,791**	
Costs					
Raw materials and consumables	6.a	45,521	-	54,373	-
Services	6.b	348,827	5,972	335,678	4,247
Labour cost	6.c	123,177	2,304	124,013	2,358
Amortization, depreciation and impairment losses	6.d	213,447	-	209,464	-
Other operating costs	6.e	29,738	340	35,955	356
Capitalised costs for internal work	6.f	(894)	-	(1,013)	-
Sub-total		**759,816**		**758,471**	
EBIT		**292,299**		**318,320**	
Income/(expenses) from equity investments	7	37	38	(115)	(115)
Financial income	8	1,290	29	506	62
Financial expenses	8	(58,657)	-	(57,087)	-
Sub-total		**(57,330)**		**(56,696)**	
Profit/(loss) before tax		**234,969**		**261,624**	
Taxes	9	65,493	-	50,434	-
Profit/(loss) from continuing operations		**169,476**		**211,190**	
Profit/(loss) from discontinued operations	10	**-**		**-**	
Net profit/(loss) for the year		**169,476**		**211,190**	
Net profit/(loss) for the year attributable to:					
- Owners of the parent		169,815		210,927	
- Non-controlling interests		(339)		263	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2022

(in thousands of €)	For the year ended December 31, 2022	2021
Net profit/(loss) recognised in the profit and loss account	**169,476**	**211,190**
- Net profit/(loss) attributable to owners of the Parent	169,815	210,927
- Net profit/(loss) attributable to non-controlling interests	(339)	263
Other comprehensive income		
Items that will never be restated under profit/(loss):		
Revaluations of net liabilities/assets for defined benefits - owners of the Parent	3,500	(9)
Deferred tax assets and liabilities on items which will never be classified under profit/(loss) - owners of the Parent...	(983)	(44)
Total	**2,517**	**(53)**
Items that may be restated subsequently under profit/(loss):		
Change in fair value of hedging derivatives - owners of the Parent	113,874	28,568
Change in fair value of hedging derivatives reclassified in profit for the year - owners of the Parent..	(1,235)	(1,235)
Change in fair value of hedging derivatives (tax effect) - owners of the Parent	(27,330)	(6,856)
Change in fair value of hedging derivatives reclassified in profit for the year (tax effect) - owners of the Parent...	296	296
Total	**85,606**	**20,773**
Total other comprehensive income	**88,123**	**20,720**
Total comprehensive income	**257,599**	**231,910**
Total comprehensive income attributable to:		
- Owners of the Parent	257,938	231,647
- Non-controlling interests	(339)	263

The accompanying explanatory notes are an integral part of the Consolidated Financial Statemen

STATEMENT OF FINANCIAL POSITION
As of December 31, 2022

(in thousands of €)	Notes	As of December 31, 2022	of which to related parties	As of December 31, 2021	of which to related parties
ASSETS					
Non-current assets					
Property, plant and equipment	11	38,082	-	37,680	-
IFRS 16 right-of-use assets	12	26,073	-	25,957	-
Intangible assets	13	4,584,357	-	4,146,348	-
Net deferred tax assets	14	114,910	-	145,657	-
Equity investments	15	3,706	3,710	3,669	3,546
Non-current financial assets	16	116,660	-	13,012	-
Other non-current assets	17	33,290	-	40,323	-
Total		**4,917,077**		**4,412,646**	
Current assets					
Inventories	18	18,852	-	20,049	-
Trade receivables	19	55,433	42	222,972	55
Short-term financial receivables	20	2,822	1,350	2,014	480
Other current financial assets	21	489	20	26	18
Cash and cash equivalents	22	46,038	-	442,956	-
Income tax receivables	23	13,717	-	2,262	-
Other current assets	24	547,451	-	214,946	-
Total		**684,802**		**905,225**	
Non-current assets (or assets included in disposal groups)					
Non-current assets (or assets included in disposal groups) held for sale	25	1,703	-	10,486	-
Total		**1,703**		**10,486**	
Total assets		**5,603,582**		**5,328,356**	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF FINANCIAL POSITION
As of December 31, 2022

(in thousands of €)	Notes	As of December 31, 2022	of which to related parties	As of December 31, 2021	of which to related parties
EQUITY AND LIABILITIES					
Equity – Owners of the parent	26				
Share capital		3,639	-	3,639	-
Treasury shares		-	-	-	-
Other reserves		607,275	-	519,152	-
Retained earnings/ (accumulated losses)		517,750	-	411,830	-
Net profit/(loss) for the year		169,815	-	210,927	-
Total equity – Owners of the parent		**1,298,479**		**1,145,548**	
Equity – non-controlling interests					
Non-controlling interests		2,168	-	1,905	-
Net profit/(loss) for the year – non-controlling interests		(339)	-	263	-
Total equity – non-controlling interests		**1,829**		**2,168**	
TOTAL EQUITY		**1,300,308**		**1,147,716**	
Non-current liabilities					
Long-term loans	27	3,086,998	-	3,225,548	-
Post-employment and other employee benefits	28	30,207	-	37,092	-
Provision for risks and charges	29	10,486	-	8,206	-
Deferred tax liabilities	14	-	-	-	-
Non-current financial liabilities	30	-	-	10,184	-
Non-current IFRS 16 financial liabilities	31	18,811	-	20,006	-
Other non-current liabilities	32	353,854	-	338,512	-
Total		**3,500,356**		**3,639,548**	
Current liabilities					
Short-term loans	33	-	-	-	-
Current portion of long-term loans	34	118,147	-	18,182	-
Current portion of long-term and short-term provisions	35	65,001	-	70,360	-
Trade payables	36	448,994	6,850	219,218	4,450
Income tax payables	37	1,221	-	2,438	-
Current financial liabilities	38	19,611	-	20,009	-
Current IFRS 16 financial liabilities	39	6,660	-	5,606	-
Other current liabilities	40	143,054	10	203,999	7
Total		**802,688**		**539,812**	
Non-current liabilities (or liabilities included in disposal groups) held for sale					
Non-current liabilities (or liabilities included in disposal groups) held for sale	25	230	-	1,280	-
Total		**230**		**1,280**	
Total liabilities		**4,303,274**		**4,180,640**	
TOTAL EQUITY AND LIABILITIES		**5,603,582**		**5,328,356**	

The accompanying explanatory notes are an integral part of the Consolidated Financial Statemen

STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

	Notes	For the year ended December 31, 2022	2021
A) CASH AND CASH EQUIVALENTS – OPENING BALANCE	22	**442,956**	**186,991**
Cash flow from operating activities			
Profit/(loss) before tax		234,969	261,624
Taxes	9	(65,493)	(50,434)
1. Net profit/(loss) for the period		**169,476**	**211,190**
Adjustments for:			
Amortisation/depreciation	6.d	214,157	207,636
Impairment/(Reversals)/(Releases)	6.d	(711)	1,828
Capital (gains)/losses	5.b/6.e	5,754	11,544
Allocations to provisions for risks, charges and post-employment benefits		21,802	20,057
Financial (income)/expenses	7 and 8	57,330	56,696
2. Total adjustments		**298,332**	**297,760**
Change in net working capital			
Inventories	18	1,198	(1,162)
Trade receivables	19	168,267	18,571
Trade payables	36	229,776	(2,287)
Other current assets	24	(332,462)	50
Other current liabilities	40	(61,121)	(6,551)
Net tax receivables/(payables)	23 and 37	(12,672)	8,115
Increase/(decrease) in provisions for risks and charges and post-employment benefits	28, 29 and 35	(17,621)	(19,697)
Increase/(decrease) in provisions for deferred tax assets and liabilities	14	2,731	(25,711)
Other non-current assets	17	7,037	3,788
Other non-current liabilities	32	14,460	7,927
Financial income/(expenses) other than for financing	8	148	308
3. Total change in net working capital		**(261)**	**(16,649)**
B) CASH FLOW FROM OPERATING ACTIVITIES (1+2+3)		**467,548**	**492,301**
Cash flow (used in)/generated by investing activities			
Net fixed assets		(653,256)	(347,194)
Purchase of subsidiary and income from equity investments	7, 15 and IFRS 3	-	(105,091)
Settement of loan for purchase of equity investment	33 and IFRS 3	-	(45,733)
Cash acquired through company acquisition		-	4,106
C) CASH FLOW (USED IN)/GENERATED BY INVESTING ACTIVITIES		**(653,256)**	**(493,912)**
D) FREE CASH FLOW (B+C)		**(185,708)**	**(1,610)**
Cash flows from financing activities			
Dividend payout		(105,008)	(125,019)
Change in amortised cost	16, 27 and 34	2,309	(587)
Financial income/(expenses) relating to the FV of the derivative instrument from comprehensive income	7 and 8	(1,235)	(1,235)
Financial income for financing activities	8	562	16
Financial (expenses) for financing activities	8	(58,078)	(56,905)
Receipts from debenture loan issues	27	-	500,000
Debenture loan settlements	27 and 33	(22,607)	-
Change in short-term and long-term financial debt	27 and 33	(18,182)	(54,609)
Change in other non-current financial assets	16	(64)	1
Change in other financial receivables	20 and 21	(1,271)	(204)
Change in IFRS 16 financial leases	31, 39 and 11	(7,239)	(6,828)
Change in other financial payables	38	(399)	2,944
E) CASH FLOW FROM FINANCING ACTIVITIES		**(211,210)**	**257,574**
F) CASH FLOW FOR THE PERIOD (D+E)		**(396,918)**	**255,964**
G) CASH AND CASH EQUIVALENTS – CLOSING BALANCE	22	**46,038**	**442,956**

The accompanying explanatory notes are an integral part of the Consolidated Financial Statement

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2022

Other companies	Share capital	Share premium reserve	Legal reserve	Reserves for valuation of derivatives	Other reserves	Retained earnings/ (accumulated losses)	Profit/(loss) for the year	Total - Owners of the Parent	Total - Non-controlling interests	Total consolidated equity
As of December 31, 2020...	**3,639**	**286,546**	**728**	**(21,967)**	**233,118**	**353,381**	**183,476**	**1,038,921**	**1,905**	**1,040,825**
Allocation of income for 2020:										
Distribution of income	-	-	-	-	-	58,457	(58,457)	-	-	-
- Dividend payout	-	-	-	-	-	-	(125,019)	**(125,019)**	-	**(125,019)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(125,019)***	-	***(125,019)***
- Other changes..................	-	-	-	-	7	(7)	-	**-**	-	**-**
- Change in IAS reserves.....	-	-	-	20,773	(53)	-	-	**20,720**	-	**20,720**
- Net income for the year recognised in profit or loss..	-	-	-	-	-	-	210,927	**210,927**	263	**211,190**
As of December 31, 2021...	**3,639**	**286,546**	**728**	**(1,194)**	**233,072**	**411,830**	**210,927**	**1,145,548**	**2,168**	**1,147,716**
Allocation of income for 2021:										
Distribution of income	-	-	-	-	-	105,919	(105,919)	-	-	-
- Dividend payout	-	-	-	-	-	-	(105,008)	**(105,008)**	-	**(105,008)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(105,008)***	-	***(105,008)***
- Change in IAS reserves.....	-	-	-	85,606	2,517	-	-	**88,123**	-	**88,123**
- Net income for the year recognised in profit or loss..	-	-	-	-	-	-	169,815	**169,815**	(339)	**169,476**
As of December 31, 2022...	**3,639**	**286,546**	**728**	**84,412**	**235,589**	**517,750**	**169,815**	**1,298,479**	**1,829**	**1,300,308**

The accompanying explanatory notes are an integral part of the Consolidated Financial Statemen

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS

Format and contents of the Financial Statements

The 2i Rete Gas Group operates in the gas distribution sector. The parent company 2i Rete Gas S.p.A. is a joint stock company, and is based in Milan, Via Alberico Albricci, 10.

The local structure of the Parent Company consists of six departments.
The departmental offices are:

- North West Department - Via Gazzoletto, 16/18 - 26100 Cremona (province of Cremona)
- North Department - Via Francesco Rismondo, 14 - 21049 Tradate (province of Varese)
- North East Department - Via Serassi, 17/Rs - 24124 Bergamo (province of Bergamo)
- Central Department - Via Morettini, 39 - 06128 Perugia (province of Perugia)
- South-West Department - Via Boscofangone snc - 80035 Nola (province of Naples)
- South East Department - Via Enrico Mattei - 72100 Brindisi (province of Brindisi)

On March 27, 2023 the Directors of 2i Rete Gas S.p.A. approved these consolidated financial statements, which were made available to the Shareholders within the terms set forth in art. 2429 of the Civil Code.
For the purposes of IAS 10.17, the date taken into consideration by the Directors in preparing the financial statements is March 27, 2023.
These consolidated financial statements are audited by PricewaterhouseCoopers S.p.A.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2022 have been drafted in compliance with the International Financial Reporting Standards – IAS/IFRS issued by the International Accounting Board (IASB), recognised by the European Community in accordance with Regulation (EC) no. 1606/2002 in force at the close of the year, and with the relative SIC/IFRIC interpretations issued by the Interpretation Committee, in force on the same date. The above standards and interpretations are hereinafter referred to as "IFRS-EU".

Reporting and valuation criteria

These consolidated financial statements have been drawn up using a standard application of the accounting standards set out below for all the years shown.

Basis of presentation

The consolidated financial statements consist of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes.
The assets and liabilities reported in the Statement of Financial Position are classified on a "current/non-current" basis, separately disclosing the assets and liabilities held for sale.
Current assets, which include cash and cash equivalents, are those intended to be realised, sold or used during the Group's normal operating cycle or in the twelve months following the reporting period; current liabilities are those expected to be settled during the Group's normal operating cycle or in the twelve months following the reporting period.
Items in the Profit and Loss Account are classified based on the nature of expenses, while the Statement of Cash Flows is presented using the indirect method.
The consolidated financial statements are presented in euro (the functional currency) and the values shown in the notes are expressed in thousands of euro, unless otherwise stated.
The consolidated financial statements have been prepared using the historical cost method, except for those items which, in accordance with the IFRS-EU, are measured at fair value, as indicated in the valuation criteria for the individual items.

These consolidated financial statements have been prepared on a going-concern basis, as set out in greater detail in the Directors' Report[56].

Consolidation criteria

The consolidated financial statements are prepared consolidating the data of the Parent Company and of the investee companies it controls, directly or indirectly, on a line-by-line basis. Control exists when the Group is exposed to variable returns arising from its relationship with the company, or has rights over such returns, and at the same time has the ability to affect them by exercising its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from when the Parent Company starts to exercise control until the date when such control ends.

The Group accounts for business combinations by applying the acquisition method on the date when it effectively obtains control of the purchased company. In this regard, reference should be made to the section "Business combinations" below.

Third-party equity investments are valued in proportion to the related share of net identifiable assets of the purchased company at the acquisition date. The changes in the Group's stake in a subsidiary which do not entail loss of control are recognised as transactions among shareholders in their role as shareholders.

In the case of loss of control, the Group derecognises the subsidiary's assets and liabilities, any third-party equity investments and other equity items relating to the subsidiaries. The profit or loss deriving from the loss of control is recognised in profit or loss. Any residual equity investment held in the former subsidiary is measured at the fair value at the date of loss of control.

In drawing up the consolidated financial statements, debit and credit items are derecognised, as well as costs and revenues of all significant transactions among the companies included in the scope of consolidation. Unrealised profits, as well as capital gains and losses arising from transactions among Group companies, are also derecognised.

Use of estimates

Preparing the financial statements under the IFRS-EU requires the use of estimates and assumptions which impact the values of assets and liabilities and disclosure on contingent assets and liabilities at the reporting date, as well as on total revenues and costs in the reporting period. The estimates and related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are adopted when the carrying amount of financial statement items cannot be easily deduced from other sources. The actual results might therefore differ from these estimates. The estimates and assumptions are periodically revised, and the effect of each change is reflected in profit or loss, should that revision relate only to the year in question. Should the revision relate to both current and future years, the change is recorded in the year in which it is carried out and in related future periods.

Revenue recognition

Revenue from gas transport is determined annually on the basis of the tariff regulation in force, which, as from 2009, sets forth the definition of the tariff revenue cap (known as VRT, Vincolo dei Ricavi Tariffari) which is allowed for each gas distribution company. On the basis of Resolution 570/2019/R/gas adopted at the end of 2019, parameters regulating the calculation of the VRT for the years from 2020 to 2025 (Fifth Regulatory Period) were defined.

The figure for revenue is accounted for in the invoicing of gas transport to sales companies and, to complement the VRT value, in the CSEA equalisation element.

Since it is necessary to base the VRT calculation on an asset recognition which is updated to the previous year, the company must also estimate a growth rate for its average active Redelivery Points to enable the updating of the figure for the year just ended.

Therefore, the value indicated also includes an estimated element, whose impact is largely insignificant, connected to the increase in the average number of active Redelivery Points.

[56] *The Directors' Report is publicly available at the 2i Rete Gas' web site. The Director's Report is not included in, and does not form part of, this International Offering Circular.*

When the balance is calculated, the value of the VRT annually communicated by ARERA by means of a specific resolution may be subject to change depending on the actual average number of Redelivery Points served and invoiced.

Pensions and other post-employment benefits

Some company employees participate in pension plans which offer benefits based on salary history and years of service. In addition, some employees benefit from other post-employment benefit schemes.
The expenses and liabilities associated with these plans are calculated on the basis of estimates made by our actuarial consultants, who use a combination of statistical and actuarial elements, including statistics relating to past years and forecasts of future costs. Estimates are also made of death and withdrawal rates, assumptions on the future trend in discount rates, the rates of wage increases and trends in medical care costs.
These estimates can significantly differ from actual results, owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in actual medical care costs. Such differences can have a substantial impact on the quantification of pension costs and other related charges.

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is periodically tested for impairment, and wherever circumstances or events suggest that more frequent testing is necessary.
Where the carrying amount of a group of fixed assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their future disposal, in accordance with the Company's most recent plans.
The estimates of such recoverable values are considered reasonable. Nevertheless, possible changes in the factors for estimating such recoverable values could generate different results. For further details on the means of carrying out the impairment test and its results, reference should be made to the specific section.

Disputes

The 2i Rete Gas Group is involved in various legal disputes relating mainly to labour cases and litigation with some granting bodies.
Given the nature of these disputes, it is not always objectively possible to foresee the final outcome of these proceedings, some of which could end with a negative outcome.
The estimate of the provisions is the result of a complex process which entails subjective assessments by management. The provisions for risks recorded in the financial statements have been estimated to cover all significant liabilities for cases where lawyers have noted a likely negative outcome and made a reasonable estimate of the amount of the loss.

Bad debt provision

This provision reflects the estimates of losses on the company's receivables portfolio. Allocations have been made for forecast losses on receivables, estimated on the basis of past experience in reference to receivables with similar credit risk, current and historical unpaid amounts, write-offs and receipts as well as careful monitoring of the quality of the receivables portfolio and the current and forecast state of the economy and key markets.
Although the provision allocated is adequate, the use of different assumptions or a change in economic circumstances could result in changes to the bad debt provision and, therefore, have an impact on profits.
The estimates and assumptions are periodically revised, and the impact of each change is reflected in profit or loss in the relevant year.

Equity investments in associates and companies subject to joint control

Equity investments in associates are those in which the 2i Rete Gas Group has considerable influence over the financial and operational policies, although not holding control or joint control.

Companies subject to joint control or joint ventures are companies where the Group, by virtue of an agreement, claims rights over net assets.
Equity investments in associates and in joint ventures are initially recognised at cost and subsequently recognised on an equity basis. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profits or losses of the investee companies accounted for using the equity method, until the date on which said considerable influence or joint control ends.

Business combinations

Business combinations subsequent to January 1, 2010 are recognised using the acquisition method envisaged by IFRS 3 (Revised). The identifiable assets acquired and the liabilities assumed are measured at their respective fair values at the acquisition date. Any surplus in the purchase cost over the fair value of the net assets acquired is accounted for as goodwill or, if a deficit, recognised in profit or loss. The carrying value of any goodwill is subject to annual impairment testing in order to identify any impairment.
Should it be possible to determine the fair value of the assets, liabilities and identifiable contingent liabilities only provisionally, the business combination is recognised using these provisional values. Any adjustment arising from the completion of the valuation process is recognised within 12 months of the acquisition date.
Transaction costs, other than those relating to the issue of debt securities and equity, which are incurred by the Group to make a business combination, are recognised as operating costs when incurred.

Combinations of entities under common control

Business combinations under which the participating companies are definitively controlled by the same company or companies both before and after the combination, and this control is not temporary, are regarded as "under common control" transactions.
These transactions are not regulated by IFRS 3 or by other IFRSs. In the absence of a relevant international accounting standard, in compliance with the principle of prudence which entails application of the criterion of continuity of values for the net assets acquired, the Group has opted to recognise assets and liabilities from any combinations of entities under common control at the carrying value which these assets and liabilities had in the financial statements of the seller/acquiree or in the consolidated financial statements of the common controlling entity. Where the transfer values are higher than the historical values, the surplus is eliminated by writing down the Group's equity.

Property, plant and equipment

In compliance with IFRIC 12, effective as from January 1, 2010, the Group analysed its outstanding concessions at December 31, 2010 and made changes to the accounting treatment of fixed assets. As specified in greater detail below, following application of IFRIC 12, some fixed assets which were previously considered as tangible are now reclassified as intangible.

Property, plant and equipment not relating to gas distribution concessions are recognised at historical cost, including directly attributable ancillary costs necessary for the asset to be ready; subject to any legal or implicit obligations, the cost may be increased by the present value of the cost estimated for the dismantling and removal of the asset. The corresponding liability is recognised in liabilities under a specific provision for future risks and charges. Currently, no liability linked to the dismantling and removal of assets is recognised, since there are no legal or implicit obligations which justify such recognition.
The purchase or production cost includes the financial expenses relating to loans connected to the purchase of tangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.
Some assets, which were revalued at the date of transition to the IFRS-EU or in previous periods, have been recognised on the basis of the revalued cost, considered as deemed cost.

Should significant parts of individual tangible assets have different useful lives, the identified components are recognised and depreciated separately.

The costs incurred subsequent to the purchase are recognised as an increase in the carrying amount of the asset to which they refer, when it is probable that future economic benefits deriving from the cost will flow to the Group and the cost of the item can be reliably determined. All other costs are recognised in profit or loss in the year in which they are incurred.
The cost of replacing part or all of an asset is recognised as an increase in the value of the asset to which it refers and is depreciated over its residual useful life; the net carrying amount of the replaced unit is recognised in profit or loss, with recognition of any capital loss.
Property, plant and equipment are recognised net of accumulated depreciation and any impairment losses, determined as set out below.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually; any changes are applied on a prospective basis. Depreciation begins when the asset is ready for use.

The estimated useful life of the main tangible assets is as follows:

Asset description	Useful Life
Land	-
Non-industrial buildings	50 years
Industrial buildings	50 years
Miscellaneous equipment and concentrators	8, 10, 15, 20 years
Office furniture and equipment	5, 8, 33, 10 years
Electronic devices	5 years
Vehicles	5 years
Cars	4, 5 years
Other	4, 5, 15 years

Land, both unbuilt and with industrial and non-industrial buildings, is not depreciated as it has an indefinite useful life, except for the land which is transferred for free at the end of the concession.

Intangible assets

As noted above, in compliance with IFRIC 12, effective as from January 1, 2010, the Group analysed its outstanding concessions as of December 31, 2010 and made changes to the accounting treatment of fixed assets. In particular, since the Group is subject to demand risk, the accounting treatment which it considered correct to apply is that of intangible assets: all the proprietary infrastructure obtained under a concession contract is no longer recognised as tangible assets but classified as intangible assets.

Intangible assets are measured at purchase or internal production cost, when it is likely that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes directly attributable ancillary expenses necessary to make the assets ready for use. The cost includes the financial expenses relating to the loans connected to the purchase of intangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.

Intangible assets which have a finite useful life are recognised net of accumulated amortisation and any impairment losses, determined as follows.
Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed at least annually; any changes are applied on a prospective basis.
Amortisation begins when the intangible asset is ready for use.
The estimated useful life of the main tangible assets is as follows:

Asset description	Useful Life
Intellectual property rights	3, 5, 20 years
Concessions	Concession life (*) (**)
Licences, trademarks and similar rights	3, 5, 20 years
Goodwill	Indefinite, subject to impairment testing
Other	3, 5, 7, 10, 20, 50 years – useful life of contract

(*) Amortisation is calculated based on the realisable value estimated at the end of the concession life, where applicable. In case of concessions expired at the end of the reporting period and whose expiration date has been postponed, the residual value is reviewed taking into account the relevant expiration postponement.

(**) With the locations acquired through ATEM tenders, the useful lives specifically provided for in the tariff regulation were applied, taking into account any remaining useful life.

Intangible assets which have an indefinite useful life are not systematically amortised but undergo at least an annual check for recoverability (impairment test).

As for concessions, the 2i Rete Gas Group holds the concession for the gas distribution service assigned by tender for a maximum period of 12 years by local authorities (municipalities, municipality groups and mountain communities). Through service agreements, local authorities can set the terms and conditions for the distribution service, as well as the quality levels to be achieved. The concessions are allocated on the basis of the financial conditions, quality and safety standards, investment plans and the technical and managerial capabilities offered.

As in the previous Report, it should be highlighted that a significant number of concessions managed by the 2i Rete Gas Group for gas distribution were terminated on the basis of their natural or ope legis expiry at December 31, 2010.

It is noted that since the publication of Legislative Decree no. 93/11 on June 29, 2011, local authorities may only initiate new tender procedures within the terms set forth in the "Ambit" and "Criteria" decree issued in 2011. For this reason only those local authorities that have initiated the tender procedure for the surrender of the gas distribution concession prior to the publication of Legislative Decree no. 93/11 may proceed with said tender. In all other cases, tenders are suspended until municipalities are ready to call them on a territorial basis. In the meantime, the 2i Rete Gas Group is continuing with the management of the network in the same way as prior to the expiry.

Should the concession not be reassigned to the Group, the Group would have the right to compensation equal to the industrial value of the assets used for the concession determined in accordance with the relevant laws.

Rights of use under IFRS 16

Rights of use under IFRS 16 are fixed assets reflected in the financial statements as of January 1, 2019 following first-time adoption of the standard in question.

This standard provides the lessee with a single accounting model requiring the recognition of assets and liabilities for all leases.

The lessee must recognise the leased asset under tangible assets and at the same time recognise financial liabilities equal to the current value of future payments. The only admitted exceptions are short-term leasing (for 12 months or less) and the leasing of "small assets" (e.g. office furniture, PCs) for which accounting treatment is similar to that currently adopted for operating leases.

In the mapping carried out, three main cases were identified which are of interest in the Group's contracts:

- Vehicle hire
- Property lease
- ICT services entailing exclusive use of the underlying assets

The Group organised and categorised these contracts, recording the relevant clauses for the purposes of IFRS 16 accounting, as well as establishing an incremental borrowing rate curve, which mirrors the real rate to which the Group would be subject in case of use of capital markets.

Impairment losses

Tangible and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, their recoverable amount is estimated.

The recoverable amount of goodwill and intangible assets with an indefinite useful life, if any, as well as that of intangible assets not yet available for use, is estimated at least annually.
For an asset which does not generate fully independent cash flows, including goodwill, the recoverable value is determined in relation to the "cash generating unit" (CGU) to which this asset belongs.
In this regard, please note that the Group as a whole is considered to be a CGU.
The recoverable amount is the higher of an asset's fair value, net of disposal costs, and its value in use.
In determining the value in use, the expected future cash flows are discounted using a discount rate which reflects the current market valuations of the cost of funding in relation to the timing and specific risks of the business.
An impairment is recognised in profit or loss if the carrying amount of an asset, or of the CGU to which it is allocated, is higher than its recoverable amount.
Impairment of a CGU is first charged against the carrying amount of any goodwill allocated to the CGU, then proportionally to reduce the other assets which make up the CGU.
Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount.
Impairment of goodwill can never be reversed in future years.

Inventories

Inventories are measured at the lower of cost and the net realisable value. The weighted average cost method is used, which includes relevant ancillary expenses. The net realisable value is the sale price estimated in normal business operations, net of the costs estimated for the sale or, where applicable, the replacement cost.

Financial instruments

The initial recognition of non-derivative financial assets and liabilities takes place, for loans, receivables and debt securities issued, at the moment when they originated, while for all the other financial assets and liabilities it takes place on the trading date.
Financial assets are derecognised when: i) the contractual rights to receive cash flows end; ii) when the Group has maintained the right to receive cash flows from the asset, but has taken on the contractual obligation to pay them in full without any delay to a third party; or iii) when the Group has transferred the right to receive cash flows from the asset and has substantially transferred all the risks and benefits of ownership of the financial asset, or has transferred control over the financial asset.
Any residual involvement in the transferred asset which is originated or maintained by the Group is recorded as a separate asset or liability.
The Group derecognises a financial liability when the obligation specified in the contract is fulfilled or cancelled or has expired.

Fair Value hierarchy under IFRS 13

In accordance with IFRS 13, assets and liabilities recognised at fair value in the consolidated financial statements are measured and classified based on the fair value hierarchy outlined by the standard, which consists in three levels based on the observability of the inputs to the corresponding valuation technique. Fair value hierarchy levels are based on the type of inputs used to determine fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).

Level 3: unobservable data for the asset or liability, reflecting the assumptions that market participants should use in pricing the asset or liability, including the risk assumptions (of the model and the inputs used).
The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire fair value measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.
If an observable input requires an adjustment using unobservable inputs and that adjustment is material to the measurement, the resulting measurement would be categorised within the same level as the lowest level input used.
The Group has implemented adequate controls to monitor all measurements, including those received from third parties. If those checks show that the measurement cannot be considered as market corroborated, the instrument must be categorised within Level 3.

Financial assets measured at fair value through profit or loss

This category includes any financial assets held for trading or measured at fair value through profit or loss at the time of initial recognition.
Such assets are initially recognised at their fair value. The attributable transaction costs are recognised in profit or loss when they are incurred. Profit and losses from subsequent changes in their fair value are recognised in profit or loss.

Financial assets held to maturity

This category includes non-derivative financial instruments quoted in an active market that do not represent equity investments, which the Company can and intends to hold until maturity. They are initially recognised at fair value, including any transaction costs; subsequently, they are measured at amortised cost using the effective interest rate method, net of impairment (if any).
Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate.

Loans and receivables

This category includes financial and trade receivables, including non-derivative debt securities, with fixed or determinable payments, that are not quoted on an active market and that the Group does not originally intend to sell.
At first, such assets are recognised at fair value, adjusted for any transaction costs, and subsequently measured at amortised cost using the effective interest rate method, adjusted for any impairment losses. Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate.
Trade receivables falling due in line with generally accepted trade conditions are not discounted.
Receivables relating to EECs refer to contributions which will be awarded by the Fund for Energy and Environmental Services for certificates in the 2i Rete Gas Group's portfolio.
Receivables in general have been derecognised, since the right to receive the respective cashflows has been stopped when all the risks and benefits relating to the holding of credit have been substantially transferred or if the credit is deemed to be definitively uncollectable after all necessary recovery procedures have been completed.
When the credit is cancelled, the relative fund is also eliminated if the credit had previously been written down.

Financial assets available for sale

This category includes debt securities, equity investments in other entities (if classified as “available for sale”) and financial assets that cannot be classified in other categories. Such assets are initially recognised at fair value increased by any transaction costs. After initial recognition, these instruments are measured at fair value against the other components of the statement of comprehensive income.
At the time of sale, retained earnings and accumulated losses are reclassified from other comprehensive income to profit or loss.
Where there is objective evidence that such assets have suffered an impairment loss, the accumulated loss is recognised in profit or loss. Such impairment losses, which cannot be subsequently reversed, are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted at the market interest rate for similar financial assets.
When the fair value cannot be reliably determined, these assets are recognised at cost adjusted for any impairment losses.

Cash and cash equivalents

This category is used to record cash and cash equivalents that are available on demand or at very short term, clear successfully and do not incur collection costs.
For the statement of cash flows, cash and cash equivalents comprise bank and post office deposits and cash in hand.

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables falling due in line with generally accepted trade conditions are not discounted.

Financial liabilities

Financial liabilities other than derivatives are initially recognised at fair value at the settlement date, net of directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments

Derivatives, if any, are recognised at fair value and are designated as hedging instruments when the relationship between the derivative financial instrument and the hedged item is formally documented and the effectiveness of the hedge is high (based on a periodical assessment).
Recognition of the result of measurement at fair value depends on the type of hedge accounting adopted.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities (fair value hedge), any changes in the fair value of the hedging instrument are recognised in profit or loss; likewise, adjustments to the fair values of the hedged assets or liabilities are also recognised in profit or loss.
When the derivatives are used to hedge the risk of changes in cash flows of hedged items (cash flow hedge), the changes in the fair value that are considered effective are recognised in other comprehensive income, and presented in a specific equity reserve, and subsequently reclassified to profit or loss in line with the economic effects produced by the hedged transaction.

The ineffective portion of the fair value of the hedging instrument is recognised in profit or loss.
Changes in the fair value of derivatives that no longer qualify for hedge accounting under IFRS-EU are recognised in profit or loss.

The accounting for such instruments is done at the trading date.
Financial and non-financial contracts (where they have not already been measured at fair value) are assessed to determine whether they contain any embedded derivatives that need to be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated so that it significantly changes the original associated cash flows.

Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets, fair value is determined by discounting expected cash flows on the basis of the market interest rate curve at the end of the reporting period and translating amounts in currencies other than the euro at period-end exchange rates.

Employee benefits

Liabilities related to employee benefits paid upon or after leaving employment and in connection with defined benefit plans or other long-term benefits granted during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the end of the reporting period. The liability is recognised on an accrual basis over the vesting period of the related rights. These measurements are performed by independent actuaries. Following the adoption of IAS 19 (2011), the actuarial gains/losses that emerge following these measurements are immediately recognised in other comprehensive income.

Where the Group shows a demonstrable commitment, with a detailed formal plan without realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognised as a cost and measured on the basis of the number of employees that are expected to accept the offer.

Provisions for risks and charges

Allocations to provisions for risks and charges are recognised when, at the reporting date, there is a legal or implicit obligation towards third parties as a result of a past event, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the effect is significant, allocations are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market value of the cost of funding in relation to timing and, if applicable, the specific risks of the obligation. If the amount is discounted, the periodic adjustment of the present value due to timing is recognised as a financial expense in profit or loss.

Contributions

Whether they are from public entities or third parties operating in the private sector, contributions or grants are recognised at fair value when it is reasonably certain that they will be received and that the conditions for their recognition will be met.

Contributions received for specific expenditures are systematically recognised among other liabilities and taken to profit or loss over the period in which the related costs are incurred.

Public contributions (plant contributions) received for specific assets whose value is recognised among tangible and intangible assets are recognised among other liabilities and taken to profit or loss over the amortisation/depreciation period of the assets they refer to.

Private contributions (connection fees, including property subdivision contributions) are recognised in a specific liability item in the statement of financial position and taken to profit or loss in relation to the amortisation/depreciation period of the assets they refer to.

Revenue and costs

Revenue is recognised using the following criteria depending on the type of transaction:

- revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the assets sold are transferred to the buyer and their amount can be reliably determined and collected;
- revenue from gas transport is accrued on the basis of the tariffs and related restrictions contained in legal provisions and in the provisions of ARERA, in force during the reporting period. It is recalled that with the introduction of the new formula for recognising gas transport revenues adopted since 2009, with the coming into force of ARG/gas resolution no. 159.08, largely re-confirmed with ARERA resolutions 573/13,367/14 and 570/19, an equalisation mechanism was created to allow the

revenues accruing to distribution companies to be counted as remuneration for invested capital and operating costs attributable to the gas distribution and metering service, regardless of the volumes distributed;

- revenue from the rendering of services is recognised in line with the stage of completion of the services. Should it not be possible to reliably determine the value of revenue, it is recognised up to the amount of the costs incurred and expected to be recovered.

Costs are recognised when they relate to goods and services sold or used in the year or allocated through systematic accrual when it is not possible to identify their future benefit.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis in line with interest accrued on the net value of the related financial assets and liabilities using the effective interest rate method.

Dividends

Dividends from equity investments are recognised when the right of the shareholders to receive the dividend payment is established. The dividends payable to third parties are recognised as a change in equity on the date on which they are approved by the Shareholders' Meeting.

Income taxes

Current income taxes for the year, recognised as "income tax payables" net of advances paid or as "income tax receivables" if the net balance is positive, are determined on the basis of the estimated taxable income and in accordance with the current fiscal regulations or the fiscal regulations essentially in force at the end of the reporting period.
Deferred tax liabilities and assets, which are set out in the tables as the net impact of the two items under assets, are calculated based on the temporary differences between the carrying amounts recorded in the financial statements and their corresponding values recognised for tax purposes by applying the tax rates effective on the date the temporary difference will be settled, based on the tax rates that are enacted or substantively enacted at the reporting date.
Deferred tax assets are recognised when recovery is likely, i.e. when sufficient future taxable income is expected to be available to recover the assets. Recoverability of deferred tax assets is re-examined at the end of each reporting period.
Taxes relating to components that are directly recognised in equity are also recognised in equity.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale rather than ongoing use are classified as held for sale and shown separately from the other assets and liabilities in the Statement of financial position. These non-current assets (or disposal groups) are initially recognised according to the appropriate IAS/IFRS that is applicable to each asset and liability and subsequently at the lower of their carrying amount and their fair value, net of sale costs. Any subsequent impairment loss is directly recognised against any non-current assets (or disposal groups) classified as held for sale and recognised through profit or loss. The relevant carrying amounts for the previous year are not reclassified.
A discontinued operation is a part of a business which has been sold or classified as held for sale and which:

- represents a significant branch or geographic area of activity;
- is part of a coordinated plan for the disposal of a significant branch or geographic area of activity, or
- is a subsidiary that was purchased only to be resold.

Results of discontinued operations, whether they have been sold or classified as held for sale and in the process of being sold, are recognised separately in profit or loss, net of tax effects. The corresponding values for the previous year, if any, are reclassified and recognised separately in profit or loss, net of tax effects, for comparative purposes.

Recently issued accounting standards

Pursuant to IAS 8, the following section “Accounting standards, amendments and interpretations applicable by the Group as from this year” sets out the main features of the amendments to the International Accounting Standards in force as from January 1, 2022 and of potential interest for the Group.
In the following sections, there is an indication of the accounting standards and interpretations which have already been issued, but not yet come into force, or which have not yet been endorsed by the European Union and are therefore not applicable for the drafting of the financial statements at December 31, 2022, the impact of which may be included as from the financial statements for subsequent years.

Accounting standards, amendments and interpretations applicable by the Group as from this year

As from January 1, 2022 some additions have been applied consequent to specific sections of the international accounting standards which have already been adopted by the Group in previous years.
Regulation no. 2021/1080 issued by the European Commission on June 28, 2021 has resulted in the approval of:

- amendments to IAS 37, aimed at providing clarifications on how the onerousness of a contract is calculated; these amendments specify that the costs to be taken into account when measuring onerous contracts are both the incremental costs of fulfilling the contract (e.g. direct labour and materials) and a percentage of other costs that refer directly to the performance of the contract;
- amendments to IAS 16, designed to establish that proceeds from the sale of goods produced by an asset before it is ready for its intended use shall be recognised in profit or loss along with the relevant production costs.
- amendments to IFRS 3, aimed at: (i) completing updates of references to the Conceptual Framework for Financial Reporting present in the accounting standard; (ii) providing clarifications about assumptions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (so-called levies) assumed as part of a business combination; (iii) stressing the fact that contingent assets cannot be recognised as part of a business combination;
- the document "Annual improvements to IFRSs 2018-2020", containing changes, essentially technical or of wording, to international accounting standards.

These provisions are effective for reporting periods starting on or after January 1, 2022.
There are no significant changes in Group financial statements resulting from such changes.

Accounting standards and interpretations issued by IASB and not yet approved by the European Commission

Regulation no. 2021/2036 issued by the European Commission on November 19, 2021 approved IFRS 17 “Insurance contracts” (hereinafter IFRS 17), including the related amendments, issued in 2020, designed to defer its entry into force by two years. IFRS 17, which replaces IFRS 4 “Insurance contracts”, defines the accounting of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17 are effective for reporting periods beginning on or after January 1, 2023.

Regulation no. 2022/357 issued by the European Commission on March 3, 2022 approved the changes to IAS 1 “Classification of Liabilities as Current or Non-current” (hereafter amendments), aimed at providing clarifications about the classification of liabilities as current or non-current, as a result of the deferral defined by the amendments made on July 15, 2020 (“Classification of Liabilities as Current or Non-current - Deferral of Effective Date”). The same measure also endorsed the amendments to IAS 8 on the definition of “Accounting”.
These changes will come into force on or after January 1, 2023.

Regulation no. 2022/1392 issued by the European Commission on August 12, 2022 approved the changes to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (hereafter amendments), designed to require the recognition of deferred taxation for transactions that give rise to taxable and deductible temporary differences of equal amount upon initial recognition.

The amendments are effective for reporting periods beginning on or after January 1, 2023.

Finally, on September 9, 2022 Regulation no. 2022/1491 issued by the European Commission approved the changes to IFRS 17 "Insurance contracts", concerning the initial application of IFRS 17 and IFRS 9 on comparative information.
The amendments are effective for reporting periods beginning on or after January 1, 2023.
None of these Standards or Interpretations was adopted early by the Group.

Accounting standards and interpretations issued by IASB and not yet approved by the European Commission

On November 10, 2022 the IASB issued changes to IFRS 16 – Liabilities for leasing for Sale and Leaseback operations.
On December 22, 2022 the IASB issued changes to IAS 1 to improve the classification of Current and non-current liabilities and Non-current liabilities secured by covenants".

Information on Profit and Loss Account

Revenue

Methane gas is transported by the company exclusively within Italy.

5.a Revenue from sales and services – €694,682 thousand

"Revenue from sales and services" refers mainly to gas transport activity and the connection fees.
Below is a breakdown of "Revenue from sales and services":

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Sales and services			
Gas and LPG transport	650,402	679,285	(28,884)
Release/(Allocation) to the provision for risks	2,369	3,079	(709)
Connection fees	10,627	8,987	1,640
Ancillary fees	5,969	5,933	37
Revenue from customer operations	83	95	(11)
Sundry revenue and other sales and services	25,232	24,237	995
Total revenue from sales and services	**694,682**	**721,615**	**(26,932)**

Revenue from gas transport totalled €650,402 thousand, and mainly refers to the 2022 Tariff Revenue Cap for natural gas together with revenue from adjustments relating to previous years.
During the year this item fell by €26,932 thousand, once the changes to the item "Release/provisions for risks" was considered, due mainly to the loss of €28,884 thousand from the lower rate of remuneration established for the current regulatory period, the reduction in recognised operating costs, and the fact that in the previous year the result included higher revenues related to the value of the tariff for the replacement of traditional meters that were not fully depreciated and replaced in previous years (Resolution 559/2020/R/Gas, so-called IRMA - Amount to Recover Lost Depreciation).
Further to Resolution 525/2022/R/GAS, the item "Release/(Provisions) for Risks" includes the allocation of €2,786 thousand to cover the risk of downgrading, for locations with a year of first supply after 2017, of part of the Tariff Revenue Cap in the event that at the end of the observation period set by the Authority the minimum number of active users needed for full recognition of investments undertaken is not reached.
Connection fees, which totalled €10,627 thousand, increased during the year mainly due to the acquisition of ATEM Naples 1, net of which they would be in line with previous years.

"Sundry revenues and other sales and services", amounting to €25,232 thousand in 2022, include revenues from the suspension and reactivation of defaulting customers at the request of the sales companies (€7,591 thousand); in addition to revenues from meter reading, which amounted to €6,480 thousand (a further improvement over the previous year), revenues from the T.Col tariff component, substantially in line with the previous year, also belonged to this item (€10,277 thousand).

5.b Other revenues – €36,894 thousand

"Other revenues" rose by €1,114 thousand, broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Other revenue...			
Revenue from energy efficiency certificates	-	1,822	(1,822)
Revenue from plant contributions	3,465	2,322	1,143
Revenue from contributions..	93	-	93
Revenue from contributions - R&D tax credit	-	160	(160)
Revenue from contributions - tax credit for extraordinary events ..	-	48	(48)
Contingent assets	1,651	4,856	(3,205)
Revenue from Resolution 574/13..	18,928	17,919	1,009
Rental income	295	413	(118)
Capital gains from assets...	2,194	548	1,647
Compensation for damages	3,669	973	2,696
Other revenue and income and services	6,490	6,570	(79)
Revenue and contribution concerning photovoltaic plants	110	150	(41)
Total other revenue...	**36,894**	**35,780**	**1,114**

It is noted that since 2018 revenue, costs and allocations for EECs have been recognised in aggregate form, thus presenting only the net margin (positive or negative) for the year.
Nel 2022 the net balance for EEC management was negative, therefore it is included in the item Other Costs and not in this item.
Contingent assets returned to a standard business management level, whereas in the previous year the agreement reached with the municipality of Anzio concerning ownership of a portion of the distribution network and the relative price to be paid had significantly improved this item.
Revenues as per Resolution 574/2013/R/gas concerning the quality of gas distribution and metering services grew by a further €1,009 thousand thanks to the Group's constant attention to the high technical quality and standards of its network device services. The positive result depends on both the number of gas chromatography tests undertaken by the distributor (a parameter which the Group can control) and on the fall in leaks at the distributor's plants (a parameter that cannot be governed directly by the distributor except through continuous monitoring, undertaken using new, cutting-edge technologies).

Capital gains from asset disposals include a capital gain of €1.5 million from sale of the ATEM Milan 1 concession (Cinisello Balsamo), to total €2,194 thousand.
Lastly, the item "Other revenues and income and provision of services" is in line with the previous year's result; this item basically consists of revenues from activities carried out on defaulting end customers, the administrative management of which has been delegated to the gas distributor.

5.c Revenue from intangible assets/assets under construction – €320,538 thousand

As from January 1, 2010 the company has been recognising this revenue pursuant to IFRIC 12 "Service concession arrangements".

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Revenue from intangible assets / assets under development.....			
Revenue from intangible assets / assets under development...........	320,538	319,395	1,143
Total revenue from intangible assets / assets under development	**320,538**	**319,395**	**1,143**

Revenue from intangible assets and assets under construction represents the proportion of revenue directly attributable to the construction and enhancement of gas distribution networks held under concession. Since it is not possible to identify a specific item relating to the network construction service in the existing tariff system, this revenue is recognised to the extent of the costs incurred for the same purpose, and therefore has no impact on gross margin.

Costs

As already noted, all costs recognised under the accounting model as per IFRIC 12 are broken down by nature within the pre-existing cost items.
The following table provides a summary of the items relating to the company's operating costs in order to ensure their compliance with the aforementioned standard.

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Costs relating to revenue from intangible assets/assets under development			
Raw materials and consumables	11,197	9,079	2,118
Costs for services	215,472	203,293	12,179
Other operating costs	716	857	(141)
Depreciation and amortisation	3,289	2,783	506
Capitalised costs for materials, personnel and services	89,864	103,384	(13,520)
Of which personnel cost	*59,501*	*62,346*	*(2,845)*
Of which raw materials and consumables	*30,363*	*41,037*	*(10,674)*
Total costs relating to revenue from intangible assets / assets under development	**320,538**	**319,395**	**1,143**

6.a Raw materials and consumables – €45,521 thousand

"Costs of raw materials and consumables" and the changes thereto compared to the previous year are detailed below:

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Raw materials and consumables			
Third parties:			
Costs for the purchase of gas, water and lubrificants	3,176	2,536	640
Stationery and printed materials	141	105	36
Various materials	41,007	52,895	(11,888)
(change in inventories of raw materials)	1,198	(1,162)	2,360
Total costs of raw materials and consumables	**45,521**	**54,373**	**(8,852)**
- of which capitalised for intangible assets	41,560	50,116	(8,556)
- of which capitalised for other internal work	590	701	(111)

"Costs of raw materials and consumables" substantially comprise the cost for the purchase of the materials, fuel and lubricants used in the process of laying the pipes; compared to the previous year, these costs decreased by €8,852 thousand overall, due in the main to fewer material acquisitions for network maintenance and meter installation.

6.b Services – €348,827 thousand

"Costs for services" are broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Costs for services			
Maintenance, repair and realisation of assets	222,952	209,185	13,766
Costs for electricity, power and water	1,863	2,381	(518)
Gas (for internal use)	3,134	2,932	203
Telephone and data transmission costs	2,969	2,746	222
Insurance premiums	4,404	4,125	279
Costs for services and other expenses relating to personnel	3,817	3,732	85
Fees	892	739	153
Legal and notary costs	1,444	1,582	(138)
Costs for company acquisitions and disposals/strategic consulting	44	101	(56)
Advertising	217	214	2
IT services	12,117	11,106	1,010
Meter reading service	2,776	2,995	(220)
Audit fees	606	583	23
Repairs and emergency service	3,804	3,505	299
Plant certifications Resolution no. 40	439	395	45
Gas transport by third parties	1,184	1,572	(388)
Professional, other and consultancy services	5,853	5,244	609
Other costs for services	9,442	8,693	749
Costs for use of third-party assets			
Leases	736	842	(106)
Rentals	903	424	478
Other costs for the use of third-party assets	2,238	2,255	(17)
Fee for temporary occupation of public space (C.o.s.a.p.)/Single Property Tax (CUP)	4,458	4,129	329
Municipal gas concession fees	62,537	66,198	(3,661)
Total	**348,827**	**335,678**	**13,148**
- Of which capitalised for intangible assets	215,472	203,293	12,179

The aggregate figure of costs for services (including for third-party leases not falling within the scope of IFRS16) showed a marked increase (+€13,148 thousand) compared to the previous year. However, there were higher costs for maintenance activities (+€13,766 thousand), of which €10,960 thousand capitalised, applying the IFRIC 12 interpretation. Net of capitalised costs, however, maintenance costs increased by about €2.8 million, reflecting the higher costs required for activities performed on distribution networks, even considering the extension of the perimeter for the inclusion of 12 months of Infrastrutture Distribuzione Gas SpA and one month of ATEM Naples 1.
It is noted that the item "Third-party lease costs" is the part of the cost for those contracts whose fees do not fall within the scope of application of IFRS 16 (intra-annual or low-value leases).

The most significant changes from last year concerned the following:

- asset maintenance, repair and construction costs, which increased by €13,766 thousand due to an increase in operations carried out during the year on managed networks, with the use of higher-costing tender contracts with external firms than the previous year. As anticipated above, this item largely pertained to investment activities;
- a slight decline of €(93) thousand in costs for utilities (electricity, water, gas, telephony) with an improvement in the financial terms of the respective contracts;
- business acquisition charges also fell due to efforts made to internalise most of these costs;
- IT service costs increased further, due to operations to improve the IT service architecture and the integration of ATEM Naples 1;
- meter reading service costs continued to fall (-€220) thousand thanks to the increasing use of remote readings;
- With regard to costs for the use of third-party assets, rents and leases continued to fall, offset by leases, in particular hardware; the change in the single property tax (CUP) is a result of the increase in that tax;
- finally, municipal fees fell due to lower payables to some municipalities and to the sale of the Cinisello Balsamo concession.

6.c Personnel costs – €123,177 thousand

Personnel costs are broken down as follows:

Thousands of euro	For the year ended December 31, 2022	2021	Variations
Wages and salaries	88,916	89,353	(437)
Social security contributions	27,521	27,095	426
Post-employment benefits	5,936	5,919	17
Asem/Fisde	(26)	(8)	(18)
Company Welfare Scheme	668	273	395
Other personnel cost	(191)	251	(441)
Total personnel cost	**122,824**	**122,883**	**(59)**
Non-recurring personnel cost			
Incentives to leave	353	1,131	(778)
Total non-recurring personnel cost	**353**	**1,131**	**(778)**
Total personnel costs	**123,177**	**124,013**	**(836)**
- Of which capitalised for intangible assets	59,501	62,346	(2,845)
- Of which capitalised for other internal work	270	246	25

"Personnel costs" include all expenses incurred on an ongoing basis that directly or indirectly involve employees and were down by a global €836 thousand notwithstanding the entry of 238 new employees in the final month of the year from the acquisition of ATEM Naples 1.

The table below shows employee variations in the year by category.

	Executive	Middle managers	White collars	Blue collars	Total
Personnel as of December 31, 2021	**35**	**120**	**1,258**	**616**	**2,029**
Increase	-	7	213	124	**344**
Decrease	(3)	(6)	(85)	(57)	**(151)**
Change in category	1	9	(6)	(4)	**-**
Personnel as of December 31, 2022	**33**	**130**	**1,380**	**679**	**2,222**

During the year there was a normal level of turnover, with a decrease on a like-for-like basis, while of the 344 new recruitments, 238 came from the aforementioned ATEM Naples 1 operation.

6.d Impairment and depreciation – €213,447 thousand

Impairment, depreciation of tangible assets and rights of use and amortisation of intangible assets amounted to €213,447 thousand, up by €3,983 thousand compared to the previous year.
This change is due to the rise in amortisation of intangible assets, due to the acquisition of ATEM Naples 1.
The item also includes amortisation related to long-term contracts for the right to use third-party assets, according to IFRS 16, amounting to €6,984 thousand.
It is noted that, with the introduction of IFRIC 12, amortisation mainly concerns the rights to concessions through which the Group manages gas distribution networks.

This item is broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2022	**2021**	
Depreciation	5,096	4,760	336
Depreciation of IFRS 16 right-of-use assets	6,984	7,065	(81)
Amortisation of intangible assets	202,078	195,812	6,266
Impairment losses:			
- Impairment of tangible assets	17	182	(165)
- Impairment of intangible assets	-	459	(459)
- Write-down of receivables	(728)	1,186	(1,914)
Total amortisation and impairment	**213,447**	**209,464**	**3,983**
- Of which capitalised for intangible assets	3,289	2,783	506

6.e Other operating costs – €29,738 thousand

"Other operating costs" fell by €6,217 thousand compared to last year, with the capitalised quota basically unchanged, and is broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2022	**2021**	
Other operating costs			
Remuneration of statutory auditors, Supervisory Body and Committees	129	152	(23)
Remuneration of members of the Board of Directors	258	254	3
Association fees	385	380	5
Contribution to the Supervisory Authority	200	248	(48)
Compensation to customers	577	926	(349)
Municipal tax on property	492	502	(10)
CCIAA (chamber of commerce) fees and duties	535	599	(64)
Net costs for energy efficiency certificates	1,229	-	1,229
Tax on the occupation of public space (Tosap)	36	40	(3)
Capital losses on the disposal of assets	7,949	11,914	(3,966)
Capital losses on the sale of assets	0	178	(177)
Local and sundry taxes	670	1,107	(437)
Other costs	4,711	5,343	(631)
(Net) provision for risks and charges	12,567	14,312	(1,745)
Total other operating costs	**29,738**	**35,955**	**(6,217)**
- Of which capitalised for intangible assets	716	857	(141)

The decrease in other operating costs was mainly the result of:

- lower capital losses from the disposal and sale of assets for €4,143 thousand; in this year too a portion of the capital losses was reduced by the utilisation of a provision specifically allocated for meters with faults requiring replacement. It should also be noted that a portion of the capital losses, where related to meters that at the date of replacement were not yet fully depreciated in terms of tariffs, is repaid through tariffs on an annual basis;
- lower costs for risk provisions, down significantly compared to the previous year. The breakdown of the relevant provisions is shown in the comments on liabilities.

These changes, which are in addition to other smaller changes, are partially offset by higher net charges for Energy Efficiency Certificates for the 2020, 2021 and 2022 targets amounting to €1,229 thousand;

6.f Capitalised costs for internal work – €(894) thousand

Following the introduction of IFRIC 12, the costs directly related to construction work on the network under concession are no longer accounted for as capitalised costs for internal work.
For this reason, the item now only includes those residual costs which can be capitalised but do not concern concessions. In the specific case, the value mainly refers to capitalisations of concentrators, equipment for the communication network of the new smart meters which are not part of the assets linked to the concessions.

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Interna services	(270)	(246)	(25)
Other capitalised costs	(34)	(67)	33
Materials	(590)	(701)	111
Total capitalised costs for internal work	**(894)**	**(1,013)**	**118**

7. Income / (expenses) from equity investments – €37 thousand

This item includes the economic impact of updating the equity valuation of associate companies 2i Servizi Energetici S.r.l. and Melegnano Energia Ambiente S.p.A.

8. Financial income/(expenses) - €(57,367) thousand

This item is broken down as follows:

Thousands of euro	For the year ended December 31,		Variations
	2022	2021	
Financial income			
Interest income from current accounts and post office deposits	562	16	546
Interest income from receivables from customers	103	82	21
Other financial interest and income	625	408	217
Total income	**1,290**	**506**	**784**
Financial expenses			
Interest expense on medium/long-term loans	4,111	3,527	584
Other expenses on medium/long-term loans from banks	560	507	53
Financial expenses on debenture loans	51,423	50,999	424
Financial expenses from amortised cost	2,309	2,191	118
Interest expense on short-term bank loans	144	-	144
Interest expense on current bank accounts	580	339	241
Discounting of post-employment and other employee benefits	367	160	207
Interests on taxes	7	1	6
Change in fair value of hedging derivatives reclassified from comprehensive income	(1,235)	(1,235)	-
Other financial and interest expense	206	21	185
IFRS16 Financial Expenses	186	577	(391)
Total expenses	**58,657**	**57,087**	**1,571**
Total financial income and (expenses)	**(57,367)**	**(56,581)**	**(786)**

Financial income and expenses posted a negative result, mainly due to the recognition in the year of interests relating to debenture loans and the related amortised cost, and the related change in Fair Value of the hedging derivative, as well as to interest payable for used medium- and long-term lines of credit. Mention should also be made of charges related to the repurchase transaction of securities issued by the Company maturing in 2024 (Open Market Repurchase) necessary to better invest corporate liquidity. The benefits of this operation will be manifested in future years with a reduced share of borrowing costs.
At December 31, 2022 the Group held €3,212,848 thousand in loans outstanding, including €2,742,393 thousand for five instalments of the debenture loan 2024-2031, as well as €470,455 thousand for three credit lines.

The structure of the Group's debt is almost entirely "fixed rate" (€3,067,393 thousand), thanks mainly to the debenture loan instalments, lengthening the average duration of the existing debt while significantly reducing the cost of debt.

9. Taxes –€(65,493) thousand

This item is broken down as follows:

Thousands of euro	For the year ended December 31, 2022	2021	Variations
Current taxes			
Current income taxes: IRES	50,833	60,655	(9,822)
IRES substitute tax on realignment	-	2,990	(2,990)
Current income taxes: IRAP	11,947	13,802	(1,855)
Total current taxes	**62,780**	**77,447**	**(14,667)**
Adjustments for income taxes relating to previous years			
Negative adjustments for income taxes relating to previous years	3	82	(79)
Positive adjustments for income taxes relating to previous years	(18)	(1,385)	1,367
Total adjustments for income taxes relating to previous years	**(15)**	**(1,303)**	**1,287**
Deferred and prepaid taxes			
Deferred taxes (use)/allocation	(4,336)	(3,899)	(437)
Prepaid taxes (allocation)/use	7,064	(21,812)	28,876
Total current deferred and prepaid taxes	*2,728*	*(25,711)*	*28,439*
Total deferred and prepaid taxes	**2,728**	**(25,711)**	**28,439**
Total taxes	**65,493**	**50,434**	**15,060**

The Group's income taxes for 2022 totalled €65,493 thousand, which was €15,060 thousand higher than the previous year. The 2021 balance was affected by the realignment of goodwill, the tax value of which had not been previously realigned, and the related recognition of deferred tax assets of €28.4 million. The substitute tax for the realignment carried out was €2,990 thousand, a third of which was paid, as required by law.
Specifically, taxes represent the recognition of the charge for current taxes for the year, including IRES taxes of €50,833 thousand and IRAP taxes of €11,947 thousand.
Following the publication of the Budget Law for 2022 (Law no. 234 of December 30, 2021, published in the Italian OJ on December 31, 2021), the terms regarding the realignment of tax values for intangible assets and goodwill were amended (i) providing for a tax recovery period of 50 years instead of the 18 originally envisaged, and (ii) providing companies with more options to alter the choices made in June. The parent company assessed the economic and financial convenience of the transaction, and decided to confirm the option already exercised, considering it absolutely plausible, given its business model, that deferred tax receivables created in the period indicated by the current budget law would be used.
As a result of this operation, the company as expected has blocked an amount of equity reserves, corresponding to the value of the undertaken realignment.
Deferred and prepaid taxes followed the normal course of the business.
For more in-depth comments on this item, reference should be made to the relevant section of the notes to the Statement of financial position.

The effective IRES tax incidence for 2022 was 21.6%.

The table below shows the reconciliation of the effective and theoretical tax rates, determined by applying the tax rate in force during the year to pre-tax profit, without taking into account the adjustments from previous years:

Thousands of euro	For the year ended December 31,	
	2022	**2021**
Pre-tax profit	234,969	261,611
Theoretical IRES taxes	**56,374**	**62,852**
Lower taxes:		
Release of contributions taxed in prior years	893	1,464
Use of provisions	6,278	6,425
Release of provisions	3,844	5,219
Reversal of statutory amortisation/depreciation not deducted in prior years	6,045	4,552
Deducted tax amortisation	7,432	7,163
others	6,444	4,346
Higher taxes:		
Write-downs for the year	-	154
allocations to provisions	9,307	10,177
amortisation/depreciation on amounts that are not recognised for tax purposes	3,595	3,878
statutory amortisation/depreciation exceeding the fiscal limits	10,369	10,548
reversal of excess fiscal amortisation / depreciation deducted in prior years	868	694
partially deductible costs	636	588
connection fees	4	-
taxes	4	106
others	613	828
Total current income taxes (IRES)	**50,833**	**60,655**
IRAP	**11,947**	**13,802**
IRES substitute tax on realignment	**-**	**2,990**
Total deferred and prepaid taxes	**2,728**	**(25,711)**
Total income taxes from continuing and discontinued operations	**65,509**	**51,736**

10. Discontinued operations – €0 thousand

The result from discontinued operations was zero.

Information on the Statement of Financial Position

ASSETS

Non-current assets

11. Property, plant and equipment – €38,082 thousand

Following the introduction of IFRIC 12, property, plant and equipment include only those assets that are not related to gas distribution concessions. Such assets are recognised as intangible.
The breakdown and changes in property, plant and equipment in 2022 and 2021 are shown below:

Thousands of euro	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Improvements on third-party assets	Fixed assets under construction and advances	Total
Historical cost	7,929	32,727	13,572	25,204	56,749	13,979	159	**150,319**
Accumulated amortisation	-	(25,261)	(2,856)	(23,616)	(49,508)	(13,378)	-	**(114,620)**
As of December 31, 2020	**7,929**	**7,465**	**10,716**	**1,588**	**7,241**	**600**	**159**	**35,699**
Contribution from change in the scope of consolidation	35	1,689	55	188	67	11	-	**2,045**
Gross value	35	2,642	286	628	663	64	-	**4,319**
Acc. depr.	-	(953)	(232)	(440)	(596)	(53)	-	**(2,274)**
Increases (including Fixed assets classified as available-for-sale)	-	404	1,814	216	5,426	472	236	**8,567**
Commissioning	-	98	-	-	-	2	(100)	**-**
Gross value	-	98	-	-	-	2	(100)	**-**
Acc. depr.	-	-	-	-	-	-	-	**-**
Disposals	(178)	(376)	(532)	-	(2,003)	-	-	**(3,089)**
Gross value	(178)	(1,803)	(673)	(6)	(4,094)	-	-	**(6,753)**
Acc. depr.	-	1,427	141	6	2,091	-	-	**3,665**
Reclassifications	-	7	(55)	55	-	(7)	-	**0**
Gross value	-	35	(286)	286	-	(35)	-	**(0)**
Acc. depr.	-	(27)	232	(232)	-	27	-	**0**
Impairment losses	(159)	(23)	-	-	-	-	-	**(182)**
Fixed assets classified as available-for-sale	(526)	(74)	-	-	-	-	-	**(600)**
Gross value	(526)	(1,139)	-	-	-	-	-	**(1,664)**
Acc. amort.	-	1,064	-	-	-	-	-	**1,064**
Depreciation and amortisation	-	(631)	(888)	(433)	(2,584)	(224)	-	**(4,760)**
Total changes	**(827)**	**1,094**	**394**	**25**	**906**	**253**	**136**	**1,981**
Historical cost	7,102	32,963	14,713	26,328	58,745	14,482	295	**154,628**
Accumulated depreciation	-	(24,404)	(3,603)	(24,715)	(50,597)	(13,628)	-	**(116,948)**
As of December 31, 2021	**7,102**	**8,560**	**11,110**	**1,613**	**8,147**	**853**	**295**	**37,680**
Increases (including Fixed assets classified as available-for-sale)	-	679	1,387	999	2,409	503	-	**5,979**
Commissioning	-	247	-	-	-	-	(247)	**-**
Gross value	-	247	-	-	-	-	(247)	**-**
Acc. amort.	-	-	-	-	-	-	-	**-**
Disposals	(2)	(7)	(371)	(0)	(0)	(4)	(48)	**(432)**
Gross value	(2)	(463)	(476)	(22)	(30,436)	(2,143)	(48)	**(33,590)**
Acc. amort.	0	456	105	22	30,435	2,139	-	**33,158**
Impairment losses	(17)	-	-	-	-	-	-	**(17)**
Fixed assets classified as available for sale	(32)	-	-	-	-	-	-	**(32)**
Gross value	(32)	(72)	-	-	-	-	-	**(104)**
Acc. amort.	-	72	-	-	-	-	-	**72**
Depreciation and amortisation	-	(582)	(969)	(454)	(2,829)	(262)	-	**(5,096)**
Total changes	**(51)**	**337**	**48**	**545**	**(420)**	**237**	**(295)**	**402**
Historical cost	7,051	33,354	15,625	27,305	30,718	12,841	0	**126,895**
Accumulated depreciation	0	(24,458)	(4,467)	(25,147)	(22,991)	(11,751)	-	**(88,813)**

As of December 31, 2022.............	**7,051**	**8,897**	**11,157**	**2,159**	**7,727**	**1,091**	**0**	**38,082**

This item as of December 31, 2022 shows a net change compared to December 31, 2021 of €402 thousand due to normal investment, divestment and depreciation trends for these assets.
Plant and machinery related to concentrators, data receiving and transmitting equipment as part of the communication network of electronic meters are excluded from the scope of IFRIC 12, since they are not recognised as service concession assets.

12. Rights of use under IFRS 16 – €26,073 thousand

Following the application of standard IFRS 16, hire, rental or lease contracts are carried in this item as exclusive use rights.
It is noted that liabilities include a related financial debt, equal to the sum of estimated and appropriately discounted future fees.

Below is the table of changes in assets for 2022.

Thousands of euro	**IFRS 16 Property**	**IFRS 16 Vehicles**	**IFRS 16 ICT**	**Total**
Historical cost	28,339	8,683	367	**37,389**
Accumulated amortisation	(8,466)	(4,551)	(115)	**(13,132)**
As of December 31, 2020	**19,873**	**4,132**	**252**	**24,258**
Merger contribution:	77	209	-	**285**
Gross value	77	209	-	**285**
Acc. amort.	-	-	-	**-**
Increase and change in right-of-use assets	2,483	6,915	-	**9,398**
Disposal and changes in right-of-use assets	(847)	(72)	-	**(920)**
Gross value	(2,091)	(2,351)	-	**(4,442)**
Acc. amort.	1,244	2,279	-	**3,523**
Depreciation and amortisation	(4,304)	(2,669)	(92)	**(7,065)**
Total changes	**(2,591)**	**4,382**	**(92)**	**1,699**
Historical cost	28,807	13,456	367	**42,630**
Accumulated amortisation	(11,526)	(4,941)	(206)	**(16,673)**
As of December 31, 2021	**17,282**	**8,515**	**161**	**25,957**
Increase and change in right-of-use assets	8,787	1,230	230	**10,247**
Disposal and changes in right-of-use assets	(2,976)	(171)	-	**(3,147)**
Gross value	(3,942)	(1,196)	-	**(5,138)**
Acc. depr.	967	1,024	-	**1,991**
Depreciation and amortisation	(4,113)	(2,663)	(208)	**(6,984)**
Total changes	**1,699**	**(1,605)**	**22**	**116**
Historical cost	33,652	13,490	597	**47,739**
Accumulated amortisation	(14,672)	(6,580)	(414)	**(21,666)**
As of December 31, 2022	**18,981**	**6,910**	**182**	**26,073**

13. Intangible assets – €4,584,357 thousand

It is noted that following the introduction of IFRIC 12, intangible assets also include the fixed assets related to gas distribution concessions.
The breakdown and changes in intangible assets in 2022 and 2021 are shown below:

Thousands of euro	Patent and intellectual property rights	Concessions and similar rights	Concessions and similar rights – fixed assets under development	Fixed assets under development	Other intangible assets	Goodwill	Payments on account	Total
Historical cost	96,145	7,142,080	39,580	1,986	159,480	270,311		7,709,582
Accumulated amortisation	(94,581)	(3,607,900)	-	-	(125,752)	(1,214)		(3,829,446)
As of December 31, 2020......	**1,564**	**3,534,180**	**39,580**	**1,986**	**33,729**	**269,097**		3,880,136
Contribution from change in the scope of consolidation......	-	118,725	-	-	786	36,156		155,667
Gross value	14	208,174	-	-	3,882	36,156		248,226
Acc. amor.	(14)	(89,449)	-	-	(3,096)	-		(92,559)
Increases (including Fixed assets classified as available-for-sale).................................	2,679	292,547	28,296	641	15,517	-		339,679
Commissioning	-	24,862	(24,862)	(1,604)	1,604	-		(0)
Gross value	-	24,862	(24,862)	(1,604)	1,604	-		(0)
Acc. amor.	-	-	-	-	-	-		-
Decreases	-	(22,591)	(432)	-	-	-		(23,023)
Gross value	-	(51,897)	(432)	-	-	-		(52,329)
Acc. amor.	-	29,306	-	-	-	-		29,306
Reclassifications	-	-	-	-	-	-		-
Gross value	(14)	-	-	-	14	-		-
Acc. amor.	14	-	-	-	(14)	-		-
Impairment losses	-	(459)	-	-	-	-		(459)
Fixed assets classified as available-for-sale....................	-	(9,767)	(73)	-	-	-		(9,840)
Gross value	-	(22,624)	(73)	-	-	-		(22,697)
Acc. amor.	-	12,857	-	-	-	-		12,857
Amortisation	(1,461)	(180,847)	-	-	(13,505)	-		(195,812)
Total changes........................	**1,219**	**222,470**	**2,929**	**(962)**	**4,401**	**36,156**		266,212
Historical cost	98,824	7,593,141	42,509	1,024	180,497	306,467		8,222,461
Accumulated amortisation	(96,042)	(3,836,492)	-	-	(142,367)	(1,214)		(4,076,113)
As of December 31, 2021......	**2,782**	**3,756,650**	**42,509**	**1,024**	**38,130**	**305,253**		4,146,348
Increases (including Fixed assets classified as available-for-sale).................................	-	608,975	32,942	2,775	14,232	-	15	658,939
Commissioning	-	23,785	(23,785)	(625)	625	-	-	0
Gross value	-	23,785	(23,785)	(625)	625	-	-	0
Acc. amor.	-	-	-	-	-	-	-	-
Decreases	-	(18,454)	(168)	(35)	(0)	-	-	(18,657)
Gross value	(222)	(45,885)	(168)	(35)	(26,259)	-	-	(72,568)
Acc. amor.	222	27,431	-	-	26,258	-	-	53,911
Reclassifications	-	(3)	3	-	-	-	-	-
Gross value	-	(3)	3	-	-	-	-	-
Acc. amor.	-	-	-	-	-	-	-	-
Fixed assets classified as available-for-sale....................	-	(196)	2	-	-	-	-	(195)
Gross value	-	(212)	2	-	-	-	-	(210)

Acc. amor.	-	15	-	-	-	-	-	**15**
Amortisation	(1,247)	(186,841)	-	-	(13,989)	-	-	**(202,078)**
Total changes........................	**(1,247)**	**427,266**	**8,993**	**2,115**	**867**	**-**	**15**	**438,009**
Historical cost	98,602	8,179,803	51,502	3,139	169,095	306,467	15	**8,808,622**
Accumulated amortisation	(97,067)	(3,995,887)	-	-	(130,098)	(1,214)	-	**(4,224,265)**
As of December 31, 2022......	**1,535**	**4,183,916**	**51,502**	**3,139**	**38,997**	**305,253**	**15**	**4,584,357**

Intangible assets rose, vis-à-vis December 31, 2021, by €438,009 thousand, thanks partly to the ATEM Naples 1 acquisition.
The items "Concessions and similar rights" and "Concessions and similar rights - fixed assets under construction" showed an aggregate balance of €4,235,418 thousand in the financial year, an overall change of €436,259 thousand.
The item refers to the recognition of the Group's rights over fixed assets as concession holder and gas distribution service provider, as well as one-off fees for the acquisition of natural gas distribution concessions.
Operating investments during the year amounted to €320,538 thousand and were added to the ATEM acquired during the year, for a total of €641,917 thousand. Assets that became operational during the year affected the balances by €23,785 thousand.
As described above, on December 1, 2022 the Company took over management of the gas distribution service in ATEM Naples 1 "City of Naples and Coastal System", with more than 1,600 km of network and almost 400,000 Redelivery Points, and at the same time hired 238 people, who had been released by the outgoing operator.
The concession is for a 12 year-year period of time. The company carried out the so-called "concentration test" required by IFRS3 (Appendix A paragraphs B7A and B7B) to check whether the transaction qualified as a purchase of a business or an individual asset. In the case of this transaction, the price paid relates exclusively to the acquisition of the assets pertaining to the concession, the value of which is largely attributable to the infrastructure operated by the previous concession holder. Given the substantial concentration of the fair value of the gross assets acquired in a single asset, following the test performed, and considering the regulatory framework to which this procedure conforms, the transaction was accounted for as an asset acquisition.
The price paid (€289.9 million) is based on a valuation defined by the Contracting Authority for a provisional updated situation as at June 30, 2022. This price is the best estimate of the value of the acquired concession and has been divided between the item intangible fixed assets - concessions and for the remainder between other non-current and current liabilities, representing those assets whose value has been strongly impacted by grants/contributions related to the same concession.
The Company therefore recorded asset values based on the provisional consideration. Any additions and divestments made from June 30, 2022 to November 30, 2022 by the previous concession holder, as well as the related impacts in terms of revenue and depreciation on one month of concession operation, are not considered significant. Lastly, it should be noted that in December 2022 the previous concession holder filed a petition for preventive technical assessment with the Court of Naples, in order to request the admission of a technical expert's report aimed at redetermining the amount owed to the operator awarded the ATEM Naples 1 contract by way of reimbursement value. The Company is not directly involved in the appeal, which could restate the price paid for the concession and thus see a potential increase in the value of the registered concession.

Disposals during the year for these two classes amounted to €(18,622 thousand), and related to routine replacement and improvement of equipment. Depreciation and amortisation amounted to €(186,841 thousand), an increase resulting from both investments made and the ATEM acquisition.
The amortisation of concession charges has been determined on a straight-line basis and on the basis of the estimated realisable value at the end of the concession.
The Group determined the terms of the concessions using the same criteria adopted in the previous year.

For concessions which have expired at the reporting date, and therefore are operating in an extension regime (prorogatio), the residual value has been restated to take into consideration the postponement of the effective expiry of these concessions.

In particular, it is recalled that under the Decree of the Ministry of Economic Development dated January 19, 2011, "Determination of territorial ambits in the natural gas distribution sector", which came into force on April 1, 2011, according to art. 3(3) of the decree: “as from the entry into force of this measure, the tenders for the award of the gas distribution service as per article 14(1) of Legislative Decree no. 164 of May 23, 2000, for which the call for tenders has not been published or for which the deadline for the submission of tenders has not expired, shall be awarded only in respect of the areas determined in annex 1, which forms an integral part of this measure" and that, in accordance with article 14(7) of Legislative Decree no. 164/2000, "The outgoing operator, pursuant to article 14(7) of Legislative Decree No. 164 of May 23, 2000, remains obliged, however, to continue the management of the service until the effective date of the new assignment."
“Fixed assets under construction and advances”, totalling €3,139 thousand, mainly consisted of investments in software being developed to manage the Company's activities more efficiently.
During the year €625 thousand in fixed assets under construction were turned into permanent fixed assets.

"Other intangible assets" of €38,997 thousand include other long-term costs, also linked to the implementation of the remote reading system for smart meters.

"Goodwill" totalled €305,253 thousand, and relates to the deficit from the consolidation and merger of companies which had previously been subsidiaries. This item was recognised in agreement with the Board of Statutory Auditors.

The estimate of the recoverable value of goodwill recognised in the financial statements is based on the Discounted Cash Flow model that uses estimates of future cash flows, applying an appropriate discount rate, to measure an asset's value in use.
For the purposes of this estimate, the whole Group is considered as a Cash Generating Unit, consistently with the corporate vision.
In detail, cash flows are considered for a forecast period of 5 years, consistent with the 2i Rete Gas Group plan approved by the Board of Directors on January 17, 2023 and drafted on a going concern assumption, plus the terminal value calculated with the perpetual income algorithm.
Within this framework, the main assumptions are:

- continuity in concession management, since the redefinition of the relevant local areas resulting from the territorial tenders will be a concrete opportunity for the Group to expand its business on the competitive market also thanks to its economic capacity, available credit lines, and top position in a market that is experiencing concentration;
- the continuous management of end customers, with the assumption of a further organic growth only on the already existing networks at a rate compatible with the experience on the market in recent years;

The discount rates applied, the forecast period over which projected cash flows are discounted, and the Group terminal value growth rate are detailed in the table below.

Tax Rate (2)	WACC (1)	Cash flow forecast period	TV (g) growth rate
28.6%	4.4%	2023 - 2027	0%

(1) Post-tax WACC is aligned to the average cost of financing of the best-performing peers in the sector
(2) IRAP + IRES rate

The value in use, determined in accordance with the aforementioned methods, was higher than the value of the net invested capital recorded in the financial statements.

The recoverability of the Group's invested capital was also confirmed by a further sensitivity analysis undertaken by considering possible changes in the key assumptions included in the business and financial plan used for the impairment test.
In particular, a worsening scenario was simulated by changing the value of net cash flows within the plan. Without prejudice to all the other assumptions included in the plan, the analysis carried out showed that, in order to reach the indifference point (i.e. the value in use of the asset being equal to the net invested capital), there would have to be damaging changes to the plan such as to reduce the net cash flows by around 15%, a percentage which is much higher than the reductions considered possible by the Group.

14. Net deferred tax assets - €114,910 thousand

Deferred tax assets and deferred tax liabilities are determined based on the tax rates in force at the reporting date. Deferred tax assets totalled €255,608 thousand, while deferred tax liabilities totalled €140,698 thousand.

Deferred tax assets and liabilities as of December 31, 2022 were determined using the tax rates in force: 24% for IRES and 4.55% for IRAP.

Deferred tax assets fell as a result of normal movements during the year; in the previous period, on the other hand, normal movements combined with the realignment of tax values to statutory values by realigning the value as of December 31, 2020 of non-realigned goodwill that existed as of December 31, 2019 (+€28,430 thousand).
With regard to deferred tax liabilities, in addition to normal movements during the year, the balance increased due to the recognition of tax effects on the particularly positive hedging derivative value.

Considering, among other things, the flows estimated in the most recent business plans, the Group believes it can use deferred tax assets in the ordinary course of business.

The table below details changes in deferred tax assets and liabilities by type of temporary difference, determined according to the tax rates in force, and the portion of recoverable and non-recoverable deferred taxes.

Thousands of euro	As of December 31, 2021	Adjustments to UNICO	Increases recognised in			Decreases recognised in		Other changes		Other reclassifications	As of December 31, 2022
			Total	Profit and Loss Account	Equity	Profit and Loss Account	Equity	Profit and Loss Account	Equity		
Deferred income tax assets:....................											
allocation to provisions for risks and charges with deferred deductibility	**17,923**	-	17,923	6,573	-	(7,127)	-	-	-	-	**17,369**
allocation to provisions for incentives to leave and stock options	**492**	-	492	101	-	(72)	-	-	-	-	**521**
allocation to provisions for disputes..........	**3,510**	-	3,510	1,633	-	(2,044)	-	-	-	-	**3,099**
allocation to provisions for inventory obsolescence	**3,310**	-	3,310	410	-	(172)	-	-	-	-	**3,548**
impairment losses with deferred deductibility (impairment of receivables)...	**2,219**	-	2,219	670	-	(709)	-	-	-	-	**2,179**
impairment losses with deferred deductibility (impairment of plants)..........	**1,900**	-	1,900	-	-	(0)	-	-	-	-	**1,899**
depreciation and amortisation with deferred deductibility.	**132,617**	(3)	132,614	10,431	-	(5,596)	-	-	-	-	**137,450**
separation of land-buildings and component analysis..................................	**114**	-	114	-	-	(0)	-	-	-	-	**114**
start-up costs	**2,225**	-	2,225	-	-	(0)	-	-	-	-	**2,225**
Post-employment and other employee benefits..	**4,716**	-	4,716	11	-	(1,978)	-	-	-	-	**2,748**
cash deductible taxes and duties................	**4**	-	4	-	-	0	-	-	-	-	**4**
proceeds subject to deferred taxation (connection fees).......................................	**30,756**	-	30,756	-	-	(331)	-	-	-	-	**30,425**
deferred deductibility charges	**13,652**	-	13,652	21	-	(1,889)	-	-	-	-	**11,785**
goodwill	**47,281**	-	47,281	-	-	(6,985)	-	-	-	-	**40,295**
post-employment and other employee benefits - OCI..	**2,363**	-	2,363	-	-	-	(511)	-	-	-	**1,853**
derivative financial instruments (in case of a net negative change in the relevant equity reserve)...	**2,440**	-	2,440	-	-	-	(2,440)	-	-	-	**(0)**
for losses recoverable in future years	**1**	-	1	-	-	-	-	-	-	-	**1**
other consolidation adjustments	**105**	-	105	(10)	-	(2)	-	-	-	-	**94**
TOTAL	**265,625**	**(3)**	**265,623**	**19,841**	**-**	**(26,905)**	**(2,950)**	**-**	**-**	**-**	**255,608**
Deferred income tax liabilities:	**24,397**	-	24,397	201	-	(740)	-	-	-	-	**23,858**
allocation to assets of costs relating to company mergers	**5,195**	-	5,195	-	-	(0)	-	-	-	-	**5,194**
differences on intangible assets – goodwill	**3,826**	-	3,826	-	-	(1)	-	-	-	-	**3,825**
separation of land-buildings and component analysis..................................	**31,610**	-	31,610	-	-	(2,125)	-	-	-	-	**29,484**
allocation to assets of costs relating to company mergers	**1,121**	-	1,121	-	619	(7)	(226)	-	-	-	**1,506**
Post-employment and other employee benefits..	**3,312**	-	3,312	435	-	(392)	-	-	-	-	**3,354**
proceeds subject to deferred taxation	**2,062**	-	2,062	-	24,890	-	(296)	-	-	-	**26,656**
derivative financial instruments (in case of a net positive change in the relevant equity reserve)	**971**	-	971	33	-	(206)	-	-	-	-	**797**
other..	**97**	-	97	-	80	-	(0)	-	-	-	**177**
ASEM - OCI	**47,377**	-	47,377	489	-	(2,021)	-	-	-	-	**45,845**
5% dividends received allocated to future years on an accruals basis	**119,968**	**-**	**119,968**	**1,157**	**25,589**	**(5,493)**	**(523)**	**-**	**-**	**-**	**140,698**
goodwill	**24,397**	-	24,397	201	-	(740)	-	-	-	-	**23,858**

TOTAL	**5,195**	-	5,195	-	-	(0)	-	-	-	-	**5,194**
Net deferred tax assets	**145,657**	**(3)**	**145,655**	**18,683**	**(25,589)**	**(21,412)**	**(2,427)**	**-**	**-**	**-**	**114,910**

15. Equity investments – €3,706 thousand

The table on the following page shows the changes in the year for each equity investment, with the corresponding values at the beginning and end of the year, as well as the list of equity investments held in other companies.

Thousands of euro	**Carrying amount**	**% ownership**	**Increases for the period**	**Disposals**	**Other increases**	**Other decreases**	**Adjustments**	**Original cost**	**Increase / (Decrease)**	**Carrying amount**	**% ownership**
	As of December 31, 2021								**As of December 31, 2022**		
Associates											
Equity Method Valuation											
Melegnano Energia Ambiente SpA	3,309	**40.00%**			238			2,451	1,095	3,547	**40.00%**
2i Servizi Energetici Srl	237	**60.00%**	-			(200)		6		37	**60.00%**
Other companies											
Valuation at cost											
Interporto di Rovigo S.p.A.	42	**0.30%**						42		42	**0.30%**
Fingranda S.p.A. in Liquidazione.	26	**0.58%**						26		26	**0.58%**
Agenzia di Pollenzo S.p.A.	33	**0.27%**						33		33	**0.27%**
Industria e Università S.r.l.	11	**0.09%**						11		11	**0.09%**
Borgo Offida S.r.l.	1	**0.19%**					(1)	1		(0)	**0.19%**
Banca Popolare Pugliese	11	**0.00%**								11	**0.00%**
Immobiliare Cestia srl	0	**0.05%**								0	**0.05%**
Total equity investments	**3,669**		**-**	**-**	**238**	**(200)**	**(1)**	**2,570**	**1,095**	**3,706**	

The tables below show the list of equity investments in associates and their values as recognised in the Group's financial statements at December 31, 2022:

Associates	**Registered office**	**Share Capital (euro)**	**Equity (euro)**	**Revenue (euro)**	**Profit/loss in previous year (euro)**	**End of the reporting period**	**% ownership**	**Consolidated carrying amount (euro)**
Melegnano Energie Ambiente SpA	Melegnano (MI)	4,800,000	8,866,854	5,340,835	595,227	31.12.2021	40%	3,546,742
2i Servizi Energetici Srl	Milan	10,000	61,274	283,110	(333,925)	31.12.2022	60%	36,765

Finally, the equity investments in other companies at the same date were:

Other companies	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year (euro)	End of the reporting period	% ownership	Consolidated carrying amount (euro)
Interporto di Rovigo S.p.A.	Rovigo	6,904,886	7,184,955	1,960,303	200,377	31.12.2021	0.30%	41,634
Fingranda S.p.A. in Liquidazione	Cuneo	2,662,507	1,170,153	2	(23,943)	31.12.2021	0.58%	25,822
Agenzia di Pollenzo S.p.A.	Bra (CN)	23,079,108	22,792,109	1,030,076	33,474	31.12.2021	0.27%	33,082
Industria e Università S.r.l.	Varese	13,440,528	11,059,777	9	(31,928)	31.12.2021	0.09%	10,989
Borgo Offida Srl *	Offida (AP)	10,000 *	(303,848)	5,999	(243,715)	31.12.2021	0.19%	0
Banca Popolare Pugliese	Parabita (LE)	183,084,198	340,988,987	128,040,477	10,916,376	31.12.2021	0.01%	11,127
Immobiliare Cestia srl	Rome (RM)	50,000	439,985	127,867	(69,491)	31.12.2021	0.05%	26

*change of name and share capital on May 25, 2022.

16. Non-current financial assets – €116,660 thousand

The item mainly includes the Fair Value valuation of outstanding hedging derivatives, which rose sharply compared to the previous year due to interest rate trends during the year.
Receivables for sums paid to contracting stations for the purpose of tender preparation and which could be returned at the end of the procedure if the procedure is lost have also been classified under this item as of 2022.
Lastly, there is a residual deferral of transaction costs incurred in obtaining unused loan facilities as of December 31, 2022.

Thousands of euro	As of December 31,		Variations
	2022	2021*	
Non-current deferred financial charges	341	446	(105)
Long-term loans to employees	23	12	11
Financial receivables from others	12,607	12,554	52
Fair value measurement of IRS derivatives	103,690	-	103,690
TOTAL	**116,660**	**13,012**	**103,648**

*2021 pro-forma restated figures

17. Other non-current assets – €33,290 thousand

This item fell by €7,033 thousand compared to December 31, 2021; it is broken down as follows:

Thousands of euro	As of December 31,		Variations
	2022	2021*	
security deposits	3,754	3,718	36
receivables for plant contributions to be received	560	560	-
tax receivables reimbursements applied for	306	306	-
prepaid promotional expenses	48	57	(9)
from municipalities for disposals of assets due to expiration of concessions	1,029	811	218
non-current receivables from CSEA	24,775	31,738	(6,963)
other non-current assets	2,955	3,269	(315)
bad debt provision - other non-current assets	(137)	(137)	-
TOTAL	**33,290**	**40,323**	**(7,033)**

*2021 pro-forma restated figures
Guarantee deposits of €3,754 thousand refer to receivables for work to be performed on distribution plants as well as from user contracts.

The €560 thousand receivable for contributions to be received was attributable to the recognition of the medium/long-term portion of receivables for plant-related contributions to be received: this item was unchanged during the year.

Tax receivables of €306 thousand relate to reimbursement requests pursuant to art. 6 of Leg. Dec. 185/2008 (deduction from IRES of the IRAP portion for labour costs and interest expenses). There were no changes to this item in the year.

Credit due from municipalities for disposals of assets due to the expiration of concessions had a balance of €1,029 thousand. This was the result of similar disputes or proceedings ongoing with some municipalities to define the amount of the refund owed to the company as outgoing operator for the relevant concessions and plants. Local action continued to resolve existing situations.

The balance of non-current receivables due from CSEA, totalling €24,775 thousand, referred to the amount payable to distribution companies for the conventional meters that must be replaced by smart meters under Resolution 155/09 but that had not yet been fully amortised through tariffs at the date of their replacement. This considerable sum was due to the intense replacement activity that has taken place in recent years, and will be repaid by CSEA according to the time frame set out in the resolution.

Finally, the balance of miscellaneous non-current assets includes the residual value of prepaid expenses in the form of rent paid in advance to API, the company that owns the networks managed in the municipality of Rozzano (€2,500 thousand). As pointed out in the comments to Item 16, Non-current Financial Assets, as of this year the balance of advances for tender charges that distribution companies have to pay to contracting stations for ATEM tenders, which previously appeared in this item, has been reclassified in this item for better presentation.

Current assets

18. Inventories – €18,852 thousand

Closing inventories of raw materials, ancillaries and consumables mainly consisted of materials for construction and maintenance of gas distribution plants and, in particular, new smart meters.
Compared to the previous year, this item fell by €1,198 thousand; the decrease is basically due to fewer purchases of electronic meters during the year.
The item includes the provision for the write-down of inventories of €1,466 thousand. The provision was set up to take into account inventories with unlikely future use.
The company uses the weighted average cost method.

19. Trade receivables – €55,433 thousand

Compared to December 31, 2021 trade receivables fell by €167,539 thousand.

This item is broken down as follows:

Thousands of euro	As of December 31,		Variations
	2022	**2021***	
Third-party customers:			
Receivables from customers..	51,055	225,655	(174,601)
- Bad debt provision	(7,515)	(9,127)	1,612
Receivables for returns under warranty..	12,539	7,089	5,450
- Bad debt provision for returns under warranty	(646)	(646)	-
Total...	**55,433**	**222,972**	**(167,539)**

*2021 pro-forma restated figures
The significant decrease in the same at the end of the year is due to government regulations and consequent actions of the Authority carried out in order to reduce the impact of energy market trends on end consumers, through the introduction of negative tariff components and the elimination of certain existing components.
This factor caused a decrease in existing receivables from customers, an increase in receivables from CSEA (under Other Current Assets), and an increase in Trade Payables (into which the resulting negative customer balances were reclassified due to these components).
Such receivables are recognised net of a €7,515 thousand bad debt provision.
As for the impact assessment pursuant to IFRS 9, the company did not consider it had to update its assessments since the guarantees hedging receivables significantly reduce the risk of insolvency.
Receivables for returns under warranty, which are recognised net of the relevant bad debt provision, concern receivables from the manufacturers of meters for non-functioning assets that have long-term warranties. The amount is stated net of the bad debt provision to take account of changed contractual conditions and findings that lead to the belief that the receivable is no longer collectable.
The assessment in this regard, as can be seen, has not changed in the year.
Changes in the bad debt provision are set out below.

Thousands of euro	As of December 31,		Variations
	2022	2021	
Opening balance	**9,127**	**8,076**	**1,051**
Contribution from change in the scope of consolidation	-	377	(377)
Allocations	1,414	2,054	(640)
Releases	(2,142)	(860)	(1,282)
Uses	(884)	(520)	(364)
Closing balance	**7,515**	**9,127**	**(1,612)**

Bad debt provision at December 31, 2022 was taxed to the tune of €7,512 thousand (€7,164 thousand at December 31, 2021).
All Group companies operated exclusively in Italy.

20. Short-term financial receivables – €2.822 thousand

Short-term financial receivables consisted of financial receivables (€1,166 thousand) arising from exercising the right of withdrawal of Azienda Elettrica Valtellina e Valchiavenna. The amount reflects the estimate based on the preliminary withdrawal value that (i) was disputed by the company, (ii) was updated following payment of the company's dividend and (iii) will have to be updated based on the outcome of the ensuing litigation. The balance recognises other receivables, including €960 thousand from associate company 2i Servizi Energetici.

21. Other current financial assets – €489 thousand

Other current financial assets include the accrued interest income unpaid by 2i Servizi energetici as of December 31, 2022 and prepayments to third parties.

22. Cash and cash equivalents – €46,038 thousand

Cash and cash equivalents fell by €396,918 thousand as a result of the financial transactions carried out during the year - the acquisition of ATEM Naples 1 and the partial repurchase with cancellation of a tranche of the bond loan - as well as normal business operations.

Cash and cash equivalents are broken down as follows:

Thousands of euro	As of December 31,		Variations
	2022	2021	
Bank deposits	45,784	441,810	(396,026)
Post office deposits	96	989	(893)
Cash in hand	158	156	1
Total	**46,038**	**442,956**	**(396,918)**

Cash associated with operating activities is held in bank and post office deposits.

23. Income tax receivables – €13,717 thousand

Income tax receivables related to both IRES and IRAP, the €11,456 thousand increase in the year was due to normal changes for the payment of advances and balances during 2022.

24. Other current assets – €547,451 thousand

Other current assets increased by €332,505 thousand, mainly due to receivables from CSEA of €215,305 thousand and higher VAT receivables of €111,886 thousand, of which €8,443 thousand extra claimed for reimbursement during the year.
Both increases can be attributed to the particular situation during the year, with the introduction of negative pass-through components and the elimination of some tariff components, as described in the report on operations.
During the year, a part of the accrued receivables from CSEA were disposed of. These disposals had all the characteristics necessary for the de-recognition of the receivable on the Group's balance sheets. As of December 31, 2022 there was still an open operation worth €44.3 million, collected and repaid in early 2023.
In particular, receivables from CSEA include the equalisation of the gas distribution service (€60,803 thousand), so-called UG2 and Gas Bonus "pass-through" items (€285,553 thousand in total) and recognition of Technical Quality (€46,052 thousand). This

item also includes residual receivables for EECs (€4,378 thousand) and receivables for the recognition of remuneration on traditional meters disposed of before the end of their useful lives (€6,685 thousand).
The item is always correlated with payables to the Compensation Fund, as reported in note 40 "Other current liabilities".

This item is broken down as follows:

Thousands of euro	As of December 31, 2022	As of December 31, 2021*	Variations
Other tax receivables:			
VAT receivables claimed for reimbursement	19,280	10,837	8,443
Receivables due from tax authorities for VAT	106,877	3,434	103,443
Other tax receivables	2	11	(8)
Other receivables:			
From social security and insurance agencies	464	767	(303)
Receivables for grants related to plants	1,512	2,875	(1,364)
Receivables from CSEA	405,660	190,355	215,305
Receivables from third parties for tender / concession expiration	2,996	2,062	934
Receivables from municipalities	246	246	-
Receivables from suppliers	3,128	2,446	682
Other receivables	4,251	1,918	2,333
Provision for other doubtful debts	(2,402)	(2,915)	513
Accrued income	26	19	7
Deferred charges for other multi-year fees	37	16	21
Deferred charges for property lease fees	445	445	-
Deferred charges for promotional expenses	9	9	(0)
Deferred charges for insurance premiums	-	78	(78)
Other deferred charges	4,922	2,344	2,578
Total	**547,451**	**214,946**	**332,505**

*2021 pro-forma restated figures

25. Assets held for sale – €1,703 thousand

Among assets held for sale, the Group reports for the year the sum of assets concerning, primarily, concessions being divested after the outcome of the Udine 2 ATEM tender, which is expected to be awarded in the first half of 2023.

Liabilities

Equity

26. Equity – €1,300,308 thousand

Equity rose by €152,591 thousand in the year as a result of the following changes:

- a decrease in the ordinary dividend payout of an overall €105,008 thousand;
- positive change in IAS reserves of €88,123 thousand following the Fair Value adjustment of derivatives and recognition of the discounting of defined benefits;
- an increase in the operating profit of €169,476 thousand, of which €(339) thousand the operating result for minority interests;

Share capital – €3,639 thousand

As of December 31, 2022 the share capital consisted of €363,852 thousand2i Rete Gas S.p.A. ordinary shares, worth a value of €3,639 thousand, fully subscribed and paid up.

Share premium reserve – € 286,546 thousand

The share premium reserve did not change in the year.

Legal reserve – €728 thousand

The legal reserve stood at €728 thousand, with no change during the year.

Reserves for valuation of derivatives – €84,412 thousand

The reserve for valuation of derivatives was created in 2016 following the first execution of Forward Starting Interest Rate Swap contracts. In 2018 the swap was closed as planned, while the effect on the income statement is recorded on the basis of the interest expense flow of the Debenture Loan for the following 10 years. This movement is in addition to the Fair Value measurement of the new derivative contract opened in 2019.

Other reserves – €235,589 thousand

Other reserves rose by €2,517 thousand owing to the recognition of the impact of the actuarial valuation of the Company's defined benefit plan on equity.

Retained earnings – €517,750 thousand

Retained earnings rose by €105,919 thousand from the previous year as a result of the allocation of the profit for the year 2021.

Profit for the period – €169,476 thousand

The result for 2022 was down by €41,714 thousand on the previous year.

Non-current liabilities

27. Long-term loans – €3,086,998 thousand

The item refers to the five instalments of the long-term debenture loan issued by the parent company maturing between 2024 and 2031 and to three credit lines (totalling €452 million).
Changes in the year were caused by the Open Market Repurchase (OMR) transaction, with the repurchase and cancellation of part of a tranche of the outstanding debenture loan.
The table below shows short- and long-term debt expressed in the original currency and the relevant interest rate. The notional amount of the loan is the same as its carrying amount.

	Carrying amount		**National amount**		**Interest**	**Interest**
Thousands of euro	**As of December 31,**		**As of December 31,**		**In force**	**actual**
	2022	**2021**	**2022**	**2021**		
Fixed-rate debt	70,000	70,000	70,000	70,000	1.39%	1.39%
Fixed-rate debt	-	100,000	-	100,000		
Fixed-rate debt	155,000	155,000	155,000	155,000	1.40%	1.40%
Floating-rate debt	127,273	145,455	127,273	145,455	Eur+0,59%	3.29%
Debenture loan expiring 2024	577,393	600,000	577,393	600,000	3.00%	3.13%
Debenture loan expiring 2025	500,000	500,000	500,000	500,000	2.20%	2.29%
Debenture loan expiring 2026	435,000	435,000	435,000	435,000	1.75%	1.91%
Debenture loan expiring 2027	730,000	730,000	730,000	730,000	1.61%	1.62%
Debenture loan expiring 2031	500,000	500,000	500,000	500,000	0.58%	0.64%
Costs linked to loans (long-term)	(7,667)	(9,906)				
Total long-term	**3,086,998**	**3,225,548**	**3,094,666**	**3,235,455**		
Floating-rate debt	18,182	18,182	18,182	18,182	Eur+0,59%	3.29%
Fixed-rate debt	100,000	-	100,000	-	0.25%	0.25%
Costs linked to loans (short-term)	(35)	-				
Total short-term	**118,147**	**18,182**	**118,182**	**18,182**		

The maturity schedule of financial liabilities, whether medium-/long-term (€3,094,666 thousand notional) or short-term (€118,182 thousand – see points 33 and 34 of these notes), is shown in the following table:

	National		1 year	2 – 5 years	Beyond 5 years
Thousands of euro	As of December 31, 2022	As of December 31, 2021			
Short and medium/long-term bank loans and debenture loans					
Loan - Medium/long-term Capex Line...	352,273	470,455	-	297,727	54,545
Loan - Short-term Capex Line	118,182	18,182	118,182	-	
Medium/long-term debenture loans	2,742,393	2,765,000	-	2,242,393	500,000
Total..	**3,212,848**	**3,253,636**	**118,182**	**2,540,120**	**554,545**

The regulations for the debenture loan, issued for a market of institutional investors, do not provide for covenants.

The loans taken out with the European Investment Bank are subject to some covenants calculated on the basis of the consolidated financial statements that the company must meet to continue using the credit lines.
The covenants concern the following indicators:

- Total net financial debt;
- RAB (Regulatory Asset Base);
- EBITDA;
- Net Financial Expenses.

As of December 31, 2022 the company had met all covenants.

28. Post-employment and other employee benefits – €30,207 thousand

The Group provides employees with various types of benefits, including post-employment benefits, health benefits, compensation due instead of notice of dismissal (Indennità Sostitutive del Preavviso - ISP) and compensation due instead of energy discount (Indennità Sostitutive Sconto Energia).
The item includes provisions for post-employment defined benefit plans and other long-term employee benefits required by law or contract.

Pursuant to IAS 19 Revised, these "defined benefit obligations" were determined using the "Projected Unit Credit Method", with the liability being calculated in proportion to the service already rendered at the reporting date, and not the service that might presumably be rendered overall.
In detail, the plans provided for the following benefits:

Thousands of euro	As of December 31,		Variations
	2022	2021	
Post-employment benefits...	23,326	28,043	(4,717)
ASEM health service	1,277	1,567	(290)
Fondo GAS..	5,605	7,482	(1,877)
Total...	**30,207**	**37,092**	**(6,885)**

An analysis of the main items is provided below.

TFR

Under Italian law, when the employment relationship ends, the employee is entitled to receive post-employment benefits, corresponding, for each year of service, to an amount calculated by dividing their gross annual salary by 13.5.
It is noted that following the approval of Law 296 of December 27, 2006 (2007 finance law) and subsequent decrees and enabling legislation, only the portions of post-employment benefits held with the company qualify as a defined benefit plan, while the accrued portions allocated to supplementary pension schemes and the treasury fund held by INPS (the Italian Social Security Agency) qualify as a defined contribution plan.

Health care benefits

Based on the Italian collective bargaining agreement for executives in the industrial sector, executives have the right to supplemental health care in addition to that provided by the Italian Health Service, during both the employment relationship and retirement. ASEM and FASI, the healthcare fund set up for workers in Italy's electricity industry, reimburse medical expenses.

Fondo Gas

Italian Law Decree No. 78/2015, coordinated with Law no. 125/2015 (OJ 14.08/2015), ordered the elimination of the so-called "Fondo Gas" (Gas Fund) as from December 1, 2015. The decree also provided for the payment, either to current employees or as a voluntary continuation of the contribution to Fondo Gas, of an amount (to be paid by the employer) equal to 1% of the 2014 contribution to Fondo Gas, for each full year or any part thereof that the person has been a member of the fund. Said amount can be set aside with the employer or paid as a contribution to a supplementary pension scheme (hereinafter referred to as Contribution to the former Fondo Gas). The provision shall be made in 240 equal monthly instalments. Should the employment relationship end before the payments are completed, the remaining amount to be paid to Fondo Gas shall be paid in a lump sum at the time of the final wage.
The Company set aside an additional amount during the year after revising the estimate based on the more accurate data available on the average seniority of current employees for the purposes of Fondo Gas.
The main assumptions in the actuarial estimates of employee benefit liabilities (Gas Provision and post-employment benefits) are set out below.

Thousands of euro	**As of December 31,**	
	2022	**2021**
Actuarial assumptions		
Discount rate	3.70%	1.00%
Annual rate of increase in cost of living	2.30%	1.50%
Rate of increase in cost of health spending	3.30%	2.50%
Demographic scenarios		
Mortality rate	ISTAT Table 2017	ISTAT Table 2017
Resignation rate < 50 years of age	2.00%	2.00%
Resignation rate > 50 years of age	nil	nil

29. Provisions for risks and charges – €10,486 thousand

Provisions for risks and charges are used to cover contingent liabilities that might arise from litigation or other disputes, without taking into account the impact of disputes estimated to be settled in favour of the Group and those for which the potential expense cannot be measured reliably.

Provisions for risks and charges (considering both the short-term and the medium-/long-term portions) fell by €3,079 thousand overall compared to the previous year.
The table below shows the total provisions for risks and charges (both the short-term and the medium/long-term portion). The short-term portion is disclosed separately.

Thousands of euro	**As of December 31, 2021**	**Of which current portion**	**Of which non-current portion**	**Allocations**	**Releases**	**Uses**	**As of December 31, 2022**	**Of which current portion**	**Of which non-current portion**
Provision for litigation and disputes	6,293	-	6,293	1,292	(919)	(1,091)	5,575	-	5,575
Provision for taxes and duties	1,813	-	1,813	510	(276)	(21)	2,025	-	2,025
Provision for disputes with personnel	100	-	100	-	-	-	100	-	100
Provision for disputes on concessions	29,142	29,142	-	6,458	(3,537)	-	32,064	32,064	-
Other provisions for risks and charges	39,317	39,317	-	20,962	(8,951)	(17,605)	33,723	30,937	2,786
Total	**76,665**	**68,460**	**8,206**	**29,222**	**(13,682)**	**(18,718)**	**73,486**	**63,001**	**10,486**
Provision for charges pertaining to leave incentives.	1,900	1,900	-	353	-	(253)	2,000	2,000	-
Total	**78,565**	**70,360**	**8,206**	**29,575**	**(13,682)**	**(18,971)**	**75,486**	**65,001**	**10,486**

Provisions for risks and charges totalled € 75,486,000 with a short-term portion of €65,001 thousand and a long-term portion of €10,486 thousand.
Existing funds broken down as follows:

- "Provisions for litigation and disputes", €5,575 thousand, to cover contingent liabilities mainly arising from ongoing litigation cases;
- "Provision for taxes and duties", standing at €2,025 thousand, referring mainly to ongoing litigation or disputes concerning local taxes;

- “Provision for disputes with personnel”, amounting to €100 thousand, covering expected charges arising from disputes with personnel of a company acquired in previous financial years. The Company did not consider it necessary to change this item in the year;
- “Provision for disputes on concessions", totalling €32,064 thousand, generally refers to estimated costs of sundry disputes with licensing Municipalities; over the year this item underwent a net increase of €2,921 thousand based on the likelihood of Municipalities requesting revision of the agreed concession fees. The likely maximum risk is estimated in the fund taking into account the limitation times dictated by the legislation itself;
- "Other provisions for risks and charges", amounting to €33,723 thousand, mainly cover charges that may arise from the need to maintain or replace metering equipment that does not fully meet company standards as well as the provision for the risk that the EEC cancellation contribution may not cover the cost of purchasing all the EECs for which the Group has an obligation to purchase as at December 31, 2022;
- “Provision for charges pertaining to incentives to leave”, totalling €2,000 thousand, addresses possible liabilities that may arise from agreements defined or in the process of being defined for incentives for personnel to leave, which started during the year and are still under way. The provision was used during 2022 to the extent of €253 thousand.

The fiscal position of the Group has been defined up to 2017.

30. Non-current financial liabilities – €0 thousand

As of December 31, 2022 non-current financial liabilities stood at zero. Last year, the item included the negative value for the Fair Value of the derivative opened by the parent company during the year; this value has now turned positive due to interest rate trends.

31. Non-current financial liabilities pursuant to IFRS 16 – €18,811 thousand

As of December 31, 2022 this item included financial liabilities falling due after 12 months deriving from the application of IFRS 16, i.e. payables arising from future leases that the Group will have to pay for the exclusive use of those assets whose hire, rental or lease contracts fall under the application of the aforesaid standard.
The table below shows details of maturities broken down by short, medium and long-term debt and by type of contract.

Thousands of euro	**Present value of IFRS 16 cash as of December 31, 2022**	**1 year**	**2 – 5 years**	**Beyond 5 years**
ST/LT IFRS 16 Financial liabilities				
Non-current IFRS 16 financial liabilities	**18,811**	**-**	**17,883**	**928**
IFRS 16 Property			13,572	928
IFRS 16 Vehicles			4,311	-
IFRS 16 ICT			-	-
Current IFRS 16 financial liabilities.............................	**6,660**	**6,660**	**-**	**-**
IFRS 16 Property		4,204		
IFRS 16 Vehicles		2,275		
IFRS 16 ICT		182		
Total	**25,472**	**6,660**	**17,883**	**928**

32. Other non-current liabilities – €353,854 thousand

This item rose by €15,341 thousand compared to the previous year, made up as follows:

Thousands of euro	**As of December 31,**		**Variations**
	2022	**2021**	
payables to social security and insurance agencies.........................	-	2,137	(2,137)
other payables..	1,052	961	91
Deferred income for plant contributions	58,554	48,771	9,783
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	294,248	286,644	7,604
Total deferred income..	**353,854**	**338,512**	**15,341**

In addition to being due to normal operating trends, the change in deferred income also accommodates the representation of the counterpart of those assets heavily impacted by contributions following the awarding of ATEM Naples 1, increasing accordingly. The item must be read together with the short-term portion of "Other current liabilities".

Current liabilities

33. Short-term loans – €0 thousand

This item stood at zero, just as in 2021.

34. Current portion of medium/long-term bank loans – €118,182 thousand

As of December 31, 2022 the item included the total bank debt, including the debt to the EIB, which is contractually due to be repaid within the next 12 months.
For details, see Section 27.

35. Current portion of long-term provisions and short-term provisions – €65,001 thousand

Comments and details of this item are provided in the section on provisions for risks and charges (note 29).

36. Trade payables – €448,994 thousand

This item includes all trade and operating liabilities of certain amount and timing. All reported payables were incurred in Italy.

This item increased by €229,776 thousand compared to the previous year, mainly due to the classification within it of debit balances with customers generated by the presence of negative tariff components in the billing, as established by the Authority following Government provisions aimed at limiting the impact of international energy market tensions and the consequent increase in prices.

The breakdown of trade payables to third-party suppliers is set out below.

Thousands of euro	As of December 31,		Variations
	2022	2021*	
Suppliers	448,994	219,218	229,776
Total	**448,994**	**219,218**	**229,776**

*2021 pro-forma restated figures

The balance as of December 31, 2022 mainly consists of the residual amount payable to supplier companies to which gas distribution plant construction and maintenance is outsourced, payables arising from staff and operating support services, and the purchase of electricity and gas services for internal use.

37. Income tax payables – €1,221 thousand

As of December 31, 2022 income tax payables were higher than in the previous year due to normal trends for advance and final payments.

38. Current financial liabilities – €19,611 thousand

Current financial liabilities mostly refer to the interest expense accrued and not yet paid relating to the instalments of the debenture loan.

Thousands of euro	As of December 31,		Variations
	2022	2021	
Accrued liabilities for interest on short-term bank loans and bank expenses	18,785	19,243	(458)
Other current financial payables	826	767	60
Total	**19,611**	**20,009**	**(399)**

39. Financial liabilities IFRS 16 – €6,660 thousand

The item includes financial liabilities relating to rental and leasing contracts categorised with rights of use under IFRS 16, which are expected to be paid within the next 12 months. A breakdown of maturities by type of contract is provided under note 31 above.

40. Other current liabilities – €143,054 thousand

Other current liabilities decreased in the year by €60,945 thousand, mainly due to the fall in "Other payables", an item which also includes the amount due to the Fund for Energy and Environmental Services (CSEA) for the items relating to various tariff components.

The position with CSEA must be seen in light of the relevant receivables due from CSEA included under Other current assets.

Other current liabilities are set out below:

Thousands of euro	As of December 31,		Variations
	2022	2021*	
other tax payables	3,881	6,782	(2,900)
payables to social security and pension agencies	9,173	10,629	(1,456)
other payables	113,045	171,931	(58,885)
accrued liabilities	3,525	3,324	201
deferred income	13,429	11,334	2,095
Total	**143,054**	**203,999**	**(60,945)**

*2021 pro-forma restated figures

Other tax payables, amounting to €3,881 thousand, are set out below.

Thousands of euro	As of December 31,		Variations
	2022	2021	
due to tax authorities for VAT	149	2,898	(2,749)
due to tax authorities for taxes withheld from employees	3,703	3,755	(53)
due to tax authorities for withholding taxes	30	128	(99)
other payables to tax authorities	0	0	(0)
Total	**3,881**	**6,782**	**(2,900)**

Amounts due to social security institutions, totalling €9,173 thousand, were down compared with the previous year, in line with personnel changes during the year:

Thousands of euro	As of December 31,		Variations
	2022	2021	
due to INPS	8,143	9,552	(1,409)
due to other agencies	1,029	1,077	(48)
Total	**9,173**	**10,629**	**(1,456)**

Other payables, amounting to €113,045 thousand, are set out below.

Thousands of euro	As of December 31,		Variations
	2022	2021*	
Payables to employees	10,986	13,426	(2,440)
Payables to municipalities for rights and fees	1,201	1,204	(3)
Payables for connections, network extension and other payables to customers	10,555	8,199	2,356
Payables for security deposits and user advances	5,440	4,524	916
Payables to CSEA	77,241	137,858	(60,617)
Other payables	7,623	6,720	902
Total	**113,045**	**171,931**	**(58,885)**

*2021 pro-forma restated figures

Payables to the Fund for Energy and Environmental Services (CSEA) consisted of €36,850 thousand in payables for entries that are transferred to trading companies through the invoicing mechanism and then paid to CSEA, generally on a bi-monthly basis (UG1, UG2, UG3, Re, Gs and Rs), and residual payables of €32,323 thousand mainly relating to equalisation amounts for previous years and the current year.

Accruals and deferred income, amounting to €16,954 thousand, are set out below.

Thousands of euro	As of December 31, 2022	2021*	Variations
Accrued liabilities			
Additional monthly accrual for employees	3,337	3,309	28
Other accrued liabilities	188	15	173
Total accrued liabilities	**3,525**	**3,324**	**201**
Deferred income			
Deferred income for plant contributions	2,694	2,204	490
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	10,094	8,978	1,117
Other deferred income	641	152	489
Total deferred income	**13,429**	**11,334**	**2,095**
Total accrued liabilities and deferred income	**16,954**	**14,658**	**2,297**

25. Liabilities held for sale – €230 thousand

As of December 31, 2022 this item mainly included liabilities regarding concessions being divested further to the outcome of the ATEM Udine 2 tender, which is due to be awarded in the first half of 2023.

Related party disclosures

Related parties are identified in accordance with international accounting standards.

"Related parties" with whom the Group had dealings in 2022 included:

- F2i SGR S.p.A. – as the operating company of "F2i – Third Italian Infrastructure Fund, closed-end investment fund, reserved for qualified investors"
- Finavias S.a.r.l.
- Bonatti S.p.A.
- APG Infrastructure Pool 2017 II
- Melegnano Energia Ambiente S.p.A. (MEA S.p.A.)
- 2i Servizi Energetici S.r.l.

The definition of related parties includes key management personnel, including their close relatives, of the parent company as well as of the companies controlled directly and/or indirectly by them, jointly controlled companies and those in which the parent company exercises considerable influence. Key management personnel are those who have direct and indirect power and responsibility for planning, management, and control of company operations, including Directors and Auditors.

All trade balances relate to transactions undertaken at market values.

Trade, financial and other transactions involving the Group, its parent companies and its subsidiaries are shown below.

Trade and other transactions

2022

Thousands of euro	Trade		Trade	
	Receivables	Payables	Costs	Revenue
F2i SGR S.p.A	-	60	60	-
MEA SPA	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti Spa	28	6,656	5,824	28
2i Servizi Enegetici Srl	35	71	149	62
Key management personnel, including directors and statutory auditors	-	53	3,843	0
Overall total	**72**	**6,860**	**9,895**	**99**

2021

Thousands of euro	Trade		Trade	
	Receivables	**Payables**	**Costs**	**Revenue**
F2i SGR S.p.A	-	15	68	-
MEA SPA..	9	-	-	9
APG Infrastructure Pool 2017 II	-	60	20	-
Bonatti Spa..	31	4,322	4,184	19
2i Servizi Enegetici Srl	16	13	63	59
Key management personnel, including directors and statutory auditors	-	48	2,626	-
Overall total...	**55**	**4,457**	**6,960**	**86**

Financial transactions

2022

Thousands of euro	Trade		Trade		
	Receivables	**Payables**	**Costs**	**Revenue**	**Dividends paid**
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					67,100
Finavias S. à r.l.					37,845
MEA SPA...				238	
2i Servizi Enegetici Srl	966		200	29	
Overall total..	**966**	**-**	**200**	**267**	**104,945**

2022

Thousands of euro	Trade		Trade		
	Receivables	**Payables**	**Costs**	**Revenue**	**Dividends paid**
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					79,887
F2i – Secondo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					10,136
Finavias S. à r.l.					34,922
MEA SPA...				130	
2i Servizi Enegetici Srl	498		245	62	
Overall total..	**498**	**-**	**245**	**192**	**124,945**

Significant extraordinary events and operations

Pursuant to Consob communication no. DEM/6064293 dated July 28, 2006 it is noted that there were no significant events and transactions of a non-recurring nature during the year that have not already been disclosed in this document.

Positions or transactions arising from atypical and/or unusual operations

Pursuant to Consob communication no. DEM/6064293 dated July, 28 2006 it is noted that there were no positions or transactions arising from atypical and/or unusual transactions.

Fees for Directors, auditors and key management personnel

Fees for directors totalled €258 thousand in 2022 (of which €177 thousand to personnel given strategic responsibility); fees for Statutory Auditors totalled €69 thousand (fully included in the category of personnel given strategic responsibility) and fees for managers with strategic responsibility totalled €3,585 thousand.

Remuneration of the Independent Auditors

The remuneration of the independent auditors totalled €606 thousand in 2022, and included the annual auditing of the statutory and consolidated financial statements, the auditing of the unbundling financial report and the statements required by ARERA.

Public grants received

With regard to the changes contained in Law no. 124 of August 4, 2014, the "Annual competition law", more precisely article 1(125-129), it is reported that during the course of 2022 the following grants were received by Group companies from public bodies:

Euro			
Name	**Prov.**	**December 31, 2022**	**Type**
Municipality of Baselice - Municipality of San Bartolomeo in Galdo - Municipality of Foiano Val Fortore................................	BN	230,021	CONTRIBUTIONS - Campania Region contributions in response to 2015 extreme events
MUNICIPALITY OF ISOLA DEL GRAN SASSO..	TE	13,894	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF TORANO NUOVO..	TE	5,638	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF CASTEL CASTAGNA..	TE	15,592	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF LUCOLI	AQ	30,000	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF CANZANO.	TE	18,262	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF TORNIMPARTE...	AQ	7,656	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF BASCIANO...........	TE	16,876	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF CASTELLI	TE	8,624	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF TOSSICIA	TE	8,934	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF CERMIGNANO	TE	12,035	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF CASTELLALTO ...	TE	13,440	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF RIPA TEATINA....	CH	18,000	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
MUNICIPALITY OF PENNA SANT'ANDREA	TE	18,905	PLANT CONTRIBUTIONS ABRUZZO RL 84/2001
GSE - Gestore Servizi Energetici SpA......		100,029	Incentives for photovoltaic projects
MUNICIPALITY OF VIBONATI............	SA	67,106	REGIONAL GRANT AS PER CAMPANIAN LAW 100/2018
MUNICIPALITY OF MORIGERATI	SA	59,107	REGIONAL GRANT AS PER CAMPANIAN LAW 100/2018
MUNICIPALITY OF TORRACA............	SA	71,661	REGIONAL GRANT AS PER CAMPANIAN LAW 100/2018
MUNICIPALITY OF TORRACA............	SA	266,304	NATURAL GAS SERVICE GOVERNMENT GRANT TO SOUTHERN ITALY AS PER LAW 147/13
MUNICIPALITY OF ISPANI	SA	43,863	REGIONAL GRANT AS PER CAMPANIAN LAW 100/2018
MUNICIPALITY OF TORTORELLA.....	SA	130,724	REGIONAL GRANT AS PER CAMPANIAN LAW 100/2018
MUNICIPALITY OF CASALETTO SPARTANO	SA	70,021	REGIONAL GRANT AS PER CAMPANIAN LAW 100/2018
MUNICIPALITY OF CAMEROTA.........	SA	71,601	REGIONAL GRANT AS PER CAMPANIAN LAW 100/2018
MUNICIPALITY OF CAMEROTA.........	SA	652,767	NATURAL GAS SERVICE GOVERNMENT GRANT TO SOUTHERN ITALY AS PER LAW 147/13
Total public grants collected		**1,951,061**	

It is noted that the amount did not include any grants received from public administrations not yet refunded to the Group.

Contractual commitments and guarantees

The company provided €161,108 thousand by way of guarantees in the interests of third parties. These guarantees include €122,251 thousand in bank guarantees and €38,857 thousand in insurance and other guarantees.
These guarantees were provided as collateral for maintenance and extension work relating to distribution networks as well as participation in tenders for operating gas distribution services.

Further to section 22(b) of art. 2427 of the Civil Code, it is stressed that there are no agreements that have not been disclosed in the financial statements that might significantly impact the Group's financial statements.

Operating segment reporting

The Group is managed as a single business unit engaging mainly in natural gas distribution through networks. As a result, the Group's operations are analysed as a whole by top management.
The reporting format used by top management to take operating decisions is consistent with the formats used in the consolidated financial statements shown herein, excluding the impact of IFRIC 12 and highlighted in note 5.c as well as in the section covering costs.

Contingent liabilities and assets

Contingent liabilities

Currently there are no contingent liabilities.

Contingent assets

Currently there are no contingent assets.

Credit, liquidity and market risk

Credit risk

The 2i Rete Gas Group provides its distribution services to over 260 sales companies, the most significant of which is Enel Energia S.p.A.
With regard to invoiced volumes, no significant cases of counterparty non-compliance were detected in 2022.
User access to the gas distribution service is governed by the Network Code, which, in compliance with the provisions of ARERA, establishes the rights and obligations of the entities involved in the distribution service process, as well as the contractual clauses that reduce the risk of breach by sales companies.
As part of gas distribution operations, credit lines to external counterparties are closely monitored by assessing the relevant credit risk and requiring adequate guarantees and/or security deposits for the purpose of ensuring an appropriate level of protection against the risk of default by the counterparty.
Outstanding guarantees and security deposits on trade receivables totalled €236,238 thousand.
This resulted in a mitigation of the credit risk.
A summary quantitative indication of the maximum exposure to credit risk can be derived from the carrying amount of financial assets, before the relevant bad debt provision.
As of December 31, 2022 the maximum credit risk exposure was €681.3 million:

Thousands of euro	**As of December 31,**		**Variations**
	2022	**2021***	
Third parties:			
Non-current financial assets	116.7	13.0	103.6
Other non-current financial assets (gross of bad debt provision)	33.4	40.5	(7.0)
Trade receivables (gross of bad debt provision)	63.6	232.7	(169.2)
Other current financial assets	3.3	2.0	1.3
Cash and cash equivalents	46.0	443.0	(396.9)
Other receivables (gross of bad debt provision)	418.3	200.7	217.6
Total	**681.3**	**931.9**	**(250.6)**

*2021 pro-forma restated figures

Liquidity risk

Based on the current financial structure and the expected cash flows as projected in the business plans, the 2i Rete Gas Group is able to autonomously meet the financial requirements of its ordinary operations and ensure business continuity.
In addition to the debenture loans issued, maturing between 2024 and 2031, the company took out two loans with the European Investment Bank in 2015 and 2016, totalling €425 million, plus a line of credit with a leading bank.
In order to properly disclose liquidity risk as required by IFRS 7, below are details of the company's debt.

The contractual maturities of the financial liabilities outstanding as of December 31, 2022 are set forth below:

Thousands of euro	**1 year**	**1 – 5 years**	**Beyond 5 years**
Financial liabilities as of December 31, 2022.............................			
Long-term loans..	-	297.7	54.5
Medium/long-term debenture loans	-	2,242.4	500.0
Short-term loans..	100.0		
Current portion of long-term loans..	18.2		
Other short-term financial liabilities	19.6		
Non-current IFRS 16 financial liabilities		17.9	0.9
Current IFRS 16 financial liabilities..	6.7		
Total...	**144.5**	**2,558.0**	**555.5**

For comparative purposes, the contractual maturities of the financial liabilities outstanding as of December 31, 2021 are set forth below:

Thousands of euro	**1 year**	**1 – 5 years**	**Beyond 5 years**
Financial liabilities as of December 31, 2021.............................			
Long-term loans..	-	172.7	297.7
Medium/long-term debenture loans	-	1,535.0	1,230.0
Current portion of long-term loans..	18.2		
Other long-term financial liabilities	10.2		
Other short-term financial liabilities	20.0		
Non-current IFRS 16 financial liabilities		17.5	2.5
Current IFRS 16 financial liabilities..	5.6		
Total...	**54.0**	**1,725.2**	**1,530.3**

The projected liquidity requirements are estimated based on the cash flows expected from ordinary operations.
It should be noted that loans are regularly monitored as regards compliance with some financial covenants at a consolidated level. As of December 31, 2022, these covenants had been fully met.

"Medium/long-term debenture loans" totalling €2,742.4 million refer to the aforementioned debenture loan instalments issued by 2i Rete Gas and expiring between 2024 and 2031.
The company's growth plan requires refinancing existing debt, but given the company's excellent performance, the rating obtained, and the ongoing compliance with the financial covenants established by the lending banks, currently the company does not face any problems in obtaining said refinancing.
The company constantly monitors opportunities to optimise its financial structure.
For an in-depth analysis of long-term loans, see note 27 in these financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices as a result of changes in exchange rates, interest rates, or the prices of equity instruments.

Transactions that qualify for hedge accounting pursuant to the requirements of the accounting standards are designated as hedging transactions, while those that do not meet such requirements are classified as trading transactions, even though, from a management point of view, they have been entered into for hedging purposes.

The Group does not hold derivatives for trading or speculative purposes.

During 2019, the parent company entered into 5 "Forward Starting Interest Rate Swap" hedging instrument contracts with a notional amount of €500 million.

In accordance with IFRS 7, the table below shows financial assets and liabilities, disclosing their carrying amount and Fair Value. The company has no financial assets held to maturity, available for sale or held for trading.

		Carrying amount						
Thousands of euro	**Notes**	**Measured at fair value**	**Derivatives***	**Receivables**	**Available for sale**	**Other financial liabilities and payables**	**Total**	**Fair value**
Financial assets designated at fair value								
Non-current financial assets	16		103,690				103,690	103,690
Financial assets not measured at fair value								
Non-current financial assets	16			12,970			12,970	12,970
Other non-current assets	17			33,242			33,242	33,242
Trade receivables	19-25			55,433			55,433	55,433
Short-term financial receivables	20			2,822			2,822	2,822
Other current financial assets	21			489			489	489
Cash and cash equivalents	22			46,038			46,038	46,038
Other current assets	24			542,039			542,039	542,039
Total assets			**103,690**	**693,033**	**-**	**-**	**796,722**	**796,722**
Financial liabilities measured at fair value								
IRS Derivatives	38		-				-	-
Financial liabilities not measured at fair value								
Long-term loan	27					352,273	352,273	352,273
Medium/long-term debenture loans	27					2,734,726	2,734,726	2,463,989
Non-current IFRS 16 financial liabilities	31	18,811					18,811	18,811
Other non-current liabilities	32					1,052	1,052	1,052
Short-term loans	33-34					118,147	118,147	118,147
Trade payables	36-25					448,994	448,994	448,994
Current financial liabilities	38					18,785	18,785	18,785
Current IFRS 16 financial liabilities	39	6,660					6,660	6,660
Other current liabilities	40				19	129,625	129,644	129,644
Total liabilities		**25,472**	**-**	**-**	**19**	**3,803,601**	**3,829,091**	**3,558,355**

* amount measured at fair value and classified as Level 2, since its value can be derived from observable market data

In order to enable comparison, the same table as the one used in 2021 is provided:

				Carrying amount				Fair value
Thousands of euro	**Notes**	**Measured at fair value**	**Derivatives ***	**Receivables**	**Available for sale**	**Other financial liabilities and payables**	**Total**	**Fair value**
Financial assets designated at fair value								
Non-current financial assets...........	16		-				-	-
Financial assets not measured at fair value								
Non-current financial assets...........	16			13,012			13,012	13,012
Other non-current assets................	17			40,266			40,266	40,266
Trade receivables	19-25			222,972			222,972	222,972
Short-term financial receivables.....	20			2,014			2,014	2,014
Other current financial assets	21			26			26	26
Cash and cash equivalents.............	22			442,956			442,956	442,956
Other current assets.......................	24			212,054	46		212,100	212,100
Total assets			**-**	**933,299**	**46**	**-**	**933,345**	**933,345**
Financial liabilities measured at fair value								
IRS Derivatives.............................	38		10,184				10,184	10,184
Financial liabilities not measured at fair value								
Long-term loan	27					470,455	470,455	470,455
Medium/long-term debenture loans	27					2,755,094	2,755,094	2,894,339
Non-current IFRS 16 financial liabilities	31	20,006					20,006	20,006
Other non-current liabilities	32					961	961	961
Short-term loans............................	33-34					18,182	18,182	18,182
Trade payables	36-25					219,218	219,218	219,218
Current financial liabilities............	38					19,243	19,243	19,243
Current IFRS 16 financial liabilities	39	5,606					5,606	5,606
Other current liabilities	40				80	192,665	192,745	192,745
Total liabilities.............................		**25,611**	**10,184**	**-**	**80**	**3,675,818**	**3,711,694**	**3,850,939**

* amount measured at fair value and classified as Level 2, since its value can be derived from observable market data

With regard to the financial assets that are not measured at fair value, and the value of trade payables and other current liabilities, the carrying amount is considered to be a reasonable approximation of the fair value, as shown in the tables above.

To determine the Fair value of the debenture loan, the Group relied on market valuations at the end of the reporting period.

Interest rate risk

The company manages interest rate risk with the aim of achieving a balanced debt structure, reducing the amount of financial debt exposed to changes in interest rates and minimising funding costs over time, thereby limiting volatility in performance. To this end, the Company uses derivative contracts, notably interest rate swaps.

Concerning the current debt structure, €3,067 million out of a reported €3,213 million was not exposed to interest rate risk as of December 31, 2022.

During 2019 the parent company entered into 5 forward start interest rate swap derivative contracts (maturity set at 10 years after the start date) with as many leading banks in order to hedge against the risk of an increase in interest rates on the future issue of the Debenture Loan planned to refinance part of the existing loan reaching maturity in the coming years.

	Notional		Fair value		Fair value asset		Fair value liability	
Thousands of euro	**As of December 3 1, 2022**	**As of December 3 1, 2021**	**As of December 3 1, 2022**	**As of December 3 1, 2021**	**As of December 3 1, 2022**	**As of December 3 1, 2021**	**As of December 3 1, 2022**	**As of December 3 1, 2021**
Cash flow hedge derivatives........................								
Forward Start Interest Rate Swap	500,000	500,000	103,690	(10,184)	103,690	-	-	(10,184)
Total Interest Rate Derivatives.......................	**500,000**	**500,000**	**103,690**	**(10,184)**	**103,690**	**-**	**-**	**(10,184)**

The contract expiry dates are shown below:

	National		1 year	2 – 5 years	Beyond 5 years
Thousands of euro	**As of December 31 , 2022**	**As of December 3 1, 2021**			
Cash flow hedge derivatives					
Forward Start Interest Rate Swap...	500,000	500,000	-	-	500,000
Total Interest Rate Derivatives	**500,000**	**500,000**	**-**	**-**	**500,000**

The values are also shown, assuming interest rate shocks of +0.10% and -0.10%:

	Notional		-0,10%	Fair value	+0,10%	-0,10%	Fair value	+0,10%
Thousands of euro	**As of December 3 1, 2022**	**As of December 3 1, 2021**		**As of December 3 1, 2022**			**As of December 3 1, 2022**	
Cash flow hedge derivatives........................								
Forward Start Interest Rate Swap	500,000	500,000	100,615	103,690	107,720	(15,369)	(10,184)	(5,148)
Total.................................	**500,000**	**500,000**	**100,615**	**103,690**	**107,720**	**(15,369)**	**(10,184)**	**(5,148)**

Significant events after the reporting period

No events worthy of particular mention have been recorded after the reporting period at a consolidated level.

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