

INTERIM REPORT AS OF 30TH SEPTEMBER

2022

Ascopiave Group

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- Statement by the appointed Manager - Certification of the Consolidated Financial Statements in accordance with art. 81-ter of Consob regulation no. 11971

GENERAL INFORMATION

Directors, Officers and Company information

Board of Directors and Board of Auditors

Name	Office	Duration of office	From	To
Cecconato Nicola	Chairman of the Board of Directors and CEO	2020-2022	29/05/2020	Approval of budget 2022
Pietrobon Greta	Indipendet Director*	2020-2022	29/05/2020	Approval of budget 2022
Quarello Enrico	Director**	2020-2022	29/05/2020	Approval of budget 2022
Bet Roberto	Director	2020-2022	29/05/2020	Approval of budget 2022
Geronazzo Mariachiara	Indipendet Director	2020-2022	29/05/2020	Approval of budget 2022
Vecchiato Luisa	Indipendet Director***	2020-2022	29/05/2020	Approval of budget 2022
Novello Cristian	Indipendet Director	2020-2022	29/05/2020	Approval of budget 2022

The Board of Directors was appointed by the Ordinary Shareholders' Meeting held on 29th May 2020 and has been in office since 4th June 2020.

(*) Pietrobon Greta was appointed as the Lead Independent Director by the Board of Directors on 28th January 2021;

(**) Quarello Enrico was an independent director until 28th January 2021 and, subsequently, a non-independent director;

(***) Vecchiato Luisa was a non-independent director until 28th January 2021 and, subsequently, an independent director.

Name	Office	Duration of office	From	To
Salvaggio Giovanni	President of the Board of Auditors	2020-2022	29/05/2020	Approval of budget 2022
Moro Barbara	Statutory Auditor	2020-2022	29/05/2020	Approval of budget 2022
Biancolin Luca	Statutory Auditor	2020-2022	29/05/2020	Approval of budget 2022

Internal committees

In-Company Control Committee	From	To	In-Company Control Committee	From	To
Novello Cristian	08/06/2020	Approval of budget 2022	Pietrobon Greta	08/06/2020	Approval of budget 2022
Bet Roberto	08/06/2020	Approval of budget 2022	Quarello Enrico	08/06/2020	Approval of budget 2022
Geronazzo Mariachiara	08/06/2020	Approval of budget 2022	Vecchiato Luisa	08/06/2020	Approval of budget 2022

Independent Auditors

PriceWaterhouseCoopers S.p.A.

Registered office and company data

Ascopiave S.p.A.
Via Verizzo, 1030
I-31053 Pieve di Soligo - TV Italy
Tel: +39 0438 980098
Fax: +39 0438 964778
Share Capital: Euro 234,411,575 fully paid up
VAT ID 03916270261

Investor relations

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Main economic and financial data of the Ascopiave Group

Operating results

(Thousands of Euro)	Nine months			
	2022	% of revenues	2021	% of revenues
Revenues	120,009	100.0%	99,686	100.0%
Gross operative margin	53,566	44.6%	49,455	49.6%
Operating result	20,199	16.8%	22,916	23.0%
Result for the period	24,431	20.4%	29,698	29.8%
Net result from transfer/disposal of assets	861	0.7%	0	0.0%
Net result for the period	25,292	21.1%	29,698	29.8%

The gross operating margin (EBITDA) is the result before amortisation/depreciation, use of bad debt provisions, financial management and taxes.

Balance sheet figures

(Thousands of Euro)	30.09.2022	31.12.2021
Net working capital	65,748	2,431
Fixed assets and other non current assets (non-financial)	1,462,586	1,261,819
Non-current liabilities (excluding loans)	(66,880)	(48,259)
Net invested capital	1,461,454	1,215,991
Net financial position	(519,374)	(347,485)
Total Net equity	(942,079)	(868,505)
Total financing sources	(1,461,454)	(1,215,991)

Please note that “Net working capital” means the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (within 12 months), and other current liabilities.

Cash flow data

(Thousands of Euro)	Nine months	
	2022	2021
Total comprehensive income	69,714	30,109
Cash flows generated (used) by operating activities	27,686	52,317
Cash flows generated (used) by investments	(121,373)	(12,564)
Cash flows generated (used) by financial activities	66,613	(51,575)
Variations in cash	(27,075)	(11,823)
Cash and cash equivalents at the beginning of the period	42,539	21,902
Cash and cash equivalents at the end of the period	15,465	10,080

REPORT ON OPERATIONS

Foreword

The Ascopiave Group closed the first nine months of 2022 with a net consolidated profit of Euro 25.3 million (Euro 29.7 million as of 30th September 2021), down Euro 4.4 million as compared to the same period in the previous year. The consolidated net assets as of 30th September 2022 amounted to Euro 942.1 million (Euro 868.5 million as of 31st December 2021), and the net capital invested to Euro 1,461.5 million (Euro 1,216.0 million as of 31st December 2021). During the first nine months of 2022 the Group accomplished investments for Euro 41.4 million (Euro 33.7 million in the first nine months of 2021), mainly for the installation of electronic metres and the development, maintenance and modernisation of gas distribution networks and plants for Euro 35.4 million (Euro 32.4 million in the first nine months of 2021). At the end of the period in question, investments in plants for the production of energy from renewable sources amounted to Euro 4.1 million.

The operating results achieved by the Estenergy Group and Cogeide S.p.A. are recorded for the quota attributable to the Group in the item "Profit (loss) quota of companies recorded using the equity method".

Activities

Ascopiave mainly operates in the sector of natural gas distribution. The Group currently holds concessions and direct assignments for gas distribution in 306 municipalities and has a distribution network extending for about 14,600 km, providing services to a catchment area of approximately 890,000 users.

The Group is present, in addition to other sectors related to its core business, such as cogeneration and heat management, also in the water sector, being a shareholder and technological partner of Cogeide, a company operating in integrated urban water management in 15 Towns, serving a population of over 100 thousand with a network of 880 km.

The Group is also present in the renewable energy sector, with 28 hydro-electric and wind power stations.

Strategic objectives

Ascopiave aims to pursue a strategy focused on the creation of value for its stakeholders, by maintaining the level of excellence in the quality of the services offered, respecting the environment and addressing the social needs of the local community.

The Group intends to consolidate its leadership in the gas sector on a regional level and aims to reach a prominent position also at the national level, leveraging the liberalisation process currently underway. In this respect, Ascopiave follows a development strategy whose main guiding principles are dimensional growth, diversification in other divisions of the energy sector in synergy with the core business and the improvement of operating processes.

Operating performance

The volumes of gas distributed through the networks managed by the Group were 1,040.9 million cubic metres, with a decrease of 2.7% compared to the first nine months of the previous year.

The distribution network as of 30th September 2022 has an extension of 14,596 km, up 1,629 km as compared to the same period in the previous year, mainly due to the recent acquisitions.

The 28 plants for the production of electricity from renewable sources, with a total rated capacity of 62.5 MW, produced 61.1 GWh in the first nine months of the year, a figure heavily influenced by the severe drought suffered during the period in question.

Operating results and cash flows

In the first nine months of 2022, consolidated revenues are equal to Euro 120.0 million, compared to Euro 99.7 million recorded in the same period of the previous year.

The Operating Result of the Group amounted to Euro 20.2 million, down Euro 2.7 million compared to the first nine months of 2021.

The Net Result, equalling Euro 25.3 million, marks a decrease of Euro 4.4 million as compared to the same period in the previous year.

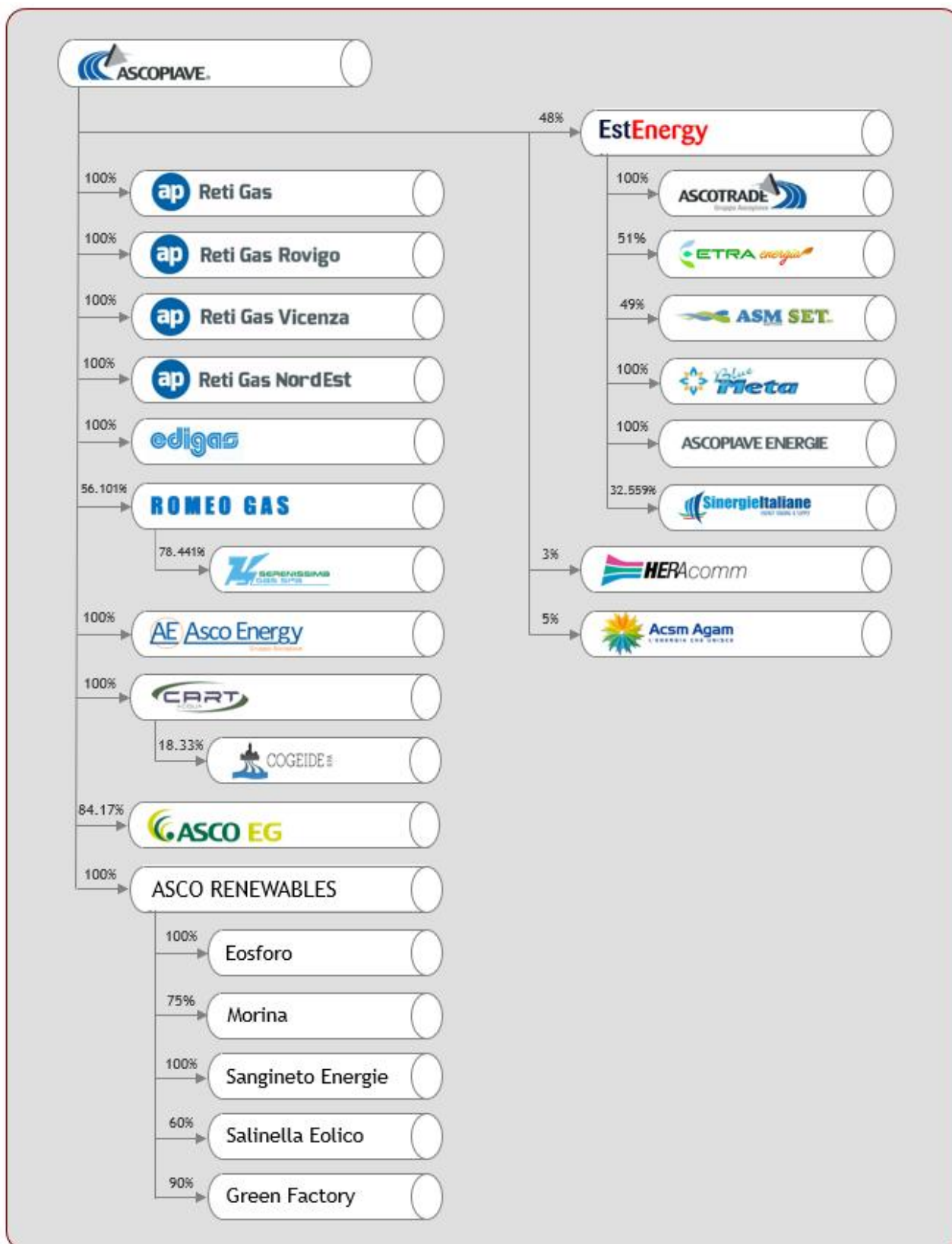
The Net Financial Position of the Group as of 30th September 2022 is Euro 519.4 million, up Euro 171.9 million as compared to Euro 347.5 million as at 31st December 2021.

The increase in financial indebtedness is determined by the cash flow of the period (given by the sum of the net result and amortisation, depreciation and write-downs), which generated resources for Euro 58.7 million, the management of current assets, which absorbed financial resources for Euro 25.6 million, by investments, which entailed the disbursement of Euro 155.4 million, the management of equity (dividends and treasury shares) which absorbed resources for Euro 10.5 million and the company acquisitions which resulted in an increase in the net financial position of Euro 39.1 million.

The ratio Net financial position to Net equity as of 30th September 2022 is 0.55 (0.40 as of 31st December 2021).

The structure of the Ascopiave Group

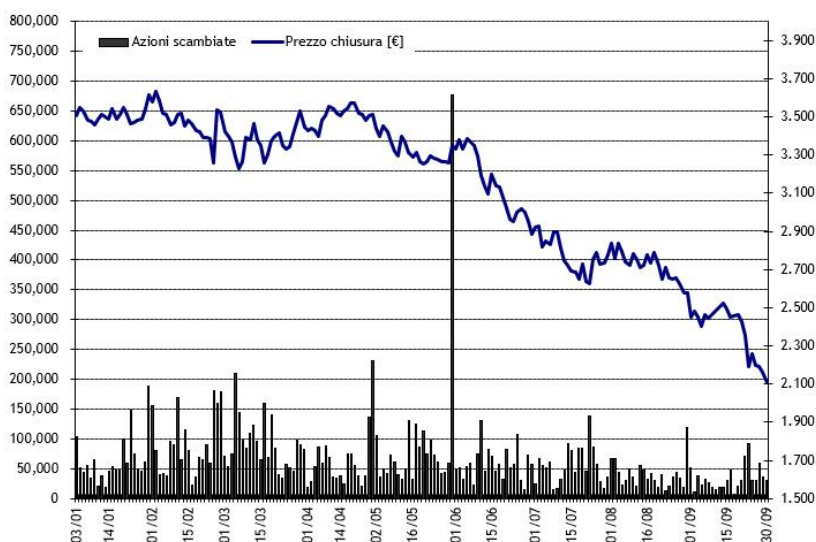
The table below shows the company structure of the Ascopiave Group as of 30th September 2022.



Ascopiave S.p.A. share trend on the Stock Exchange

As of 30th September 2022 the Ascopiave share registered a quotation of Euro 2.110 per share, down 39.8 percentage points as compared to the listing at the beginning of 2022 (Euro 3.505 per share, referred to the quotation of 3rd January 2022).

Capitalisation of the Stock Exchange as of 30th September 2022 was Euro 502.22 million¹ (Euro 814.80 million as of 30th December 2021).



During the first nine months of 2022, the quotation of the shares shows a decrease (-39.8%). In the same period, the FTSE Italia All Share and FTSE Italia Star indices decreased by 26.0% and 35.7% respectively. The sectorial index FTSE Italia Utenze dropped by 35.9%.

The following table shows the main share and stock-exchange data as of 30th September 2022:

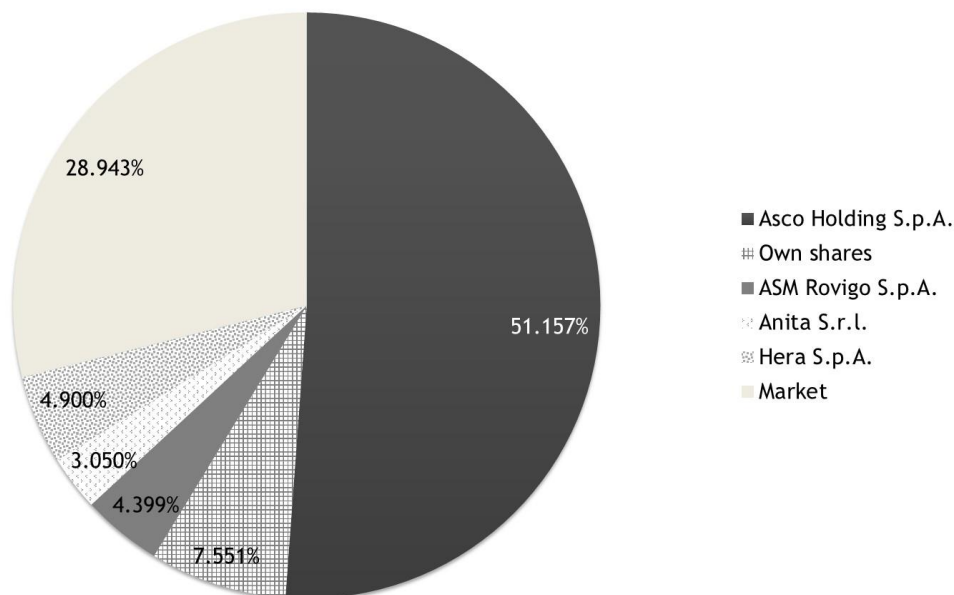
Share and stock-exchange data	30.09.2022	30.09.2021
Earning per share (Euro)	0.12	0.14
Net equity per share (Euro)	4.15	3.93
Placement price (Euro)	1.800	1.800
Closing price (Euro)	2.110	3.475
Max. annual price (Euro)	3.630	4.080
Min. annual price (Euro)	2.110	3.390
Stock-exchange capitalization (Millions of Euro)	502.22	812.94
No. Of shares in circulation	216,709,997	216,709,997
No. Of shares in share capital	234,411,575	234,411,575
No. Of own share in portfolio	17,701,578	17,701,578

¹ The Stock exchange capitalisation of the main listed companies operating in local public services (A2A, Acea, Acsm-Agam, Hera and Iren) as of 30th September 2022 equalled Euro 10.9 billion. Official data from Borsa Italiana's website (www.borsaitaliana.it).

Control of the Company

As of 30th September 2022, Asco Holding S.p.A. directly controls the majority of Ascopiave S.p.A.'s share capital as shown in the diagram below.

The share composition of Ascopiave S.p.A., according to the number of shares held by the shareholders of the total shares forming the share capital, is as follows:



Internal processing based on information received from Ascopiave S.p.A. pursuant to art. 120, Consolidated Financial Law.

Corporate Governance and Code of Ethics

During the first nine months of 2022, Ascopiave S.p.A. continued its corporate governance development process planned during the past years, strengthening its risk management system, introducing further improvements to the tools in order to protect investors' benefits.

Internal audit

The activity plan of the Internal Audit Manager is approved yearly by the Board of Directors of the Company. Specifically, the audit activities included in the above-mentioned activity plan, based on a process for prioritising the main risks, concern both compliance issues and the corporate processes related to the business areas deemed highly strategic.

Appointed Manager

The Appointed Manager, helped by the Internal Audit Manager and the Compliance Function, as part of the audit activities, has reviewed the adequacy of the administrative and accounting procedures and has continued to monitor the key procedures for preparing the financial report. To this end, the Company has adopted new continuous auditing tools, enabling the automation of the control procedures.

Organisation, management, and control model pursuant to Italian Legislative Decree 231/2001

Ascopiave S.p.A. and all its subsidiaries have adopted an Organisation, Management and Control Model, updated by the Board of Directors on 11th November 2021; they have also embraced the Code of Ethics of the Parent company Ascopiave. On 10th September 2021, the Board of Directors of Ascopiave S.p.A. approved an update of the Code of Ethics of the Ascopiave Group.

The Company, assisted by the Supervisory Board, constantly monitors the efficiency and adequacy of the Model adopted. Ascopiave S.p.A. approved the "Ascopiave Group Whistleblowing Procedure", adopted by all Group subsidiaries, an integral part of the 231 Model (annex 3 of 231 Model). Complaints are handled by an "Alert Committee". The Company has also continued promoting, disseminating and raising awareness of the Code of Ethics as concerns all its stakeholders, especially with business and institutional parties. The 231 Model and the Code of Ethics are available in the corporate governance section at www.gruppoascopiave.it.

Transactions with related and affiliate parties

The Group has the following transactions with related parties with the following types of operating costs:

- ✓ Purchase of IT services from the associate ASCO TLC S.p.A.;
- ✓ Administrative services from the Parent company Asco Holding S.p.A..

The Group has the following transactions with related parties with the following types of operating revenues:

- ✓ Lease of owned real properties to the associate ASCO TLC S.p.A.;
- ✓ Administrative and staff services from Ascopiave S.p.A. to the Parent company Asco Holding S.p.A..

During the first nine months of 2022, the transactions with affiliates produced revenues in relation to the following types of service:

- ✓ Natural gas transportation service on the local distribution network;
- ✓ Metering services performed as natural gas distributors and reading services;
- ✓ Administrative, IT, personnel and facility services.

We would like to point out that these relations are characterised by the highest transparency and are performed on an arm's length basis. As regards each relationship, please see the Explanatory Notes.

The table below shows the economic and financial nature of the transactions described above:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	123	174	47	0	0	47	0	0	123	0
Total parent company	123	174	47	0	0	47	0	0	123	0
<i>Affiliated companies</i>										
Asco TLC S.p.A.	61	0	0	0	0	560	0	0	56	0
Total affiliated companies	61	0	0	0	0	560	0	0	56	0
<i>Subsidiary companies</i>										
Estenergy S.p.A.		0	0	0	0	0	0	0	5,359	0
Ascotrade S.p.A.	2,589	0	0	0	0	0	0	0	13,536	0
Blue Meta S.p.A.	530	0	0	0	0	0	0	0	3,475	0
Etra Energia S.r.l.	115	0	0	0	0	0	0	0	121	0
Ascopiave Energie S.p.A.	556	0	0	0	0	0	0	0	2,321	0
ASM Set S.r.l.	107	0	0	0	0	0	0	0	1,089	0
Cogeide S.p.A.	97	0	0	0	0	0	0	0	315	0
Total subsidiary company	3,995	0	0	0	0	0	0	0	26,215	0
Total	4,179	174	47	0	0	608	0	0	26,393	0

Significant events during the first nine months of 2022

Shareholders' Agreements - amendment to voting rights

On 5th January 2022, pursuant to current laws and regulations, Ascopiave announced that an updated version of the essential information relating to the Shareholders' Agreement signed on 16th March 2020 was published in the Corporate Governance section of the website www.gruppoascopiave.it. Only the number of the voting rights held by some signatory shareholders was updated due to the introduction of increased voting rights, as notified by Ascopiave on 7th October 2021 and 5th November 2021. Pursuant to Articles 65-*quinquies*, 65-*sexies* and 65-*septies* of the Issuers' Regulation, the document was made available to the public at the registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com) provided by Spafid Connect S.p.A., as well as in the Corporate Governance section of the website www.gruppoascopiave.it.

The Ascopiave Group enters the wind power generation sector

On 21st January 2022, the Ascopiave Group announced that it had acquired, through the subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., belonging to Renco S.p.A.. Salinella Eolico S.r.l., whose remaining 40% stake is held by Renco S.p.A., plans to build a wind farm in the Province of Catanzaro with a rated capacity of up to 21 MW; the competent authorities have already granted part of the authorisations, while the pending permits are well underway. The wind farm will be erected by Renco S.p.A. and entail a total investment of approximately Euro 30 million.

Acquisition of the majority stake in Eusebio Energia S.r.l. (now "Asco EG S.p.A."), a company operating in the energy field

On 28th January 2022, Ascopiave S.p.A. announced the finalisation of an additional investment in the renewable energy sector, specifically in the hydroelectric and wind power segments, as stated in the 2020-2024 Strategic Plan. The investment consisted in the acquisition by Ascopiave of the 79.74% majority stake held by Supermissile S.r.l. in the share capital of Eusebio Energia S.r.l. (now "Asco EG S.p.A."), a company operating in the energy sector. The acquired company has 22 plants for the production of electricity from renewable sources, of which 21 hydroelectric plants, for a total capacity of 44 MW, located in Lombardy and Veneto, and a wind farm, consisting of 14 turbines of 1 MW each, located in Campania. The price paid upon closing for the acquisition of the above-mentioned majority stake is Euro 44.8 million and features an earn-out clause. Eusebio's estimated net financial position at 31st December 2021 is Euro 18.5 million. Eusebio's preliminary EBITDA for 2021 is estimated at approximately Euro 13 million and a result in line with the previous year is expected in 2022, gross of the compensations set forth in the recent regulatory amendment.

2021-2025 strategic plan

On 31st January 2022, the Board of Directors approved the Group's 2021-2025 strategic plan. The plan has confirmed the strategic guidelines drawn up last year, outlining a process of sustainable growth both in the core business of gas distribution and in new areas, specifically in the renewable energy sector - which the Group has recently penetrated through the M&A operations finalised in the past two months - and in the green gas segment. The Company announced that such development will not affect the balance of the financial structure, ensuring a stable and profitable distribution of dividends.

Economic and financial highlights:

- EBITDA in 2025: Euro 102 million (+Euro 36 million compared to 2021 preliminary figures)
- Net profit in 2025: Euro 46 million (+Euro 2 million compared to 2021 preliminary figures)
- Net investments in 2021-2025: Euro 599 million
- Net debt in 2025: Euro 608 million
- Financial leverage (Net financial position / Shareholder's equity) in 2025: 0.68
- Forecast of dividends distributed: 16.5 cents per share in 2021, with an increase of 0.5 cents per share in subsequent years until 2025.

The plan has developed a scenario that will leverage the tenders won by the Group, if any, for the gas distribution service in the relevant minimum territorial areas. This opportunity, which depends, among other things, on the actual publication schedule of the calls for tenders, has involved a further estimated growth in EBITDA of Euro 16 million by 2025 and an increase in investments of Euro 59 million.

Announcement of the total amount of voting rights pursuant to art. 85-bis, paragraph 4-bis, of Consob Regulation 11971 dated 14th May 1999

On 7th March 2022, Ascopiave S.p.A. announced that the increase in the voting rights in relation to 7,149,505 ordinary shares of the Company became effective pursuant to art. 127-*quinquies* of Italian Legislative Decree 98/1998 and art. 6 of the Articles of Association of Ascopiave. For the sake of completeness, on the same date Ascopiave also announced that - pursuant to art. 6.11 of the Articles of Association of Ascopiave - in December 2021, 45,000 ordinary shares were cancelled from the Special List, subsequent to a communication from the intermediary of the shareholder Asco Holding S.p.A., received by the person in charge of managing the Special List, stating the loss of the right *in rem* legitimising the registration in the Special List. Such shares had been registered in the Special List on 26th March 2020. Subsequently, specifically on 7th April 2022 and 6th May 2022, Ascopiave S.p.A. announced that the increase in the voting rights of some additional ordinary shares of the Company became effective, pursuant to art. 127-*quinquies* of Legislative Decree 98/1998 and art. 6 of Ascopiave's Articles of Association.

Therefore, as of today, Ascopiave ordinary shares with increased voting rights amount to 159,965,485 shares. Please be reminded that Article 6 of the Articles of Association of Ascopiave attributes two votes to each share which has belonged to the same shareholder for an uninterrupted period of at least twenty-four months from the date of registration in the Special List established pursuant to art. 6.8 of the Articles of Association.

The Company has published, on the basis of the information in its possession, the data relating to the outstanding shares and the number of voting rights that can be exercised.

The consortium formed by Ascopiave, ACEA and Iren finalised the acquisition from A2A of some gas distribution concessions

On 1st April 2021, the Consortium made up of Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A. announced the closing of the agreement with the A2A Group for the acquisition of some assets relating to the natural gas distribution service, as mentioned in the press release dated 31st December 2021.

The business acquired through the operation boasts about 157,000 users, distributed in 8 Italian regions, belonging to 24 Territorial Areas, and over 2,800 km of network.

The assets of interest to Ascopiave S.p.A. consist of concessions in 15 Territorial Areas located in Veneto, Friuli Venezia Giulia and Lombardy, for a total of approximately 114,300 redelivery points. The value of the acquired assets in terms of enterprise value is Euro 73.2 million, including the 79.37% investment in Serenissima Gas S.p.A., the holder of a portion of the concessions involved (about 41,700 redelivery points).

The assets of interest to ACEA S.p.A. consist of concessions in 5 Territorial Areas: 2 in the Abruzzi, 2 in Molise and 1 in Campania, totalling approximately 30,700 redelivery points. The enterprise value is Euro 35.8 million.

The assets of interest to Iren S.p.A. consist of concessions in 4 Territorial Areas (1 in Lombardy and 3 in Emilia-Romagna) totalling approximately 12,000 redelivery points. The enterprise value is Euro 16.4 million; the condition precedent for the transfer of the business unit owned by Retragas was not met, therefore the unit is currently excluded from the scope of consolidation.

Shareholders' Agreements - amendment

On 25th April 2022, pursuant to current laws and regulations, Ascopiave S.p.A. announced that an updated version of the essential information relating to the Shareholders' Agreement signed on 16th March 2020 was published in the Corporate Governance section of the website www.gruppoascopiave.it. Only the number of the voting rights held by some signatory shareholders was updated due to the introduction of increased voting rights; furthermore, some signatory shareholders transferred to the agreement some additional Ascopiave S.p.A.'s shares.

Pursuant to Articles 65-*quinquies*, 65-*sexies* and 65-*septies* of the Issuers' Regulation, the document was made available to the public at the registered office, at Borsa Italiana S.p.A. (www.borsaitaliana.it), on the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com) provided by Spafid Connect S.p.A., as well as in the Corporate Governance section of the website www.gruppoascopiave.it.

Ordinary Shareholders' meeting of 28th April 2022

The Ordinary Shareholders' Meeting of Ascopiave S.p.A. convened on 28th April 2022, chaired by Mr Nicola Cecconato. The ordinary Shareholders' Meeting approved the financial statements for the year and acknowledged the Group's consolidated financial statements as at 31st December 2021, and resolved to distribute an ordinary dividend of 0.165

Euro per share, totalling Euro 35.8 million, an amount calculated on the basis of the outstanding shares at the reporting date of the year ended 2021. The ordinary dividend was paid on 4th May 2022, with dividend date (coupon identified with no. 18) on 2nd May 2022 and record date on 3rd May 2022.

The Shareholders' Meeting also approved with binding vote the first section of the Report on the remuneration policy and on the fees paid prepared pursuant to article 123-*ter* of Italian Legislative Decree dated 24th February 1998, no. 58 ("TUF" - Consolidated Finance Law) (i.e. the remuneration policy for the year 2022).

Furthermore, the Shareholders' Meeting expressed a favourable advisory vote on the second section of the Report on the remuneration policy and on the fees paid prepared pursuant to article 123-*ter* of TUF (i.e. the report on the fees paid in 2021).

Finally, the Shareholders' Meeting approved the authorisation for the purchase and sale of treasury shares, subject to revocation of the previous authorisation granted by the Shareholders' Meeting on 29th April 2021, for the non-executed portion.

Approval of 2021 Sustainability Report

On 28th April 2022, Ascopiave S.p.A. announced the publication, in the "Sustainability" section of its website, of the 2021 Sustainability Report, approved by the Board of Directors of Ascopiave S.p.A. on 21st April 2022 after obtaining the favourable opinion of the Sustainability Committee. The Sustainability Report illustrates the Company's commitment to Environmental, Social and Governance aspects and outlines the actions taken by the Ascopiave Group in the field of corporate social responsibility.

International crisis

Between February and March 2022, a war broke out between Russia and Ukraine, and international geopolitical tension has been escalating since. NATO countries have condemned the Russian invasion of Ukraine and introduced increasingly stringent sanctions against Russia. The situation of uncertainty and the still persisting international crisis have significantly revived the inflationary trend which has resumed strongly, primarily affecting the price of natural gas and oil and, consequently, of the energy produced to a large extent by gas-turbine power plants. These dynamics in turn have impacted other consumer goods which, for their manufacture or transport, require the consumption of energy. The Government has initiated a process for replacing supplies in order to reduce dependence on Russia in the energy sector, and the agreements signed so far permit the partial replacement of the quantities of Russian gas with progressive growth in the coming years. The recent decrease in the cubic meters of natural gas delivered to Europe by Gazprom has once again inflated the prices of the raw material which have recorded significant increases and caused major concern in the markets. All this would seem to confirm a strong uncertainty in the economy, as well as the volatility of commodity prices, even in the remaining months of 2022.

Information on Covid 19

The health emergency caused by the spread of the SarsCov2 virus, begun in early 2020 and which affected the entire world, including severely Italy, has also affected the first nine months of 2022. The Group has carefully and constantly monitored throughout the emergency the evolution of the situation in the area where its activities are located, but also the development of the pandemic at an international level, operating in absolute compliance with the decrees issued by the bodies in charge, both at national and local level, prioritising the health and safety of workers to such an extent that, a few days after the establishment of the lockdown by the Government, the necessary measures were quickly activated in order to enable almost all employees to work remotely in agile method, while guaranteeing business continuity in all permitted activities. The same level of attention and prevention adopted in 2020 has been implemented in the first nine months of 2022, a period in which the pandemic has continued to strike heavily, in particular with the new variants that have tripled the number of infections, although, luckily, with very mild symptoms and a limited quarantine. Likewise, the Group's Management continues to monitor, by using external indicators and internally processed values, the impacts of the epidemic in terms of performance, in order to be able to introduce any corrective measures aimed at mitigating any effects on the execution of the business. Thanks to the remedies already implemented in the previous financial years, the pandemic did not affect the final results of the Group. Although in the industry where the Group operates the emergency is less critical, the Management monitors the above-mentioned indicators, not only at the local but also at the national and/or international level, so as to be able to promptly respond if the crisis flares up.

Significant events subsequent to the end of the first nine months of 2022

Romeo Gas S.p.A. spin-off project

On 1st October 2022, the partial spin-off of Romeo Gas S.p.A. to Adistribuzione S.p.A. (ACEA Group), commenced on 27th July 2022, was finalised. As a consequence, the shareholding structure and the share capital of the company changed, and the stake of Ascopiave S.p.A. in Romeo Gas S.p.A. rose to 80.293%. As explained in the relevant paragraph of section “Significant events during the first nine months of 2022”, for the purposes of identifying the demerged complex and calculating the adjustments, the value of the shareholders’ equity as of 1st April 2022 of the company to be demerged was taken as reference, to be compared to the value of the shareholders’ equity of the demerged assets on the effective date of the demerger, defined by the algebraic sum of the accounting balances of the assets pertaining to the demerged complex.

Merger by acquisition of Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A. into EstEnergy S.p.A.

With effect from 1st October 2022, the companies Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A., operating in the sale of gas and electricity, were merged by acquisition into EstEnergy S.p.A..

Amendment to the annual schedule of corporate events, pursuant to article 2.6.2, Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A.

On 6th October 2022 Ascopiave S.p.A. announced that the Board of Directors for the approval of the Interim report for the period ended 30th September 2022 was to meet on 3rd November 2022, and not on 10th November 2022 as initially scheduled, and that the presentation to analysts, initially planned for 11th November 2022, was rescheduled for 3rd November 2022.

Additional significant events

Energy efficiency and saving

As regards the objectives applicable to the Group’s natural gas distribution companies in relation to energy efficiency certificates (EEC), with the publication of Ministerial Decree dated 21st May 2021, the 2020 target was considerably reduced, the quantities of certificates under the objectives for the four-year period 2021-2024 were determined, and the deadline for the delivery of certificates, normally set on 31st May, was postponed to 16th July (for the year 2021). As a result of the amendments introduced by the decree to the 2020 target, with the delivery on 16th July 2021 and with the down payment on 30th November 2021, all the group companies have completed the 2019 target, fulfilled the minimum share of the 2020 objective and delivered part of the 2021 target, the latter within the legal terms. As regards the delivery scheduled for May 2022 (2021 target), about 9,200 certificates were delivered. Thanks to such certificates, plus the portion delivered in November 2021, all the relevant Group companies were able to comply with the minimum target, amounting to 60%. As of 30th September 2022, the 2022 target has not been published yet.

Subscription, with the Municipalities involved, of an agreement for the adoption of a shared procedure aimed at the agreed quantification of the “Residual Industrial Value” of the networks

The regulatory amendments which have replaced each other over the past years and in particular the legislation which governed the selection of the operator of the distribution service through the so-called “territorial calls for tenders” tool, have led to, among other things, the need to determine the Residual Industrial Value (RIV) of the plants owned by the Operators.

In relation to this aspect, the concession agreements governed two “paradigmatic” situations, namely:

- the early redemption (normally governed pursuant to Royal Decree no. 2578/1925) and
- the reimbursement from the (natural) expiration of the concession.

The eventuality of a “force of law” expiration, preceding the effective date of the “contractual” expiration, (as a rule) was not envisaged (and therefore governed) in the concession deeds.

Substantially, the case in question (earlier termination imposed by law) represents a “third category”, in some ways similar to the exercise of early redemption (from which, however, it differs significantly for the lack of a will independently formed to that effect by the Entity) and in other ways similar to the expiration of the concession term (which however has not expired).

At least until Ministerial Decree 226/2011, there were no laws and/or regulations which precisely defined the methods and criteria to determine the R.I.V. of the plants and which could therefore complement the contractual clauses, often deficient.

Legislative Decree no. 164/2000 as well, until the recent amendment introduced with Law Decree 145/2013 first, and then Law 9/2015, merely referred to Royal Decree 2578/1925 which, however, ratified the method of the industrial estimate without setting precise assessment benchmarks.

The situation illustrated above entailed the necessity to define specific agreements with the Municipalities aimed at reaching a shared estimate of the R.I.V.. The lack of such agreements in the past has often led to administrative and civil/arbitral litigations.

The situation of the Municipalities shareholders of Asco Holding S.p.A. was even more peculiar because, with the latter, there is not a real concession deed in an “accepted” form, but various deeds of assignment to Companies (“Azienda Speciale”, at the time). These deeds have ratified, at the same time, the continuation of the award of the service previously provided by the Bim Piave Consortium.

It is evident that, as deeds of assignment, a real regulation concerning the purchase and/or the termination of the management was not and could not be envisaged.

With the above-mentioned shareholder Municipalities, Ascopiave signed a convention, which implied hiring a renowned independent competent professional in order to determine the fundamental criteria to apply to calculate the RIV of the gas distribution plants.

The related negotiated procedure performed adopting the criterion of the most economically advantageous tender ended on 29th August 2011.

The expert wrote a Report (made available on 15th November 2011) on the “Fundamental criteria to calculate the RIV of the natural gas distribution plants located in the Municipalities currently served by Ascopiave S.p.A.” which was approved on 2nd December 2011 by Ascopiave’s Board of Directors and then by all 92 Local Entities by City Council Resolution.

In 2013, Ascopiave submitted the work progress report and the appreciation of the plants determined applying the criteria set in the Report, offering at the same time its willingness to perform the cross-examination with the Municipalities, aimed at analysing the documents.

To date, following the outcome of the technical cross-examination, 86 Municipalities (unchanged since 31st December 2015) have approved the residual value.

As part of the above process, the reciprocal relations mostly connected to the management of the service were governed as well, since both the payment of “one-off” amounts (2010 - signature of supplementary deeds) for Euro 3,869, and (since 2011) fees for variable amounts and equal to the difference, if positive, between 30% of the “restriction on revenues” recognised by the tariff regulation and the amount already received by the Municipality itself as a dividend in 2009 (financial statements 2008) are envisaged.

In particular:

- Euro 3,869 thousand in 2010;
- Euro 4,993 thousand in 2011;
- Euro 5,253 thousand in 2012;
- Euro 5,585 thousand in 2013;
- Euro 5,268 thousand in 2014;
- Euro 5,258 thousand in 2015.
- Euro 5,079 thousand in 2016;
- Euro 5,190 thousand in 2017;
- Euro 5,258 thousand in 2018;
- Euro 5,482 thousand in 2019;
- Euro 5,467 thousand in 2020;
- Euro 5,430 thousand in 2021;

were paid for a total amount of Euro 62,132 thousand.

During 2015, Ascopiave S.p.A. made available to the Municipalities belonging to the Minimum Territorial Areas of Treviso 2 - Nord and Venezia 2 - Entroterra and Veneto Orientale (69 municipalities out of 92), an update of the valuations of the plants as of 31st December 2014. Subsequently, in the two-year period 2016-2017, the municipalities belonging to the Treviso 2 - Nord and some municipalities belonging to the Treviso 1 - area were provided with an update as of 31st December 2015, by applying the valuation criteria agreed upon and by providing a calculation of the assessment of private contributions to be deducted from the residual industrial value pursuant to Law 9/2014.

The contracting authorities in the territorial areas of Treviso 2 - Nord and Venezia 2 - Entroterra and Veneto Orientale sent ARERA the assessments of the reimbursements of some municipalities for the purposes of the verifications stated in the legislation. The Authority made some observations (then forwarded by the same contracting authorities) against which AP Reti Gas filed its counterclaims.

Litigations

LITIGATIONS ON THE VALUE OF PLANTS - CIVIL LAW

As of 30th September 2022 no litigations are pending.

LITIGATIONS ON THE VALUE OF PLANTS - ARBITRATIONS

As of 30th September 2022 no litigations are pending.

ADMINISTRATIVE/CIVIL LITIGATIONS - CONCERNING CONCESSIONS

As of 30th September 2022, the following are pending:

MUNICIPALITY OF SOVIZZO

The Municipality of Sovizzo initiated a civil Judgment with writ of summons served on AP Reti Gas S.p.A. on 21st February 2019. The Entity requires the payment of a concession fee amounting to Euro 65,000/year as from 1st January 2013.

The appearance hearing, initially scheduled for 19th June 2019, was postponed to 10th September.

The reply briefs were filed in February and March 2020.

With Sentence dated 10th December 2021, the single judge accepted the request of the Municipality and ordered AP Reti Gas to pay 65,000 Euro/year, from 2013 until the end of the current management.

The Company disagrees with the ruling and deems it illegitimate, and consequently filed an appeal within the applicable deadline (16th January 2022).

The first hearing was held on 16th May 2022.

MUNICIPALITIES OF CONCORDIA SAGITTARIA, FOSSALTA DI PORTOGRUARO AND TEGLIO VENETO

Three administrative proceedings, pending before the Regional Administrative Court of Veneto, initiated by AP Reti Gas S.p.A. for the cancellation of the Municipal Council Resolutions no. 92, 85 and 70 passed in 2020, by which the three Municipalities approved the respective estimates of the residual value of the plants, prepared by the technician appointed by the Contracting Authority (Metropolitan City of Venice) in accordance with the ministerial guidelines, and not, as required by art. 15, paragraph 5 of Italian Legislative Decree 164/2000 and as done previously, in application of the duly and promptly shared contractual criteria, with a value recognised to AP Reti Gas S.p.A. which is lower, respectively, by approximately Euro 412 thousand, Euro 375 thousand and Euro 48 thousand.

The Municipality of Concordia Sagittaria (again at the request of the Local Contracting Authority) issued an additional City Council Resolution (No. 3/2022) approving another estimate (again in accordance with the ministerial guidelines) which, albeit marginally, further reduces the reimbursement value to be paid to AP Reti Gas. The Company, therefore, has filed an appeal with additional reasons.

Similarly, the Municipality of Fossalta di Portogruaro, on 11th August 2022, transmitted City Council Resolution no. 37/2022 (adopted in March) relating to the approval of the RIV estimate (in accordance with the ministerial guidelines), which supersedes the previous Resolution no. 85/2020. Even if the difference with the previous value (stated in Resolution 85/2020, which was challenged) is minimal (less than a thousand euros), the Company lodged an appeal with additional reasons, duly filed and notified within the terms.

At present, there are no further procedural documents.

MUNICIPALITIES OF ALBIGNASEGO AND CADONEGHE

Two administrative proceedings, pending before the Regional Administrative Court of Veneto, initiated by AcegasApsAmga (assignor of AP Reti Gas Nord Est), against the Municipalities of Albignasego and Cadoneghe, relating to the ownership of the networks in the parcelled areas.

At present there is no legal activity. AP Reti Gas Nord Est will probably drop the aforementioned disputes.

ADMINISTRATIVE LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 30th September 2021, the following are pending:

ARERA RESOLUTIONS ARG/GAS 310/2014 and ARG/GAS 414/2014 (now 905/2017)

An appeal to the Regional Administrative Court of Lombardy - Milan against the ARERA, for the cancellation of the Resolutions ARG/gas 310 and 414/2014 related to the methods for assessing the RAB RIV delta, pursuant to art. 15, paragraph 5 of Legislative Decree 164/2000 (current text) when the difference is higher than 10%. To date, there are no further procedural steps.

Resolutions 310 and 414 were formally repealed by Resolution 905/2017 which, however, essentially reiterated the same regulation. Ascopiave S.p.A., therefore, together with other appellants AP Reti Gas S.p.A. (as assignee of Ascopiave and passive subject of the legislation), in order to avoid the declaration stating that the appeal would in any case be of no benefit to the claimants, appealed Resolution 905/2017 with “additional grounds”.

On 3rd December 2019, the Company was notified of the imminent expiration of the proceedings. The Company has consequently filed the request for scheduling a hearing, within the deadlines set.

With Sentence no. 1502 dated 21st June 2022, the Regional Administrative Court, as expected (since, in the course of the proceedings, the unsuitability of the RIV was not raised by AP Reti Gas - or other Group distribution companies), stated that the provision challenged was not immediately injurious, specifying, however, that the applicants were entitled to act at a later stage to protect themselves. Specifically, we read: *“The alleged illegitimacy must therefore be raised by the companies concerned upon the actual (and not only hypothetical or potential) occurrence of the injury, that is to say at the time of the adoption of the enforcement documents with reference to specific tenders”*.

In this way, any subsequent appeals cannot be declared belated (in relation to the failure to challenge the regulatory act “upstream”).

Each party bore their respective legal costs.

ANAC GUIDELINES ON ART. 177 LEGISLATIVE DECREE 50/2016

AP Reti Gas S.p.A. (together with other primary operators of the gas and electricity distribution services, as well as with the intervention, *ad adiuvandum*, of Utilitalia) filed an appeal before the Regional Administrative Court for Lazio - Rome, for the cancellation of the ANAC Guidelines no. 11/2018, pursuant to art. 177 of Legislative Decree 50/2016.

Article 177 of Legislative Decree 50/2016 establishes that, from 18th April 2018, the holders of concessions whose amount is equal to or greater than Euro 150,000, if identified “without a tender procedure”, will have to assign a share equal to 80% of their contracts through public tender procedures, for the remaining portion being able to resort to in-house or subsidiary/affiliate companies.

ANAC is in charge of supervision in accordance with the methods set out in its own Guidelines (no. 11/2018).

Such Guidelines - even though formally they do not produce binding effects on the matter - establish that the concessionaire is required to put out to tender (as they are included in the percentage of 80%) all the activities performed during the concession, including those performed directly with own means and resources, thereby drawing an outsourcing obligation from the regulation. The Special Committee of the Council of State considered this interpretation correct, but noted that, construed in this way, art. 177 could be unconstitutional.

When applied in this way, the regulation would have an extremely significant impact both on the business choices and employment levels of the Companies holding concessions with assignments without tenders (moreover, perfectly lawful at the time of their assignment).

Article 177, construed in this way, therefore, seems illegitimate both with regard to constitutional principles (e.g. free economic initiative pursuant to Article 42 of the Italian Constitution), and with regard to the “prohibition on worsening” sanctioned by Community law.

In this context, AP Reti Gas S.p.A., as the Group’s main distribution company, challenged the aforementioned Guidelines, also raising the question of constitutional and Community legitimacy with regard to the primary rule.

Furthermore, on 2nd November 2018, ANAC, subsequent to a simple collection of data related to all existing concessions in any sector, submitted a report to the Government and Parliament on the state of the concessions (focusing in particular on the gas sector) stating that the latter would not comply with the regulations in force. As a precaution, the Appeal was supplemented with additional grounds concerning the aforementioned Report.

The discussion hearing was held on 22nd May 2019.

The Regional Administrative Court, in line with previous rulings related to the proceedings brought by other operators, with Judgement no. 9326, published on 15th July, declared the appeal of AP Reti Gas S.p.A. inadmissible because the documents challenged are incapable of causing detriment.

The “positive” aspect of the ruling concerns the “disqualification” of the Guidelines no. 11 by the TAR. The Judges, in fact, considered the Guidelines as merely interpretative documents, as far as Part I is concerned, and not immediately detrimental documents, as far as Part II is concerned.

Specifically, Part I would not be suitable to identify the subjects required to apply art. 177 and/or the scope and methods of application of art. 177, but would only “outline principles of a general nature aimed at helping the administrations to which they are addressed to interpret the matter...”.

Part II, on the other hand, although self-qualified as “binding”, would not have an immediately detrimental nature because “... the economic operators who decide not to comply with the indications contained therein due to the peculiarity of the concession relationship do not immediately incur the penalty”.

Law Decree no. 32/2019, converted into Law no. 55/2019, extended the deadline contained in paragraph 2 of art. 177 which now reads: “The existing concessions stated in paragraph 1 must comply with the aforementioned provisions by 30th September 2022”.

AP Reti Gas S.p.A. filed an appeal.

Furthermore, as a merely prudential measure, essentially in order to avoid objections due to lack of interest, the Company also challenged ANAC Resolution 570/2019 (which approved the updated text of the Guidelines 11, although basically identical to the previous one).

The appeal trial is currently suspended because, in a similar appeal, the Council of State raised the issue of the constitutional legitimacy of art. 177 of Italian Legislative Decree 50/2016.

With Sentence no. 218/2021 dated 5th October 2021, the Constitutional Court declared the constitutional illegitimacy of art. 177 of Legislative Decree 50/2016 (as well as the corresponding delegated law). Consequently, the Council of State, once the proceedings are resumed, will have to declare the illegitimacy of the contested guidelines (as they derive from the (unconstitutional) legal provision stated in art. 177).

In a similar appeal filed by another company, the Council of State has already confirmed the above (Sentence no. 2221/2022).

The hearing relating to the appeal of AP Reti Gas is scheduled for 7th July.

ANAC communicated to the Board (with note dated 27th May 2022 no. 40651) that it enforced the sentence of the Constitutional Court and the aforementioned sentence and that, consequently, the Guidelines no. 11 are annulled and ineffective, as stated in ANAC’s website.

With sentence no. 7386, published on 23rd August 2022, the Council of State acknowledged (i) sentence no. 218/2021 of the Constitutional Court, declaring the constitutional illegitimacy of art. 177 of the Public Contracts Code, and (ii) ANAC note dated 27th May 2022, mentioned above. As a result, the Council of State declared that the interest brought by the Company in court has already found full satisfaction and protection. Therefore, it declared that the matter of dispute with respect to the application for the cancellation of the Guidelines no. 11 has ceased.

ANAC RESOLUTIONS 214 and 215 of 2022

AP Reti Gas S.p.A. (together with other leading operators of gas and electricity distribution services) filed an appeal with the Regional Administrative Court of Lazio - Rome for the cancellation of ANAC Resolutions no. 214 and 215 of 2022, by means of which the Authority, allegedly in order to fulfil Sentence no. 2607/2022 of the Regional Administrative Court of Lazio, substantially reproduced the content of the Press Releases of the Chairman, cancelled due to the lack of jurisdiction of the same Court.

Previously, in fact, AP Reti Gas (together with other leading operators of gas and electricity distribution services), had asked and obtained the cancellation of the Press Release of ANAC’s Chairman dated 16th October 2019. Such provision basically extended the obligations of the contracts under Legislative Decree 50/2016 (e.g. acquisition of CIG - Contract Reference Number - and payment of ANAC contribution) also to those contracts which are excluded from and even unrelated to the application of the Code.

With Sentence no. 2607/2022, the Regional Administrative Court of Lazio upheld the appeal brought by AP Reti Gas S.p.A. and revoked the challenged measure, on the grounds that the Chairman had no jurisdiction to issue such deed. ANAC, however, allegedly in order to fulfil the Sentence, substantially reproduced the content of the provisions repealed by the Regional Administrative Court in two resolutions (no. 214 and 215 of 2022).

The measures were therefore challenged, for the most part, by re-raising the “merit” objections already prepared in the first judgement and not examined by the Regional Administrative Court, not because they were deemed groundless, but because the Court, pursuant to the Code of Administrative Proceedings, considered the ruling of lack of jurisdiction to be all-embracing and exhaustive.

ARERA RESOLUTION ARG/GAS 570/2019 and related procedure to access the documents

AP Reti Gas S.p.A. (together with other primary operators of gas distribution services) filed an appeal with the Regional Administrative Court of Lombardy - Milan against ARERA, for the cancellation of Resolution 570/2019/R/gas, illustrating the “*tariff regulation of gas distribution and metering services for the 2020-2025 period*”. The new regulatory framework envisages a strong and unjustified reduction in the tariff items covering the operating costs recognised to distributors. The appeal was filed on 25th February 2020.

With an appeal for additional grounds, filed within the applicable terms (24th May 2021), ARERA Resolution no. 117/2021/R/gas published on 23rd March 2021, containing the “*Determination of the final reference tariffs for gas distribution and metering services, for the year 2020*”, was also appealed. The Company in fact considered that the provision, as a measure resulting from the tariff regulation stated in resolution no. 570/2019, may also be detrimental to AP Reti S.p.A..

Subsequent to the appeal by Italgas Reti, the Regional Administrative Court of Lombardy, with Judgement no. 1517 dated 4th August 2020, partially accepted the request of Italgas Reti, ordering ARERA to submit the documents used for determining the rate of return on invested capital (beta parameter).

Subsequently, Italgas initiated first a “compliance” procedure, aimed at enforcing the Judgement, then challenged it (obviously, for the non-accepted portions).

Both measures were notified to AP Reti S.p.A., as a mere Third-Party Counterparty.

The Company, in order to protect its legitimate interests, which only partially coincide with those of Italgas Reti, decided to intervene in the two judgments.

As regards the appeal pending before the Council of State, on 16th February 2022, Italgas filed a declaration stating that the company was no longer interested in continuing the proceedings.

AWARD OF THE “BELLUNO” TERRITORIAL TENDER and related procedure to access the documents

AP Reti Gas S.p.A. filed an appeal with the Regional Administrative Court of Veneto against the award to Italgas Reti of the “Belluno” territorial tender, notified on 29th June 2020.

The main reasons essentially concern anomalies, therefore the concrete sustainability of Italgas Reti’s bid. Certain irregularities of the procedure are also contested.

Subsequent to the outcome of the accesses to the procedure documents performed on two different occasions, two appeals were filed for additional grounds.

In turn, Italgas Reti filed a cross-appeal against AP Reti Gas S.p.A..

The appeal filed by AP Reti Gas S.p.A. pursuant to art. 116 of the Administrative Procedure Code, in order to access the parts of the tender indicated by Italgas as covered by secrecy, was accepted by order dated 16th October 2020. Italgas Reti lodged an appeal. With injunction published on 6th April 2021, the Council of State accepted the appeal and, overturning the ruling of the Regional Administrative Court, denied access to the tender documents covered by secrecy.

With respect to the main appeal, on 2nd September 2020 the parties waived the discussion of the interim measure on the basis of the Municipality’s commitment not to sign the Contract until the outcome of the dispute.

Finally, the Regional Administrative Court set the hearing on the merits for January 2021. The Parties, however, by mutual agreement, also in consideration of the pending appeal relating to the procedure to access the documents, requested and obtained the postponement of the hearing to 16th June 2021.

With Sentence no. 1202, published on 11th October 2021, the Regional Administrative Court rejected the appeal filed by AP Reti Gas S.p.A. and declared the cross-appeal of Italgas Reti inapplicable.

AP Reti Gas S.p.A., upon the outcome of an in-depth reading of the reasons, appealed before the Council of State.

The discussion hearing was held on 16th June 2022. The parties are awaiting the publication of the sentence.

Please note that the entire administrative process that led to the territorial tender was appealed by the Municipalities belonging to the Area against the Contracting Authority. Specifically, the municipalities intended to reset the entire procedure.

With Judgement no. 1208 dated 7th December 2020, the Regional Administrative Court of Veneto declared the appeal inadmissible. The municipalities have appealed.

With Sentence no. 2313/2022, the Council of State, albeit with partially different reasons, confirmed the ruling of the Regional Administrative Court of Veneto, rejecting the appeal of the Municipalities.

CIVIL LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 30th September 2022, the following litigations are pending:

REQUEST FOR DAMAGES DUE TO SUPPLY INTERRUPTION AGAINST AP RETI GAS VICENZA

A case before the Court of Vicenza, initiated against AP Reti Gas Vicenza for compensation for damages resulting from plant downtime, for the temporary interruption of the supply (which occurred during activities on the distribution network, entrusted to the contractor Costruire e Progettare in Lombardia), brought by Ariston Cavi S.p.A..

The Company, while hoping for an amicable settlement, regularly entered an appearance and, exercising the negotiation indemnity, impleaded the contractor.

A similar case, initiated for the same incident by Microfilm S.R.L., ended with a settlement which envisaged the payment of the total amount of Euro 6,574.41 in favour of the injured party, without acknowledgment of responsibility, to be divided in three equal parts between AP Reti Gas Vicenza, CPL and Itas Mutua, with full compensation of the costs of the proceedings. The company, also in consideration of the indemnity guaranteed by its insurance company, decided to accept the proposal.

The other parties also accepted the proposal and therefore the relevant settlement agreement was formalised; as a consequence, the case was dropped.

ASCOPIAVE - UNIT B

In order to obtain compensation for damages to the entrance floor of the “Unit B” (belonging to the headquarters in Pieve di Soligo), Ascopiave S.p.A., following the pre-trial technical investigation, filed a civil judgment before the Court of Treviso (RG 6941/2013) against: Bandiera Architetti S.r.l. (Progettisti), Mr Mario Bertazzon (Contract Manager) and Mr R. Paccagnella Lavori Speciali S.r.l. (Contractor).

The compensation request referred to an assessment of damage between approximately Euro 127 thousand (Expert witness estimate) and Euro 208 thousand (estimate of a Third-party firm).

The Court, by Order dated 22nd December 2014, decided the complete renewal of the expert witness board. The “new” court-appointed expert witness assessed that the damage suffered by Ascopiave S.p.A. amounts to approximately Euro 120 thousand.

With Judgment no. 2007/2017, the Court accepted the application submitted by Ascopiave S.p.A., ordering the design firm (F.lli Bandiera), its insurance company (Groupama Assicurazioni) and the construction company (Ing. R. Paccagnella Lavori Speciali SRL) to pay damages, amounting to approximately Euro 208 thousand, and to reimburse the costs of the proceedings (estimated at approximately Euro 17 thousand). Furthermore, the debtors’ obligation to assume joint and several liability was ratified.

The project management (and consequently the insurance company, Unipol Sai) was found to be uninvolved in the damage, with a right to obtain compensation for the costs of the proceedings, amounting to about Euro 16 thousand.

With two separate documents, Groupama Assicurazioni and Ing. R. Paccagnella Lavori Speciali notified the appeal against the First Instance Judgment.

With Sentence dated 13th May 2021, the Court of Appeal partially accepted the appeals of the adverse parties, relating to the *quantum* of the ruling, reduced from Euro 208 thousand to approximately Euro 120 thousand, as established by the expert witness at first instance, on the assumption that the additional sums are attributable to improvements. Legal expenses, which the Judge ordered the losing parties to pay, and related charges must be added to the “capital” amount, for a total of approximately € 183,000. However, previous attempts at forcible collection have been unsuccessful.

The Sentence has become final.

Groupama Assicurazioni paid the amount due, approximately € 55,000.

The company Ing. R. Paccagnella Lavori Speciali S.R.L. (debtor of the residual amount to the tune of € 128,000) was admitted to composition with creditors. With communication dated 12th May 2022, Ascopiave informed the liquidator and the insolvency receiver that the sentence became final, and that therefore the consequent credit became due.

The dispute can therefore be considered definitively concluded; only the credit position recorded in the liabilities of the aforementioned insolvency procedure persists.

EDELWEISS ENERGIA S.P.A.

A case before the Court of Bergamo, brought by Edelweiss Energia S.p.A. by writ of summons dated 19th April 2021, against the company then named Eusebio Energia, referring to the failure to execute an agreement for the purchase of the electricity produced in 2018, on the grounds that Eusebio Energia breached the contractual obligations deriving from a tacit agreement covering the purchase by Edelweiss of the energy produced by certain plants of Eusebio. Edelweiss claimed to have suffered damage to the tune of Euro 485,000.

The Company contests the legitimacy of the compensation claim.

The first hearing was held on 20th July 2021.

The hearing for the clarification of the conclusions is scheduled for 10th April 2024.

The parties are working to settle the dispute.

INTERNATIONAL FACTORS ITALIA S.P.A.

A case before the Court of Appeal of Milan, for the cancellation of Sentence no. 1945/20 dated 2nd March 2020, by which the Court of Milan rejected the request initially brought by Epiù S.R.L. (a company subsequently merged into Eusebio Energia in November 2018), against International Factors Italia S.p.A. (IFI), for the payment of an amount of approximately Euro 260,000 by virtue of a factoring agreement, originally signed by Epiù and IFI, under which Epiù had assigned to IFI some receivables of former customers arising from gas and electricity supplies.

Eusebio Energia challenged the ruling before the Court of Appeal of Milan, deeming it to be invalid in many parts. Among these, the violation of art. 112 Code of Civil Procedure, as the first instance judge decided on the basis of objections which could not be raised by the Court or by the counterparty (defaulted in appearance).

The first hearing was held on 24th March 2021.

FIN ENERGY S.A.

A case before the Companies Court of Venice, brought by Fin Energy S.A., a minority shareholder of Asco EG, with an appeal notified on 3rd August 2022, which objects to the capital increase approved by the Shareholders' Meeting of Asco EG on 27th May 2022, by challenging the relevant resolution.

The first hearing is scheduled for 15th December 2022.

The Company, deeming the claim unfounded, will appear within the applicable terms.

UNJUSTIFIED ENERGY PROFITS (Provisions of Agenzia delle Entrate and other Bodies)

A case before the Regional Administrative Court of Lazio, brought by ASCO EG (notified on 16th September 2022), regarding the provisions of Agenzia delle Entrate (and other Bodies) implementing art. 37 of Law Decree 21/2022, converted with amendments by Law 51/2022 and subsequently further amended by Law Decree 50/2022, in turn converted with amendments by Law 91/2022.

As part of the appeal, objections regarding the constitutionality and compliance with European law of the primary provisions were raised.

At present, the merit hearing has not been scheduled yet.

“SUPPORT” DECREE (ARERA Resolution no. 266/2022 and GSE Press Release dated 7th July 2022)

A case before the Regional Administrative Court of Lombardy-Milan, brought by ASCO EG (notified on 8th September 2022), against ARERA Resolution no. 266/2022 and the GSE Press Release dated 7th July 2022, implementing art. 15-*bis* of Law Decree 4/2022, converted with Law 25/2022, and modified with Law Decree 115/2022, converted with amendments by Law 142/2022.

As part of the appeal, objections regarding the constitutionality and compliance with European law of the primary provisions were raised.

At present, the merit hearing has not been scheduled yet.

FORCED ENTRY - DEFAULT SERVICE

Pursuant to the relevant regulatory obligation (specifically Art. 40.2 letter A of the Integrated Text for the Sale of Gas - TIVG), normally pursuant to Art. 700 of the Italian Civil Procedural Code, the Ascopiave Group distribution companies obtain forced entry to private property in order to disconnect utilities of Default Service (SDD) customers that are in default.

Appeals are made against final customers (or utility users).

For this purpose (and to meet provisions of the regulations), the company has created a management procedure that starts with the activation of the Default Service and ends with the termination (for one of the reasons envisaged) of the Default Service.

The procedure also envisages to close any controversy via ordinary methods, collection of information, gathering of previous data and/or efforts to contact the involved final customers, notification of delays, past due notifications and, if all of the above prove unsuccessful (and only for utilities with annual consumption >500 Scm/year), the opening of an urgent judicial procedure.

Currently:

- 1 procedure has been filed (hearings already scheduled/under scrutiny);
- 3 procedures are in execution of judgment;
- 2 procedures have procedural issues (e.g. with a rejected complaint);
- 7 procedures are being managed (an appeal could be necessary);

Between 10 and 25 procedures for which legal action is likely to be taken in 2023 are expected for all Group companies (including those most recently acquired, i.e. Romeo Gas and Serenissima Gas).

Relationships with ARERA (Regulatory Authority for Energy, Networks and the Environment)

On 8th March 2022, the Regulatory Authority for Energy, Networks and the Environment passed Resolution 87/2022/E/GAS, stating that five inspections should be conducted at five natural gas distribution companies, identified among those that were not audited for the recognition of incentives and regulations in the past five years.

On 25th October 2022, in compliance with the resolution described, Edigas Esercizio Distribuzione Gas S.p.A. was inspected by Guardia di Finanza, Goods and Services Special Unit.

The inspection covers the enforcement of the regulations on incentives for safety recoveries of the natural gas distribution service, pursuant to the Consolidated Law - Part I (RQDG) attached to the Authority's resolution dated 27th December 2019, 569/2019/R/gas, with reference to the distribution plant called "Treviglio", the "odorization" and "leakage" components and the year 2020.

Relationships with Agenzia delle Entrate (Italian Tax Authority)

ROBIN TAX

The additional IRES tax (Robin Tax) stated in Art. 81 of Law Decree 112/2008 applies to the Companies Ascopiave, Ap Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas, Unigas Distribuzione (merged into Ascopiave) and Asco Energy (former Veritas Energia) since 2008. Subsequently, in 2015, the Constitutional Court declared that said tax was unconstitutional. In the wake of said sentence, the companies requested the reimbursement of the tax unjustly paid, filing the relevant claims based on a retroactive interpretation of said sentence, supported by the opinion formulated by a Constitutional Law Attorney.

After the negative rulings issued by the respective Regional Tax Commissions, the companies filed an appeal with the Supreme Court of Cassation.

In March 2022, the first negative injunctions were communicated, with the Constitutional Court rejecting the appeal brought by AP Reti Gas Rovigo and Edigas Esercizio Distribuzione Gas. Consequently, the companies have appealed to the European Court of Human Rights. The appeals lodged by the other companies are still pending.

AUDIT OF THE REGIONAL DIRECTION OF VENETO

In September 2019, the companies Ascopiave S.p.A. and Ascotrade S.p.A. were inspected by the Regional Direction of Agenzia delle Entrate as regards the Ires, Irap and VAT sectors for the years from 2013 to the date of the inspection. The first stage of the audit was completed on 29th October 2019 with the issuance of a Report on Findings containing remarks on the direct and indirect taxes related to the years 2013 and 2014 of the subsidiary Ascotrade S.p.A., a company sold on 19th December 2019 to the Hera Group, for which Ascopiave issued a specific guarantee; the company presented its briefs against the Report on Findings. Subsequent to the submission of the briefs, Agenzia delle Entrate issued the tax demands to Ascotrade relating to the disputed matters, following which the company filed an appeal with the Provincial Tax Commission of Venice, accepted with sentence dated 21st April 2021, which envisages the cancellation of the related challenged documents. On 15th November 2021, Agenzia delle Entrate appealed the ruling of the first instance judge before the Regional Tax Commission of Venice; the company entered an appearance on 30th December 2021 submitting its counter-claims and filing a cross-appeal. The judges of the appeal should schedule a hearing.

As regards the following years, the audit continued with the issuance on 29th September 2020, against Ascotrade S.p.A., of the Report on Findings referring to the year 2015, subsequent to which, after the presentation of specific briefs, Agenzia delle Entrate issued the notices of assessment on 23rd December 2020, then appealed by the company before the Provincial Tax Commission of Venice, accepted with sentence dated 23rd February 2022, which annuls the related challenged deeds.

Finally, on 23rd December 2021, the company was notified of the notices of assessment relating to Ires for the years 2016 and 2017, as well as to Irap and VAT for the years 2016, 2017 and 2018, for which an appeal was filed on 18th February 2022. The parties are waiting for the Provincial Tax Commission of Venice to set the hearing for the discussion.

The company, aided by the tax advisor, considers the risk as “possible” or “remote” and therefore has not made any provision.

AUDIT OF THE REGIONAL REVENUE DIRECTION - FINANCIAL YEAR 2019

On 28th July 2022, the Regional Revenue Direction initiated an audit at Ascopiave in relation to the 2019 tax period, for IRES, IRAP and VAT purposes.

Territorial areas

In 2011, the issuance of a number of ministerial decrees further defined the regulatory framework of the sector, regarding in particular the territorial calls for tenders.

Specifically:

1. with the Decree dated 19th January 2011 issued by the Ministry for economic Development in agreement with the Ministry for the Relationship with Regions and Territorial Cohesion, the territorial areas for issuing calls for tenders to entrust the gas distribution service were identified; with subsequent Decree dated 18th December 2011, the municipalities belonging to each territorial area were also identified (the so-called Territorial Areas Decree);
2. the Decree issued by the Ministry for Economic Development and the Ministry of Employment and Social Policies on 21st April 2011 contained provisions ruling the social effects connected to the assignment of the new gas distribution concessions, thus implementing paragraph 6 of art. 28 of Legislative Decree no. 164 issued on 23rd May 2000 (the so-called Workforce Protection Decree);
3. with Decree no. 226 issued by the Ministry for Economic Development on 12th November 2011, the regulations concerning the criteria to be applied to calls for tenders and the evaluation of the bid for assigning the gas distribution service were approved (the so-called Decree for Criteria).

The issuance of ministerial decrees played a major role in giving certainty to the competitive environment that operators will face in the coming years, thus laying the foundations for the process of market opening - that started with the implementation of European directives - to produce the benefits hoped for.

The Ascopiave Group - as indeed many other operators - has substantially appreciated the new regulatory framework, believing that it can create important opportunities of investment and development for medium-sized qualified operators, rationalising the offer.

At the end of 2013, the Government issued Law Decree 23/12/2013, no. 145, amending the regulatory framework with regard to the determination of the reimbursement value of the plants due to the outgoing operator at the end of the so-called "Transitional Period". The Decree was converted with amendments into Law no. 9/2014, which substantially changed the original provisions of the Decree on that aspect.

The conversion into Law of the Decree (Law no. 9/2014) made substantial changes to Article 15 of Legislative Decree no. 164/2000, stating that the new operators shall pay a reimbursement to the holders of assignments and concessions existing in the transitional period, calculated in compliance with the provisions of the agreements or contracts and, for matters not inferable from the will of the Parties and for aspects not covered in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) should be deducted from the reimbursement value. If the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to ARERA so that it can be checked before publishing the invitation to tender.

In addition, Law no. 9/2014 established that the deadlines envisaged in paragraph 3 of article 4 of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98, are extended by four months and that the deadlines illustrated in Annex 1 to the regulations of the Minister for Economic Development Decree dated 12th November 2011, no. 226 (so-called "Decree for Criteria"), related to the areas included in the third grouping of Annex 1 itself, and the deadlines illustrated in article 3 of the regulations, are extended by four months.

On 6th June 2014 the Decree of the Minister of Economic Development dated 22nd May 2014 was published in the Official Gazette, which approved the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" pursuant to Article 4, paragraph 6, of Law Decree no. 69/2013, converted with amendments by Law no. 98/2013 and article 1, paragraph 16, of Law Decree no. 145/2013, converted with amendments into Law no. 9/2014. Pursuant to Law no. 9/2014, the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" define the criteria to be applied to the valuation of the reimbursement of facilities in order to integrate those aspects that are not already stated in the agreements or contracts and any matters which cannot be deduced from the will of the parties.

The "Guidelines" feature several critical issues not only as concerns the resulting valuations, but also in terms of application scope, extremely extended by the Ministry, to the extent that all the agreements regarding the valuations of the facilities entered into by the operators and the Municipalities after 12th February 2012 (effective date of Ministerial Decree 226/2011) are believed to be ineffective.

Furthermore, these Guidelines contrast with the provisions of art. 5 of Ministerial Decree 226/2011 itself. This is inconsistent with the provision of law which refers to art. 4, paragraph 6 of Law Decree 69/2013, which, in turn, makes explicit reference to Article 5 of Ministerial Decree 226/2011.

Considering such illegitimacies, Ascopiave S.p.A. has appealed the Ministerial Decree dated 21st May 2014 (and as a consequence the Guidelines) before the administrative court (Regional Administrative Court of Lazio). As part of said proceedings, the issue of constitutional legitimacy and/or preliminary ruling was raised relating to the interpretation (mainly retrospective) of the new rules on the deduction of private contributions set forth by Law 9/2014.

Lastly, by Resolution 310/2014/R/gas - "Provisions for determining the reimbursement value of natural gas distribution networks", published on 27th June 2014, the Authority for Electricity, Gas and Water approved provisions for determining the reimbursement value of the gas distribution networks, implementing the provisions of Article 1, paragraph 16 of Law Decree dated 23rd December 2013, no. 145, converted with amendments by Law dated 21st February 2014, no. 9.

That provision states that the granting Local Entity shall send the Authority the verification documents containing a detailed calculation of the reimbursement value (RIV), if this value is 10% higher than the local RAB.

The Authority performs the checks set forth in Article 1, paragraph 16 of Law Decree no. 145/13 within 90 days from the date of receipt of the documentation from the Contracting Authorities, ensuring priority based on the deadlines for the publication of the calls for tender.

With Law no. 116/2014 dated 11th August 2014 (converted with amendments to law decree 24th June 2014 no. 91) the Legislator has envisaged a further extension of deadlines for the publication of invitations to tender. Specifically, for the areas belonging to the first group stated in Annex 1 of Ministerial Decree 226/2011, the time limit was extended by eight months; for the areas belonging to the second, third and fourth groups the deadline was postponed by six months and lastly for the areas of the fifth and sixth groups the extension is four months.

However, these postponements do not apply to those areas which, although they belong to the first six groups, are affected by earthquakes, because over 15% of the redelivery points are in the municipalities affected by the earthquakes of 20th and 29th May 2012, in compliance with the annex to the Decree of the Minister of economy and finance dated 1st June 2012.

The same law, further amending Article 15, paragraph 5 of Legislative Decree 2000, has finally determined that the redemption value is to be calculated in compliance with the provisions of the agreements or contracts, provided that the latter were entered into before the date of entry into force of Ministerial Decree dated 12th November 2011 no. 226, that is to say before 12th February 2012, thus affirming the principle of retroactive application of the Guidelines, which had already been appealed during the court action against the Guidelines.

On 14th July 2015, the Decree of the Minister of Economic Development and the Minister of Regional Affairs and Autonomies no. 106 dated 20th May 2015 was published in the Official Gazette, amending the decree dated 12th November 2011 no. 226 regarding the tender criteria for awarding the gas distribution service.

The most significant changes include:

1. the provisions concerning the value of the reimbursement of the plants to be applied in case of absence of specific agreements between the parties occurred before the entry into force of Decree no. 226/2011, which include to a large extent the provisions of the “Guidelines”.
2. a higher maximum threshold for the amount of the annual fees that may be bid to local authorities. This threshold, previously equal to 5% of the portion of the restriction on tariff revenues to cover the local capital costs, was brought to 10%;
3. the treatment of a number of important technical and economic aspects related to the tendered energy efficiency investments, concerning the value of the amounts to be paid to local authorities and the payments to cover the costs of the operator which performs the works and accrues the related energy efficiency certificates.

Finally, the conversion into Law of the so-called “Decreto Mille Proroghe” (Law no. 21 dated 25/02/2016) introduces a further extension of the deadlines for the publication of invitations to tender. Specifically, for the areas belonging to the first group as described in Annex 1 of Ministerial Decree 226/2011, the deadline is further postponed by 12 months; for the areas belonging to the second group, by 14 months; for those belonging to the third, fourth, and fifth group, by 13 months; for the areas belonging to the sixth and seventh group, 9 months; 5 months for the areas of the eighth group.

The same regulation establishes the deadlines within which the Regions, or, as a last resort, the Ministry of Economic Development, should intervene, and repeals the penalties previously incurred by the Municipalities for the delay.

In 2015-2016, a number of tenders were published for the award of the service with Territorial procedure. Many of them did not follow the procedures required by law, which envisages, among other things, the prior examination by the Authority of the reimbursement amounts of the plants due to outgoing operators as well as the review of the invitation to tender’s overall content and annexes before publication. Moreover, most calls are also inconsistent, even significantly, with the instructions contained in the ministerial regulations, also with regard to the criteria for evaluating bids; in accordance with the current regulations, such inconsistencies should be specifically justified by the Contracting Authorities.

In this context, the standardisation of the tender process envisaged by the law is encountering serious difficulties, to the extent that the procedures may freeze due to a major litigation.

The Law dated 4th August 2017 no. 124 (Annual Market and Competition Act) introduced some legislative innovations concerning the natural gas distribution sector.

Specifically, article 1, paragraph 93, amends the provisions of article 15, paragraph 5, of legislative decree 164/00, exempting local entities from the obligation to send detailed assessments to the Authority if all the following conditions are met jointly:

- the local tender authority can also certify through a suitable third party that the reimbursement value has been determined by applying the provisions contained in the Guidelines dated 7th April 2014;
- the aggregated territorial RIV-RAB gap does not exceed 8%;
- the RIV-RAB gap of the individual Municipality does not exceed 20%;

Article 1, paragraph 93 states that, if the value of the net fixed assets is not in line with the sector averages according to the definitions of the Authority, the value of the net fixed assets relevant to the calculation of the gap is determined by applying the parametric valuation criteria defined by the Authority (see article 23, paragraph 1, RTDG).

Finally, article 1, paragraph 94, states that the Authority, with its own resolutions, shall define simplified procedures for the evaluation of the invitations to tender, applicable in cases where such invitations have been compiled in compliance with the standard invitation to tender, the standard book of conditions and the standard service contract, specifying that, in any case, the tender documentation cannot deviate from the maximum scores set forth in articles 13, 14 and 15 of the aforementioned decree 226/11 for the tender criteria and sub-criteria, except within the limits set by the same articles with regard to some sub-criteria.

The Authority has implemented the provisions of Law no. 124/2017 with Resolution 905/2017/R/gas dated 27th December 2017.

The Municipality of Belluno, Contracting Authority of the Minimum Territory Area of Belluno, regularly followed the procedure set out in the regulations and published a tender in December 2016. In September 2017 the Group company AP Reti Gas S.p.A. participated in the tender, submitting its bid.

The tender documents were challenged by an operator participating in the call for bids. With Judgement no. 886/2017, the Regional Administrative Court of Veneto rejected the appeal. The plaintiff appealed against the decision to the Council of State, submitting an application for the suspension of the first instance provision.

The Council of State, by Judgement published on 22nd January 2019, rejected the appeal.

In December 2018, the Municipality of Schio, the contracting authority of the Territorial Area Vicenza 3 - Valli Astico Leogra e Timonchio, issued the invitation to tender for the concession of the gas distribution service. The Ascopiave Group currently manages the service in 28 municipalities in the Territorial Area, serving about 80,000 users. The Group companies AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A., holders of concessions in the Area, have challenged the call due to irregularities, filing an appeal before the Regional Administrative Court of Veneto.

On 8th May 2019, the hearing for the discussion of the merits was held, without any novelties.

Distribution of dividends

On 28th April 2022, the Shareholders' meeting approved the financial statements and the distribution of the ordinary dividend, to the tune of Euro 0.165 per share, with ex-dividend date on 2nd May 2022, record date on 3rd May 2022 and payment on 4th May 2022.

Treasury shares

Pursuant to Article 40, Legislative Decree 127 2 d), as of 30th September 2022 the Company owns 17,701,578 treasury shares for a value of Euro 55,423 thousand, recognised as a reduction in other reserves as can be seen in the Net Equity changes.

Outlook for 2022

As far as the gas distribution activities are concerned, in 2022 the Group will continue its normal operations and service management and perform preparatory activities for the next invitations to tender for awarding concessions. Should the tender procedures of the Territorial Areas in which the Ascopiave Group is interested progress in 2022, in light of the time normally required for participants to submit bids and for the contracting authorities to evaluate and select them and announce a winner, the new managements, if any, are expected to start subsequent to the end of 2022, therefore without changes in the scope of the activities currently managed.

As regards the economic results, in 2019 the Authority adopted the new tariff regulation for the 2020-2025 five-year period. The new provisions envisage a significant reduction in the revenue components intended to cover operating costs.

Furthermore, at the end of 2021, the Authority redetermined the real pre-tax rate of return of the invested capital recognised for tariff purposes, which for the year 2022 will be equal to 5.6% (compared to 6.3% in 2021).

With regard to energy efficiency obligations, the Decree dated 21st May 2021 of the Minister of Ecological Transition determined the national energy saving objectives for the years 2021-2024. The 2022 objectives estimated for the Group distribution companies are higher than the annual obligations envisaged in 2021.

As regards the production and sale of electricity from renewable sources, the effects of the Decrees issued for the containment of energy prices will continue in 2022.

The health emergency caused by the Covid-19 virus, in light of the Ascopiave Group's focus on the distribution business, had a minor effect on profitability in 2021 and 2022 and, as the peak of the emergency is behind us, limited impacts are currently expected also on future profitability, since adequate credit risk hedging mechanisms are contained in the Grid Code, which governs the activity of distributors. Although the industry where the Group operates is less critical, the Management will continue to monitor the pandemic at the national and international level so as to promptly respond if the crisis flares up.

As regards electricity and gas sales, Ascopiave will obtain the benefits of the consolidation of its quota of the result of the minority stake in Est Energy and the dividends distributed by Hera Comm - both companies are controlled by the Hera Group. Ascopiave has put options on these investments and it is possible that they will be exercised, in whole or in part, with a consequent impact on the Group's income statement and financial structure.

The actual results of 2022 could differ from those outlined above depending on various factors amongst which: the general macroeconomic conditions, the impact of regulations in the energy and environmental fields, the evolution of the on-going health emergency, success in the development and application of new technologies, changes in stakeholder expectations and other changes in business conditions.

Evolution of the COVID-19 emergency

In early 2020, the health emergency caused by Covid-19 concretely involved the entire territory where the Ascopiave Group operates and entailed a full-scale review of work organisation in order to take all the necessary preventive measures to ensure employees' safety and operational continuity for all Group companies.

After the first case of infection in Italy, on 21st February 2020, which was followed by an urgent meeting of the Council of Ministers on 23rd February 2020 for the first important action by the government, on the same day, Sunday 23rd February 2020, at the Ascopiave Group headquarters in Pieve di Soligo, as requested and directed by the Chairman Nicola Ceconato, a specific Crisis Unit was set up to handle the emergency, composed of: Roberto Zava (HR Director and Operational Coordinator of the Crisis Unit), Antonio Vendraminelli (Distribution SBU Director), Alberto Tomasoni (Health and Safety Officer), Romeo Ghizzo (IT), Luisa Bedin (Assets), Gabriele Kaserer (Organisation), Manlio Boscheratto (Staff).

The task entrusted to the Crisis Unit was to provide operational instructions aimed at supporting the activities of the Group companies by ensuring all the necessary measures to protect workers' health.

As regards communication, informative posters concerning a series of obligations imposed on employees, visitors or guests were posted at the entrance and in the most visible places of the company premises, and frequent notifications were sent by email to all employees.

The company ensured the daily cleaning and periodic sanitation of the premises, environments, workstations and common areas. It also stressed the importance of personal hygiene, providing workers with suitable detergents for frequent hand cleaning. It also equipped each worker with masks as airways protection devices and PPE (masks, gloves, goggles, coveralls, caps, gowns, etc...) compliant with the indications of the Health Authority and the activity performed.

As regards the measures adopted for handling the biological risk in the workplace, in addition to observing the regulations issued through the various Prime Ministerial Decrees and other provisions of the health authorities, in compliance with art. 13 of the protocol signed on 15th March 2020 (later updated on 24th April 2020) by the Government and the social partners, the so-called Central Committee, that is, concerning the Ascopiave Group as a whole, was established in agreement and with the participation of the trade unions (with equal representation) with the task of assessing and drafting the "shared regulatory protocol of measures to fight against and contain the spread of Covid-19 in the workplace"; sub-committees were also set up for subsidiaries.

The aforementioned “protocol” was implemented by the Committee and the main actions consisted of: adoption of all of the safety protocols; posting of the behavioural rules issued by the Ministry and the Italian Institute of Health and their diffusion to all workers through specific communications; transmission to all employees of communications, ordinances and Prime Minister Decrees; implementation of measures for distancing and avoiding the simultaneous presence of staff in offices and in common areas; activation of shifts for accessing the canteen of the headquarters with tables and chairs arranged in order to respect distances, initially, then the canteen service was suspended and subsequently resumed for fewer guests and with adequate distancing; minimisation of meetings and use of audio- or videoconferences; cancellation of meetings with third parties, consultants and collaborators and exclusion of their presence on site; reduction of all business trips and travels; review of criteria for accessing Group offices (the entrances were closed and access was limited to couriers for deliveries); rescheduling of operations for all technical, administrative and secretarial areas; strengthening of cleaning services; frequent sanitisation of the premises; maximisation of agile work where possible with implementation of technological equipment; promotion of the use of holidays or other possibilities given by collective bargaining tools; purchase, distribution or placement in the various areas of material for personal hygiene and for cleaning; purchase of PPE stocks; installation of non-contact thermometers for measuring body temperature at the entrance to the headquarters and placement in all offices of infrared thermometers for measuring body temperature. All this reduced the risk, so much so that no clusters or outbreaks occurred and the cases found were attributable to external situations.

With regard to employment, an exercise was started, starting from the “Distribution” area of the subsidiaries, to reschedule operations, and non-urgent activities were gradually minimised.

In particular, all construction sites and operating activities not directly related to the safety and continuity of the service were gradually suspended; all essential services were therefore guaranteed, specifically emergency intervention, facility surveillance and the operations aimed at ensuring the use of the service, such as activations and reactivations of end customers and the creation of connections for the activation of supplies. Together with the competent doctor, the risks deriving from the possible presence of infected or quarantined people were analysed, and the correct precautions to be adopted were identified, which envisage the use of specific personal protective equipment, distributed to all operating personnel.

In general, business continuity was guaranteed in all areas, although the employees were encouraged in all ways to leave the workplaces and remote work was facilitated by providing the necessary technological equipment. Personnel could only be present at the offices and workstations subject to the authorisation of their supervisor and only for valid and justified operational reasons. In total, this exodus has involved over 90% of the employees of the Pieve di Soligo headquarters and an equal or higher percentage in other headquarters, through the use of work from home for white-collar workers or the decision not to have external distribution personnel work at the headquarters, or through the use of holidays, leaves or other measures.

The first wave of the pandemic ended in May 2020 when a slow and planned return of almost all employees was coordinated, with the exception of the categories entitled to be absent from work pursuant to the Prime Minister Decrees or in the case of parents with children under the age of 14, who may request to work from home, with the obligation to comply with a rigid protocol that involves a series of responsibilities on the part of employees before accessing the office including, before leaving their home, the measurement of their body temperature in order to prevent any person with a temperature above 37.5° from accessing the workplace.

In October 2020, on the other hand, with the new governmental restrictions adopted as a result of the second wave of the pandemic, the organisational measures passed at the beginning of the emergency were re-implemented, and continued in the first months of 2021, with the progressive planned leave of employees from the offices maximising the use of agile work by providing the appropriate technological equipment; in addition, the use of holidays or leaves or other possibilities given by the contractual instruments was encouraged.

The meetings of the Central Committee and the Local Committees were held regularly with discussions that concerned not only the aspects relating to company safety and the protection of workers, with updates on the arrivals and distribution of personal protective equipment, but that also covered general issues because the company’s representatives reported a natural drop in activities, especially for some functions, and therefore the need to resort to the tools and contractual measures set out in the provisions (work from home, revision of production levels, shift plans, rescheduling, use of holidays, accumulated holidays, leaves, reduced working hours) aimed at enabling absence from work without losing remuneration. The meetings did not reveal any non-compliance with the ordinances issued.

A voluntary “Hour Bank” was specifically set up in agreement with the trade unions, in order to avoid using social security measures and support employees with a negative holiday balance who are currently inactive: the Ascopiave

Group contributed with 480 working days, which made it possible to establish the fund to start the initiative, which was followed, in order to conclude a lagging trade union agreement on a particular issue relating to the increased payment of overtime work to employees in order to recover hours subsequent to the emergency, by a direct measure by Chairman Ceconato and a massive participation of employees who donated over 600 days of holidays; in this way the offer of days exceeded the demand, reaching over 1,100 days.

Overall, as of 31st December, 18 official meetings of the Central Committee were convened and regularly held, while communications to employees throughout the Ascopiave Group on the emergency, always on the same date, were 72, demonstrating a continuous, complete and far-reaching information.

As for the staff of Ascopiave S.p.A. and the affiliate companies, the first resource tested positive for Covid-19 on 15th October 2020, but the employee had already been working from home for some time, without accessing the headquarters or seeing colleagues; until 31st December 2020, 26 cases were recorded, mostly attributable to infections occurring within the family.

In 2021, the company continued to monitor the situation by updating on a case-by-case basis the communication with employees on the new measures taken at the national and regional level for the containment of the pandemic; in the period 1st January 2021-31st December 2021, 40 more employees tested positive for Covid-19 (68 including 2020), none of these cases was particularly serious - no hospitalisation was needed - and the infections are attributable to external or family contacts, not within the company.

Since all companies are gradually allowing their employees back in the workplace, in order to ensure prevention, 14 infrared thermometers have been placed at the entrances of the sites of all the companies of the Ascopiave Group so as to measure body temperature on the wrist with an alarm in case of temperature above 37.5°, and with sanitising gel for the hands.

The Company has intensified the daily cleaning and periodic sanitation of the premises.

Since August 2021, again with a view to preventing infections, only employees in possession of a Green Pass could access the company canteen, and a lunch basket was made available for those without it; since many workers are back to the premises and given the limited capacity of the canteen, two 45-minute shifts were scheduled at the Pieve di Soligo headquarters; six 30-minute shifts are envisaged in the Padua office (managed by Hera but accessible to our employees).

The management of the Covid-19 emergency was on the agenda of meetings with the specially established Committee and the members of the crisis unit. According to rumours (because employees tend to announce their vaccination to their colleagues working in the same office or area) and not official data (which cannot be requested for privacy reasons), on 31st December 2021 almost all employees were vaccinated. Considering that on 15th October 2021 it became mandatory to produce the Green Pass in order to access the workplace, the company entrusted over 50 employees with the task of verifying such certificates, which made it possible to ensure compliance with the applicable regulations. The state of health emergency in 2021 did not particularly affect the structure which, while periodically adapting to national provisions on Covid and safety, continued its operations and provision of services almost as usual. In the first 9 months of 2022, Covid variants caused a surge in infections (including vaccinated people): from 68 on 31st December 2021 to 118 on 31st December 2022, with +50 quarantined employees. The trend then continued with 72 additional cases until June and 60 in the last months, so much so that a total of 250 employees were infected after 2 and a half years of pandemic. The emergency measures were extended until 31st October 2022; pending a meeting between social partners and Ministries, the company on its own initiative maintains the precautionary measures (hygiene, masks, distancing) in order to prevent the spread of the infection, awaiting new regulatory measures.

Goals and policies of the group and risk description

Credit and liquidity risk

The main financial instruments used by our Group are liquidity, bank debt and other forms of financing.

It is maintained that the Group is not exposed to credit risks above the industry average, considering that it provides its business services to a limited number of operators in the gas sector, whose rules for accessing the services offered are established by the Regulatory Authority for Energy, Networks and the Environment and set out in the Grid codes, which dictate contractual clauses that reduce the risks of default by customers. The Codes envisage, in particular, the release of suitable guarantees to partially cover the obligations assumed if the customer does not have a credit rating issued by leading international bodies.

To keep residual credit risks under control, in the period there is in any case a bad debt provision equal to approximately 23.7% (7.0% as of 30th September 2021) of the total gross receivables from third parties for invoices issued. Significant commercial operations take place in Italy.

Regarding the company's financial management, the directors consider that the generation of liquidity, deriving from operations, is suitable for covering its needs.

Risks relating to bids for the award of new concessions for the distribution of gas

As of 30th September 2022, the Ascopiave Group holds a portfolio of 306 natural gas distribution concessions (268 as of 31st December 2021). In compliance with the regulations in force governing the concessions held by the company, the calls for tenders for the new awards of the gas distribution service will be no longer announced for every single Municipality but exclusively for the territorial areas determined with Ministerial Decrees dated 19th January 2011 and 18th October 2011, and pursuant to the deadlines illustrated in Annex 1 attached to the Ministerial Decree on tender criteria and bid assessment standards, issued on 12th November 2011, and subsequent amendments. With new tenders being launched, Ascopiave S.p.A. may not be able to obtain one or more new concessions, or it could obtain them at less advantageous conditions than the current ones, with possible negative impacts on operations and the operating results, financial position and cash flows, it being understood that, if the company is not awarded with a new concession, limited to the Municipalities currently managed by the company, it will obtain a reimbursement value envisaged for the outgoing operator.

Risks relating to the amount of reimbursement under the scope of the new operator

With regard to the concessions under which the Ascopiave Group also owns the gas distribution networks, Law no. 9/2014 establishes that the new operator shall pay a reimbursement calculated in compliance with the provisions of the agreements or contracts and, if not inferable from the will of the Parties and for aspects which are not envisaged in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) should be deducted from the reimbursement value. In addition, if the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to the Authority for Energy, Networks and the Environment so that it can be checked before publishing the invitation to tender.

The Decree of the Minister for Economic Development dated 12th November 2011 no. 226 establishes that the new operator acquires the property of the plant by paying the reimbursement value to the outgoing operator, except for any portion thereof owned by the municipality.

In the periods following the first, transitional one, the reimbursement value to the outgoing operator shall be equal to the local net intangible assets, net of public capital contributions and of private ones for local fixed assets, calculated with reference to the criteria used by the Authority to determine the distribution tariffs (RAB). As far as this point is concerned, please note that the Authority has intervened with Resolution 367/2014/R/gas, stating that the reimbursement value, set forth in Article 14, paragraph 8, of Legislative Decree no. 164/00, at the end of the first period of concession is determined as the sum of: a) the residual value of the existing stock at the beginning of the concession period, assessed for all the fixed assets transferred for consideration to the new operator in the second period of concession based on the reimbursement value, stated in Article 5 of Decree 226/11, recognised to the

outgoing operator in the first territorial concession, taking into account the depreciations and divestments recognised for tariff purposes in the concession period; b) the residual value of the new investments made in the concession period and existing at the end of the period, assessed based on the re-valued historical cost method for the period in which the investments are recognised in the final balance, as stated in Article 56 of the Tariff Regulation of Gas Distribution and Measurement Services (RTDG), and as the average between the net value determined based on the re-valued historical cost method and the net value determined based on standard cost assessment methods, pursuant to paragraph 3.1 of Resolution 573/2013/R/GAS, for the next period.

OPERATIONAL RISKS

Ascopiave oversees company processes and activities, respecting the health and safety of workers, protecting the environment, quality and energy saving in the services offered and complying with anti-bribery laws.

Risks of malfunctioning and/or interruption of the distribution service

Unexpected fortuitous events such as accidents, failure of equipment or control systems, drop in plant yield and exceptional events such as explosions, fires, or other similar circumstances, lead to risks of infrastructure malfunctioning including the possible unexpected interruption of the distribution service. Such events could entail a reduction in revenues and cause significant damage to people, property or the environment. The Group has entered into specific insurance agreements to cover the risks described. Although the insurance policies taken out are in line with the best practices, they may be insufficient to cover all the losses that the Group could suffer due to possible increases in expenses and/or compensation for damages to be paid.

Risks related to the protection of the environment, health and safety

The Group conducts its business in compliance with Italian and European Union legislation on environmental protection, observing the laws that govern and regulate the environment and safety. Despite the attention paid to this topic, it is not possible to exclude with certainty that the Group may incur costs or liabilities, even of a significant amount. In fact, the economic and financial repercussions of any environmental damage are difficult to predict, also considering the possible effects of new legislative and regulatory provisions for environmental protection, the impact of any technological innovations for environmental remediation, the possibility of disputes and the difficulty of determining their possible consequences, also in relation to the responsibility of third parties. The Group is remediating contaminated sites substantially due to the removal and disposal of waste (mainly for the demolition of obsolete facilities).

Risk associated with the installation of Smart Metres

A few years ago, the Group launched a plan to replace traditional metres with smart metres, which first of all involved metres of a class higher than G6 and subsequently also those of lower classes. In the first replacement stage, the new remotely read metres represented an emerging technology. The construction features set by the Authority urged manufacturers to design and build a product dedicated solely to the Italian market within the deadlines set by the ARERA. Moreover, the applicable technical legislation prepared by the CIG (Italian Gas Committee, regulatory body affiliated with UNI) was fully available only after 2015. The Group has started the installation of these appliances according to the schedules defined by the ARERA (only the Group company AP Reti Gas Nord Est is behind the planned programme); therefore there is a risk that malfunction levels will be higher than the historical performances recorded for traditional metres and that the company will incur greater maintenance costs.

Risks associated with energy efficiency certificates

Pursuant to art. 16.4 of Italian Legislative Decree no. 164/2000, natural gas distribution companies must pursue energy saving objectives in end uses and in the development of renewable sources; based on the results achieved, distributors are assigned the so-called Energy Efficiency Certificates, whose cancellation involves a reimbursement by Cassa per i Servizi Energetici e Ambientali financed through the funds established through the RE (Energy Saving) component of the distribution tariffs. The ARERA determines the specific energy saving objectives applicable to electricity and natural gas distributors taking into account the annual national quantities of saving that must be pursued through the white certificate mechanism. There is a potential risk of economic loss for the Group due to any

negative difference between the average purchase value of the certificates and the tariff contribution granted and/or any failure to achieve the assigned objectives.

Risk related to the implementation of the investment plan set forth in the concessions

Under the concessions for the distribution of natural gas, the concessionaire must fulfil some obligations, including commitments related to investments to be made over the duration of the concession. It is not possible to exclude that, even due to delays in obtaining authorisations and permits, such investments may exceed the deadlines set, with the risk of charges being imposed on the Group.

Regulatory risk

The Group conducts its business in a regulated sector. The directives and regulatory provisions issued on the subject by the European Union and the Italian Government, the decisions of the ARERA and more generally any changes in the reference regulatory context may affect the operations, economic results and financial balance of the Group.

The evolution of the criteria for determining the reference tariff is particularly important. Future amendments to the regulations adopted by the European Union or at national level cannot be excluded, with unforeseen repercussions on the applicable regulatory framework and, consequently, on the Group's business and results.

Legal and non-compliance risk

The legal and non-compliance risk consists in the failure to comply, in whole or in part, with the European, national, regional and local regulations which the Group must observe upon conducting its activities. Breaching the rules may result in criminal, civil and/or administrative penalties as well as financial, economic and/or reputational damage. Specifically, among other things, the violation of the legislation protecting workers' health and safety and the environment and the breach of the regulations for the fight against bribery may result in penalties, even of a significant amount, imposed on the Group pursuant to the legislation on the administrative liability of entities (Italian Legislative Decree no. 231/01).

Additional information

Seasonal nature of the activity

The natural gas distribution business managed by the Ascopiave Group is not significantly affected by seasonality. It is in fact less influenced by the thermal trend recorded during the year, except for some minor items. With the recent acquisitions in the field of generation of electricity from renewable sources, the Group is now exposed to seasonal weather events, such as rainfall/drought, solar radiation and wind.

The Group is significantly exposed to the effects of seasonality in relation to investments in affiliates, as they sell natural gas and electricity, which will be valued using the equity method. Gas consumption changes considerably on a seasonal basis, with a greater demand in winter in relation to higher consumptions for heating. This seasonality influences the trend of revenues from gas sales and of procurement costs, while other operating costs are fixed and incurred by the Group in a uniform manner throughout the year. Therefore, the data and the information relating to these companies and contained in the interim financial statements do not allow for immediate indications to be drawn regarding the overall performance for the year.

Comments on the economic and financial results of the first nine months of 2022

Performance indicators

Pursuant to Consob communication DEM 6064293 dated 28th July 2006 and recommendation CESR/05-178b on alternative performance indicators, we specify that besides the normal performance indicators set by the International Accounting Standards IAS/IFRS, the Group deems it useful, for monitoring its business, to use other performance indicators, which, even if they do not appear in the afore-stated standards, have a considerable importance. In particular, we have introduced the following indicators:

- **Gross operating margin (Ebitda):** defined by the Group as the result before amortisation and depreciation, write-downs of receivables, financial management and taxes.
- **Operating result:** this indicator is also included in the accounting principles we have adopted, and it is defined as the operating margin (Ebit) minus the balance of non-recurrent costs and revenues. The latter includes extraordinary incomes and losses, capital gains and losses for disposal of assets, insurance reimbursements, contributions and other less relevant positive and negative components.
- **Tariff revenues from gas distribution:** defined by the Group as the amount of revenue realised by the distribution companies of the Group for the application of tariffs for distribution and metering of natural gas to their end customers, net of the equalisation amounts managed by Cassa per i Servizi energetici e Ambientali.

General operational performance and indicators

	Nine months		Var.	Var. %
	2022	2021		
NATURAL GAS DISTRIBUTION				
Ascopiave Group				
Number of concessions	306	268	38	14.2%
Length of distribution network (km)	14,596	12,967	1,629	12.6%
Total active meters (no.)	889,193	776,390	112,803	14.5%
Volumes of gas distributed (cm/mln)	1,040.9	1,069.3	-28.4	-2.7%
PRODUCTION OF ENERGY FROM RENEWABLE SOURCES				
Ascopiave Group				
Number of plants	28	0	28	n.a.
Installed power (MW)	62.5	0.0	62.5	n.a.
Volumes of electricity produced (GWh)	61.1	0.0	61.1	n.a.

Comments on the trend of the main operational indicators of the Group's activity are reported below. The value of each indicator is obtained by adding the values of the indicators of each consolidated company.

As far as the activity of gas distribution is concerned, in the first nine months of 2022, the volumes distributed through the networks managed by the Group companies totalled 1,040.9 million cubic metres, down 2.7% as compared to the same period in the previous year.

As of 30th September 2022, the number of redelivery points (PDR) managed by the Group companies was 889,193.

The 28 plants producing electricity from renewable sources, with a total rated capacity of 62.5 MW, produced 61.1 GWh in the first nine months of the year. The volume of Gwh produced was significantly influenced by the weather that characterised the period, and especially the persistent drought. The plants were acquired between December 2021 and January 2022 and therefore the period shown for comparison purposes did not include these quantities.

General operational performance - The Group's profit and loss figures

(Thousands of Euro)	Nine months			
	2022	% of revenues	2021	% of revenues
Revenues	120,009	100.0%	99,686	100.0%
Total operating costs	66,444	55.4%	50,232	50.4%
Gross operative margin	53,566	44.6%	49,455	49.6%
Amortization and depreciation	33,367	27.8%	26,539	26.6%
Operating result	20,199	16.8%	22,916	23.0%
Financial income	4,489	3.7%	3,527	3.5%
Financial charges	3,670	3.1%	1,479	1.5%
Evaluation of subsidiary companies with the net equity method	10,503	8.8%	10,482	10.5%
Earnings before tax	31,521	26.3%	35,445	35.6%
Taxes for the period	(7,090)	5.9%	(5,747)	5.8%
Group's Net Result	24,431	20.4%	29,698	29.8%
Net result from assets held for sale	861	0.7%	0	0.0%
Net result for the period	25,292	21.1%	29,698	29.8%
Group's Net Result	25,482	21.2%	29,698	29.8%
Third parties Net Result	(190)	0.2%	0	0.0%

Pursuant to CONSOB communication DEM/6064293 dated 28th July 2006, the alternative performance indicators are defined in paragraph "Performance Indicators" herein.

In the first nine months of 2022, the Group incomes amounted to Euro 120,009 thousand, up 20.4% as compared to the same period in the previous year. The following table reports the details of income.

(Thousands of Euro)	Nine months	
	2022	2021
Revenues from gas transportation	85,690	82,710
Revenues from the sale of electricity	351	(0)
Revenues from connections	599	428
Revenues from distribution services	3,324	3,228
Revenues from services supplied to Group companies	11,728	6,753
Revenues from ARERA contributions	6,775	4,333
Revenues from hydroelectric - wind power plant	8,018	0
Other revenues	3,524	2,235
Revenues	120,009	99,686

The **tariff revenues from gas distribution** (from Euro 81,565 thousand to Euro 84,494 thousand) increased by Euro 2,928 thousand as compared to the same period in the previous year. The differential between tariff revenues and the item "revenues from gas transportation" shown in the table (Euro 1,197 thousand as of 30th September 2022 and Euro 1,144 thousand as of 30th September 2021) is explained by the revenues recognised because of the chargeback of concession fees related to art. 46-bis. These revenues contribute to the formation of the other items of cost and revenue described below.

Revenues from **wind farms and hydroelectric power stations** amounted to Euro 8,018 thousand at the end of the first nine months of the year and are attributable to the companies included in the scope of consolidation in late 2021 and early 2022.

The **revenues from energy efficiency certificates** (from Euro 4,333 thousand to Euro 6,775 thousand) increased by Euro 2,442 thousand compared to the previous year. The change is mainly explained by the higher targets expected for the year 2022.

The **operating result** in the first nine months of 2022 amounted to Euro 20,219 thousand, down Euro 2,697 thousand (-12%) as compared to the same period in the previous year.

The decline is due to several factors:

- negative change related to the expansion of the scope of consolidation for Euro 664 thousand;
- lower margin on energy efficiency certificates for Euro 420 thousand;
- decrease in the tariff revenues on the activity of gas distribution for Euro 3,759 thousand;
- positive change in other items of cost and revenues, equal to Euro 2,330 thousand.

The positive change in other items of cost and revenues, equal to Euro 2,330 thousand, is due to:

- higher other revenues for Euro 5,338 thousand;
- higher material and service costs and other charges equalling Euro 2,852 thousand;
- higher staff costs for Euro 156 thousand;
- an increase in amortisation and depreciation of fixed assets and provisions for Euro 184 thousand.

The negative change in the operating result attributable to the companies recently included in the scope of consolidation is due to the economic performance of the companies which produce energy from renewable sources. Indeed, they bore the consequences of the persistent and severe drought, which affected the production of energy from hydroelectric sources, as well as the regulations introduced during the year such as the “Support Decree-ter” and the tax on unjustified energy profits. The negative operating result in this sector was partially offset by the results achieved by the newly acquired companies operating in natural gas distribution.

The **net consolidated profit** in the first nine months of 2022, equal to Euro 25,312 thousand, decreased by Euro 4,386 thousand (-15%) as compared to the same period in the previous year.

This change is due to the following factors:

- decrease in the operating result, as previously stated, for Euro 2,697 thousand;
- increase in financial revenues for Euro 962 thousand;
- increase in financial charges for Euro 2,191 thousand;
- higher result of companies consolidated through the equity method for Euro 21 thousand; this item is representative of the equity investment held by Ascopiave, equal to 48%, in the EstEnergy Group, and the stake in Cogeide S.p.A., equal to 18.33%;
- increase in taxes of Euro 1.343 thousand;
- higher net result from assets held for sale for Euro 860 thousand.

The tax rate, calculated by normalising the pre-tax result of the effects of consolidation of the companies consolidated using the equity method and the higher taxes on unjustified energy profits, increases from 26.8% in the first nine months of 2021 to 33.4%.

General operational performance - Financial situation

The table below shows the composition of net debt as required by Consob communication no. DEM/6064293 dated 28th July 2006. The table and the disclosure provided have been adapted in order to reflect the amendments to the ESMA document 32-382-1138 dated 4th March 2021:

(Thousands of Euro)	30.09.2022	31.12.2021
A Cash and cash equivalents	15,465	42,538
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	6,453	1,175
- of which related parties	0	0
D Liquid assets (A) + (B) + (C)	21,917	43,713
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(121,708)	(140,985)
- of which related parties	0	0
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(76,271)	(60,631)
- of which related parties	0	0
G Current financial indebtedness (E) + (F)	(197,979)	(201,616)
H Net current financial indebtedness (D) + (G)	(176,062)	(157,903)
I Non-current financial debt (excluding the current portion and debt instruments)	(346,218)	(192,447)
J Debt instruments	0	0
K Trade payables and other non-current payables	0	0
L Non-current financial indebtedness (I) + (J) + (K)	(346,218)	(192,447)
M Net financial indebtedness (H) + (L)	(522,280)	(350,350)

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report

Net debt increased from Euro 350,350 thousand as at 31st December 2021 to Euro 522,280 thousand as of 30th September 2022, up Euro 171,931 thousand.

The net financial position monitored by the Group, which also includes non-current financial receivables, showed an increase of Euro 171,889 thousand, from Euro 347,485 thousand as at 31st December 2021 to Euro 519,374 thousand as of 30th September 2022.

The following table shows the reconciliation between the ESMA Net financial position and the financial position monitored by the Group:

(Thousands of Euro)	30.09.2022	31.12.2021
ESMA Net financial position	(522,280)	(350,350)
Non current financial assets	2,906	(2,864)
Net Financial Position monitored by the Group	(519,374)	(353,214)

Some figures relating to the cash flows of the Group are reported below:

(Thousands of Euro)	Nine months	
	2022	2021
Group's net income	25,292	29,698
Amortizations	33,367	26,539
(a) Auto-financing	58,659	56,238
(b) Adjustment to reconcile net income with the variation in financial position generated by operating management:	(25,602)	(4,767)
(c) Variation in financial position generated by operating activities = (a)+ (b)	33,057	51,470
(d) Variation in financial position generated by investments	(155,354)	(33,426)
(e) Other variation in financial position	(49,592)	(13,597)
Net variation in financial position = (c) + (d) + (e)	(171,889)	4,447

The cash flow generated by operations (c), equal to Euro 33,057 thousand, was due to self-financing for Euro 58,659 thousand and other negative financial variations amounting to Euro 25,602 thousand, related to the management of the net circulating capital for Euro -15,099 thousand and the measurement of companies consolidated through the equity method for Euro -10,503 thousand.

The management of the net circulating capital, which absorbed financial resources amounting to Euro 15,099 thousand, was influenced by the change in the net operating capital which absorbed financial resources for Euro 22,303 thousand, the positive variation in the position towards the Inland Revenue for the accrual of IRES and IRAP taxes for Euro 2,038 thousand and the negative variation in the VAT position for Euro 3,352 thousand.

The following table shows in detail the changes in the net working capital during the period:

(Thousands of Euro)	Nine months	
	2022	2021
Inventories	(6,114)	(10)
Trade receivables and payables	5,781	15,852
Operating receivables and payables	(21,971)	1,435
Gains on shareholdings	(4,307)	(3,489)
Write-down of fixed assets and losses	1,157	584
Other changes in the income statement that do not generate cash flows	9,682	(1,325)
Severance pay fund and other found	(1,138)	(1,233)
Current taxes	7,090	5,747
Taxes paid	(5,280)	(11,845)
Change in net working capital	(15,099)	5,715

Investments generated a cash requirement of Euro 155,354 thousand, for net investments in tangible and intangible assets, mainly for works and developments of natural gas distribution facilities, to the tune of Euro 45,238 thousand, and investments in shareholdings amounting to Euro 110,116 thousand.

Additional variations in the Net financial position, equal to Euro 49,592 thousand, are due to dividends totalling Euro 10,481 thousand, determined by the balance between dividends distributed (Euro -35,757 thousand) and dividends received from affiliates (Euro +25,276 thousand). The expansion of the scope of consolidation to include the companies Asco EG and Salinella Eolico, operating in the hydroelectric and wind power sectors, and the companies

Romeo Gas and Serenissima Gas, operating in the gas distribution sector, resulted in an increase in the Group's net financial position of Euro 39,111 thousand.

The following table shows in detail the other changes in the financial position in the period:

(Thousands of Euro)	Nine months	
	2022	2021
Purchase of own shares	0	204
Dividends distributed to Ascopiave S.p.A. shareholders'	(35,757)	(34,663)
Dividends collected from investee companies	25,276	20,862
Enlargement of the consolidation perimeter	(39,111)	0
Other changes in financial position	(49,592)	(13,597)

General operational performance - Investments

In the first nine months of the year, the Group made investments in tangible and intangible assets for Euro 41,366 thousand, up Euro 7,641 thousand as compared to the same period in the previous year.

The investments in infrastructures for the distribution of natural gas, amounting at the end of the period to Euro 35,443 thousand, were connected to the construction and maintenance of natural gas network and distribution systems for Euro 17,372 thousand, the creation of connections for Euro 9,975 thousand and the installation of metres for Euro 8,096 thousand.

Investments in renewable energy amounted to Euro 4,127 thousand and relate to the construction, not yet completed, of a wind farm.

Other investments amounted to Euro 1,796 thousand and mainly concerned the purchase of software licences for Euro 1,444 thousand (mainly purchased by the Group's distribution companies for the management of remote metering).

(Thousands of Euro)	Nine months	
	2022	2021
Connecting a gas users	9,975	9,170
Expansions, reclamations and network upgrades	15,419	14,371
Flowmeters	8,096	8,259
Maintenance	1,953	633
Raw material (gas) investments	35,443	32,433
Hydroelectric energy production plants	60	0
Wind farms	4,068	0
Investments in renewable energies	4,127	0
Land and buildings	89	186
Industrial and commercial equipment	93	141
Forniture	5	15
Vehicles	164	213
Hardware e Software	1,444	616
Other assets	0	120
Other investments	1,796	1,292
Investments	41,366	33,725

Ascopiave Group

Schedules of the interim financial report

as of 30th September 2022

Consolidated assets and liabilities statement

(Thousands of Euro)		30.09.2022	31.12.2021
Assets			
Non-current assets			
Goodwill	(1)	76,684	49,272
Other intangible assets	(2)	672,427	598,007
Tangible assets	(3)	120,445	58,012
Shareholdings in controlled companies	(3)	471,746	442,434
Shareholdings in other companies	(4)	78,926	78,925
Other non-current assets	(5)	4,610	3,604
Non current financial assets	(6)	2,906	2,864
Advance tax receivables	(7)	37,747	31,565
Non-current assets		1,465,492	1,264,683
Current assets			
Inventories	(8)	14,620	8,176
Trade receivables	(9)	33,439	26,786
Other current assets	(10)	50,955	25,575
Current financial assets	(11)	815	908
Tax receivables	(12)	1,754	1,621
Cash and cash equivalents	(13)	15,465	42,538
Current assets from derivative financial instruments	(14)	5,638	267
Current assets		122,686	105,871
Assets held for sale	(35)	35,398	
Assets		1,623,576	1,370,554
Net equity and liabilities			
Total Net equity			
Share capital		234,412	234,412
Own shares		(55,423)	(55,423)
Reserves and result for the period		721,323	689,555
Net equity of the Group		900,312	868,544
Net equity of Others		41,768	(39)
Total Net equity	(15)	942,079	868,505
Non-current liabilities			
Provisions for risks and charges	(16)	1,737	1,474
Severance indemnity	(17)	4,821	4,491
Outstanding medium- and long-term bonds	(18)	94,074	24,181
Medium- and long-term bank loans	(19)	244,302	161,488
Other non-current liabilities	(20)	36,917	29,067
Non-current financial liabilities	(21)	7,843	6,777
Deferred tax payables	(22)	13,722	13,228
Non-current liabilities		403,416	240,706
Current liabilities			
Payables due to banks and financing institutions	(23)	195,258	199,631
Trade payables	(24)	44,672	34,401
Tax payables	(25)	3,584	1,284
Other current liabilities	(26)	27,460	24,042
Current financial liabilities	(27)	2,721	1,647
Current liabilities from derivative financial instruments	(28)	1,986	338
Current liabilities		275,684	261,343
Liabilities held for sale	(35)	2,396	
Liabilities		681,496	502,049
Net equity and liability		1,623,576	1,370,554

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report.

Income statement and Comprehensive consolidated income statement

(Thousands of Euro)		Nine months	
		2022	2021
Revenues	(29)	120,009	99,686
Total operating costs		66,444	50,232
Purchase costs for other raw materials	(30)	1,659	1,195
Costs for services	(31)	37,617	28,508
Costs for personnel	(32)	14,617	13,619
Other management costs	(33)	12,488	7,436
Other income	(34)	155	527
Amortization and depreciation	(35)	33,367	26,539
Operating result		20,199	22,916
Financial income	(36)	4,489	3,527
Financial charges	(36)	3,670	1,479
Evaluation of subsidiary companies with the net equity method	(36)	10,503	10,482
Earnings before tax		31,521	35,445
Taxes for the period	(37)	(7,090)	(5,747)
Result for the period		24,431	29,698
Net result of assets held for sale	(38)	861	0
Net result for the period		25,292	29,698
Group's Net Result		25,482	29,698
Third parties Net Result		(190)	(0)
Consolidated statement of comprehensive income			
1. Components that can be reclassified to the income statement			
Fair value of derivatives, changes in the period net of tax		3,458	369
Fair value of derivatives relating to associated companies, changes in the period net of tax		39,961	11,697
2. Components that can not be reclassified to the income statement			
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax		410	42
Total comprehensive income		69,121	41,806
Group's overall net result		69,714	41,806
Third parties' overall net result		(593)	(0)
Base income per share		0.319	0.193
Diluted net income per share		0.319	0.193

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report.

Statement of changes in consolidated shareholders' equity

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Profits carried forward	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2022	234,412	46,882	(55,424)	(443)	436,955	160,836	45,326	868,544	(39)	868,505
Result for the period							25,482	25,482	(190)	25,292
Fair value of derivatives					3,861			3,861	(403)	3,458
Fair value of derivatives relating to associated companies					39,961			39,961		39,961
Severance indemnity IAS 19 discounting of the period				410				410	(0)	410
Total result of overall income statement				410	43,822	(0)	25,482	69,714	(593)	69,121
Allocation of 2021 result					17,495	27,831	(45,326)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders						(35,757)		(35,757)		(35,757)
Change in equity investments in subsidiaries companies								(0)	42,399	42,399
Other operations					(2,188)			(2,188)	(0)	(2,188)
Balance as of 30th September 2022	234,412	46,882	(55,424)	(34)	496,084	152,910	25,482	900,312	41,767	942,079

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial difference	Other reserves	Profits carried forward	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2021	234,412	46,882	(55,628)	(527)	433,301	136,762	58,701	853,903	0	853,903
Result for the period							29,698	29,698		29,698
Other operations					369			369		369
Fair value of derivatives relating to associated companies					11,697			11,697		11,697
Severance indemnity IAS 19 discounting of the period				42				42		42
Total result of overall income statement				42	12,066	0	29,698	41,806	0	41,806
Allocation of 2020 result						58,701	(58,701)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders						(34,663)		(34,663)		(34,663)
Long term incentive plans			204		(201)	53		57		57
Change in equity interests in associated companies					(9,514)			(9,514)		(9,514)
Balance as of 30th September 2021	234,412	46,882	(55,424)	(485)	435,652	160,853	29,698	851,589	0	851,589

Consolidated statement of cash flows

(Thousands of Euro)	Nine months	
	2022	2021
Total comprehensive income	69,714	30,109
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	(593)	0
Fair value of derivatives relating to associated companies, changes in the period net of tax	(15) (39,961)	0
Changes in HA reserves for MTM derivatives	(15) (3,458)	(369)
Variations in severance indemnity reserves	(15) (410)	(42)
Amortization	(34) 33,367	26,539
Depreciation of fixed assets	(32) 1,157	584
Variations in severance indemnity	(17) (590)	104
Current assets / liabilities on financial instruments	(14 ; 27) (3,721)	(20)
Net variation of other funds	(16) (548)	(1,336)
Evaluation of subsidiaries with the net equity method	(35) (10,503)	(10,482)
Income from shareholdings	(35) (4,307)	(3,489)
Other changes in the income statement that do not generate cash flows	(28) 9,682	(1,325)
Interests paid	(2,347)	(1,372)
Taxes paid	(5,280)	(11,845)
Interest expense for the period	(35) 3,641	1,249
Taxes for the period	(36) 7,090	5,747
Total adjustments	(16,781)	3,940
Variations in assets and liabilities		
Inventories	(8) (6,114)	(10)
Accounts payable	(9) (3,343)	14,707
Other current assets	(10) (12,620)	1,633
Trade payables	(23) 9,124	1,145
Other current liabilities	(25) (16,652)	(621)
Other non-current assets	(5) 2,542	(96)
Other non-current liabilities	(19) 1,816	1,508
Total variations in assets and liabilities	(25,247)	18,267
Cash flows generated (used) by operating activities	27,686	52,317
Cash flows generated (used) by investments		
Investments in intangible assets	(2) (39,205)	(32,976)
Investments in tangible assets	(3) (6,033)	(450)
Disposal / (acquisitions) in shareholdings and advances	(4) (101,411)	0
Dividends collected from investee companies	(4) 25,276	20,862
Cash flows generated (used) by investments	(121,373)	(12,564)
Cash flows generated (used) by financial activities		
Net changes in short-term bank borrowings	(22) (103,552)	(38,185)
Net variation in current financial assets and liabilities	(11 ; 26) (7,850)	(231)
Purchase / Sale of own shares	(15) 0	204
Ignitions loans and mortgages	(18) 528,000	198,000
Redemptions loans and mortgages	(18) (384,120)	(176,700)
Dividends distributed to Ascopiave S.p.A. shareholders'	(15) (35,757)	(34,663)
Ignitions outstanding medium- and long-term bonds	(18) 69,892	0
Cash flows generated (used) by financial activities	66,613	(51,575)
Variations in cash	(27,075)	(11,823)
Cash and cash equivalents at the beginning of the period	42,539	21,902
Cash and cash equivalents at the end of the period	15,465	10,080

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report.

EXPLANATORY NOTES

Company information

Ascopiave S.p.A. (hereinafter “Ascopiave”, the “Company” or the “Parent Company” and, jointly with its subsidiaries, the “Group” or the “Ascopiave Group”) is a legal entity under Italian law. Ascopiave S.p.A. is a joint stock company incorporated and domiciled in Italy.

As of 30th September 2022, the share capital of the Company, amounting to Euro 234,411,575 was for the most part held by Asco Holding S.p.A.; the remainder was distributed among other private shareholders. Ascopiave is listed since December 2006 on the Mercato Telematico Azionario - STAR Segment - organised and managed by Borsa Italiana S.p.A..

The registered office of the Company is in Pieve di Soligo (TV), via Verizzo, 1030.

The publication of the Interim financial report as of 30th September 2022 of the Ascopiave Group was authorised by resolution of the Board of Directors on 3rd November 2022.

The activities of the Ascopiave Group

Ascopiave mainly operates in the sector of distribution of natural gas, as well as in other sectors related to the core business, such as heat management and co-generation.

The Group owns concessions and direct assignments for the management of the activity of gas distribution in 306 municipalities (268 municipalities as of 31st December 2021), has a distribution network extending for over 14,580 km (12,960 km as of 31st December 2021) and provides a service to a catchment area bigger than 1 million inhabitants.

The Ascopiave Group holds a 48% stake in the share capital of EstEnergy S.p.A., a company selling natural gas and electricity, and a 18% stake in the share capital of Cogeide S.p.A., a company operating in the field of water services in the region of Lombardy.

On 21st December 2021, an investment in the renewable energy sector, specifically in the hydroelectric segment, was finalised consistent with the 2020-2024 Strategic Plan. The transaction involved the purchase of the entire share capital of a special purpose vehicle of the EVA Group (subsequently renamed “Asco Renewables S.p.A.”), to which the equity investments of 3 companies that hold a total of six hydroelectric plants located in Lombardy and Piedmont were transferred.

In January 2022, two investments were finalised in the renewable energy sector, specifically in the wind segment with the acquisition of 60% of Salinella Eolico S.r.l. and in the wind and hydroelectric segment with the acquisition of 79.74% of Eusebio Energia S.r.l., also consistent with the 2020-2024 Strategic Plan.

In April 2022, the Consortium formed by Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A. closed the agreement with the A2A Group for the acquisition of some assets pertaining to the natural gas distribution service. With this operation, Ascopiave S.p.A. acquired a 56.101% stake in Romeo Gas S.p.A. which holds 78.441% of the share capital of Serenissima Gas S.p.A..

General drafting criteria and compliance with IFRS

The operating results and cash flows of the Ascopiave Group are prepared in accordance with the IFRSs, understood as all the “International Financial Reporting Standards”, all the “International Accounting Standards” (IAS), all the interpretations of the “International Financial Reporting Committee” (IFRIC), previously known as “Standing Interpretations Committee” (SIC) that, at the reporting date, were approved by the European Union according to the procedure set forth in Regulation (EC) no. 1606/2002 by the European Parliament and the European Council of 19th July 2002.

The accounting standards used to draw up this Interim Report are the same as those used to prepare the Consolidated Financial Statements as of 31st December 2021.

This Interim Financial Report is drafted in Euro, the currency of the economy in which the Group operates, and includes the Consolidated Statement of Assets and Liabilities, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders’ Equity, the Consolidated Statement of cash flows and the

Explanatory Notes. All the figures shown in the schemes and in the explanatory notes are expressed in thousands of Euro, unless otherwise indicated.

The values used for consolidation were gathered from the income statements and balance sheets prepared by the Directors of the individual subsidiaries. These data were adjusted and reclassified, where necessary, to ensure compliance with the international accounting standards and with the classification criteria applied throughout the Group. This Interim Report as of 30th September 2022 was approved by the Board of Directors of the Company on 3rd November 2022.

Financial statements representation

With regard to the presentation methods of the financial statements, the Consolidated statement of assets and liabilities has been prepared on the basis of the “current/non-current” distinction; for the Comprehensive consolidated income statement the multi-step format was adopted with the classification of costs by nature.

The statement of changes in shareholders’ equity presents the opening and closing balances of each net equity item reconciling them through the profit or loss for the period, any operation with shareholders (if applicable) and other variations in the net equity.

The statement of cash flows has been defined according to the “indirect” method, by adjusting operating income of non-monetary components. We believe that these patterns adequately represent the operating results, financial position and cash flows.

Basis for measurement

Use of estimates

The preparation of the interim report for the first nine months of 2022 requires the Management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, other overall profits/losses as well as the information on contingent assets and liabilities at the reporting date.

If, in the future, such estimates and assumptions, which are based on the Management’s best assessment, differ from the actual circumstances, they shall be modified so as to be appropriate in the period in which the circumstances arise. For a detailed description of the most significant evaluation processes of the Group, please refer to the paragraph “Use of Estimates” in the Consolidated Financial Statements as of 31st December 2021.

Moreover, some evaluation procedures, in particular the most complex ones, such as the determination of any impairment of non-current assets, are usually fully performed only upon the preparation of the annual financial statements, when all the necessary information is available, except for cases in which there are impairment indicators that require an immediate evaluation of potential losses.

Income taxes are recognised on the basis of the best assessment of the weighted average tax rate expected for the entire financial year by each company included in the scope of consolidation.

Business combinations

The Ascopiave Group enters the wind power generation sector

On 21st January 2022, the Ascopiave Group announced that it had acquired, through the subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., belonging to Renco S.p.A.. Salinella Eolico S.r.l., whose remaining 40% stake is held by Renco S.p.A., plans to build a wind farm in the Province of Catanzaro with a rated capacity of up to 21 MW; the competent authorities have already granted part of the authorisations, while the pending permits are well underway.

Since the terms stated in IFRS 3 have expired, the originally consolidated book values are definitive.

Acquisition of the majority stake in Eusebio Energia S.r.l., a company operating in the energy field

On 28th January 2022, Ascopiave S.p.A. announced the finalisation of an additional investment in the renewable energy sector, specifically in the hydroelectric and wind power segments, as stated in the 2020-2024 Strategic Plan.

The investment consisted in the acquisition by Ascopiave of the 79.74% majority stake held by Supermissile S.r.l. in the share capital of Eusebio Energia S.r.l. (“Eusebio”), a company operating in the energy sector.

Eusebio has 22 plants for the production of electricity from renewable sources, of which 21 hydroelectric plants, for a total capacity of 44 MW, located in Lombardy and Veneto, and a wind farm, consisting of 14 turbines of 1 MW each, located in Campania.

Since the terms stated in IFRS 3 have expired, the originally consolidated book values are definitive.

The consortium formed by Ascopiave, ACEA and Iren finalised the acquisition from A2A of some gas distribution concessions

On 1st April 2021, the Consortium made up of Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A. announced the closing of the agreement with the A2A Group for the acquisition of some assets relating to the natural gas distribution service, as mentioned in the press release dated 31st December 2021.

The business acquired through the operation boasts about 157,000 users, distributed in 8 Italian regions, belonging to 24 Territorial Areas, and over 2,800 km of network.

The assets of interest to Ascopiave S.p.A. consist of concessions in 15 Territorial Areas located in Veneto, Friuli Venezia Giulia and Lombardy, for a total of approximately 114,300 redelivery points. The value of the acquired assets in terms of enterprise value is Euro 73.2 million, including the 79.37% investment in Serenissima Gas S.p.A., the holder of a portion of the concessions involved (about 41,700 redelivery points).

The assets of interest to ACEA S.p.A. consist of concessions in 5 Territorial Areas: 2 in the Abruzzi, 2 in Molise and 1 in Campania, totalling approximately 30,700 redelivery points. The enterprise value is Euro 35.8 million.

The assets of interest to Iren S.p.A. consist of concessions in 4 Territorial Areas (1 in Lombardy and 3 in Emilia-Romagna) totalling approximately 12,000 redelivery points. The enterprise value is Euro 16.4 million; the condition precedent for the transfer of the business unit owned by Retragas was not met, therefore the unit is currently excluded from the scope of consolidation.

Consolidation area and principles

The interim financial statements include the financial statements of all the subsidiaries. The Group controls an entity (including the structured entities) when the Group is exposed, or is entitled, to the variability of results from such entities and has the possibility of influencing these outcomes through the exercise of power over the entity. The financial statements of the subsidiaries are included in the Consolidated financial statements commencing the date on which control is taken until the date on which such control ceases. The costs incurred in the acquisition process are recognised in the year they are incurred. The assets and liabilities, the charges and income of companies consolidated with the line-by-line method are fully included in the consolidated financial statements; the book value of investments is eliminated against the corresponding share of equity of the investee companies. Receivables and payables, as well as the costs and revenues arising from transactions between companies included in the consolidation area are entirely eliminated; the capital gains and losses arising from transfers of assets between consolidated companies, the gains and losses deriving from transactions between consolidated companies related to the sale of assets that remain as inventories of the purchasing company, the write-downs and write-backs of investments in consolidated companies, as well as intercompany dividends are also eliminated.

At the date of acquisition of control, the net equity of the investee companies is determined by attributing to the individual assets and liabilities their current value. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recognised as “Goodwill”; if negative, it is recognised in the income statement.

The equity and profit shares attributable to minority interests are recorded in specific items of the shareholders' equity and income statement. In the case of acquisition of partial control, the equity share of minority interests is determined on the basis of the share of the current values assigned to assets and liabilities at the date of acquisition of control, excluding any goodwill attributable to them (so-called partial goodwill method); in relation to this, the minority interests are measured at their total fair value, also including the goodwill (negative goodwill) attributable

to them. The choice of the methods for determining the goodwill (negative goodwill) is made based on each individual business combination operation.

In the case of shares acquired subsequent to the acquisition of control (purchase of minority interests), any positive difference between the acquisition cost and the corresponding portion of equity acquired is recognised in equity; similarly, the effects arising from the sale of minority interests without loss of control are recognised in equity.

If the acquisition value of the shares is higher than the net equity *pro-quota* value of the investees, the positive difference is attributed, where possible, to the net assets acquired based on their fair value while the remainder is recorded in an item of assets, “Goodwill”.

The value of goodwill is not amortised but is subject to, at least on an annual basis, an impairment test when facts or changes in the circumstances indicate that the carrying value cannot be realised. Goodwill is booked at cost, net of any impairment losses. If the carrying value of the investments is lower than the net equity *pro-quota* value of the investees, the negative difference is recognised in the income statement. The acquisition costs are booked in the income statement.

Affiliates are those over which a significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights. Investments in affiliates are initially recorded at cost and subsequently assessed using the equity method. The carrying value of these investments is in line with the Shareholders’ equity and includes the entry of the higher values attributed to assets and liabilities and any goodwill identified upon acquisition. The unrealised gains and losses generated on transactions between the Parent Company/Subsidiaries and the investee valued with the equity method are eliminated based on the value of the stake held by the Group in the investee; the unrealised losses are eliminated, except when they represent an impairment.

The financial statements of subsidiaries used for the purpose of preparing the Annual financial report are those approved by the respective Boards of Directors. The data of the companies consolidated on a line-by-line basis or with the equity method are adjusted, where necessary, to harmonise them with the accounting standards used by the Parent company, which are in accordance with the IFRS adopted by the European Union.

The companies included in the consolidation scope as of 30th September 2022 and consolidated through the line-by-line or equity method are the following:

Company name	Registered offices	Paid-up capital	Group interest	Direct controlling interest	Indirect controlling interest
Parent company					
Ascopiave S.p.A.	Pieve di Soligo (TV)	234,411,575	100.00%	100.00%	0.00%
100% consolidated companies					
AP Reti Gas S.p.A.	Pieve di Soligo (TV)	1,000,000	100.00%	100.00%	0.00%
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7,000,000	100.00%	100.00%	0.00%
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	3,000,000	100.00%	100.00%	0.00%
Asco Energy S.p.A.	Pieve di Soligo (TV)	1,000,000	100.00%	100.00%	0.00%
AP Reti Gas Vicenza S.p.A.	Pieve di Soligo (TV)	10,000,000	100.00%	100.00%	0.00%
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15,000,000	100.00%	100.00%	0.00%
Cart Acqua S.r.l.	Nembro (BG)	50,000	100.00%	100.00%	0.00%
Asco EG S.p.A.	Pieve di Soligo (TV)	57,000,000	79.74%	79.74%	0.00%
Salinella Eolico S.r.l.	(1) Pieve di Soligo (TV)	10,000	60.00%	0.00%	60.00%
Romeo Gas S.p.A.	Pieve di Soligo (TV)	39,593,746	56.10%	56.10%	0.00%
Serenissima Gas S.p.A.	(3) Como (CO)	9,230,341	78.44%	0.00%	78.44%
Green Factory S.r.l.	Pieve di Soligo (TV)	10,000	90.00%	90.00%	0.00%
Asco Renewables S.p.A.	Pieve di Soligo (TV)	100,000	100.00%	100.00%	0.00%
Sanginetto Energie S.r.l.	(1) Gavardo (BS)	20,000	100.00%	0.00%	100.00%
Morina S.r.l.	(1) Pezzaze (BS)	10,000	75.00%	0.00%	75.00%
Eosforo S.r.l.	(1) Gavardo (BS)	95,000	100.00%	0.00%	100.00%
Companies consolidated using the net equity method					
Estenergy S.p.A.	Trieste (TS)	299,925,761	48.00%	48.00%	0.00%
Cogeide S.p.A.	(2) Mozzanica (BG)	16,945,026	19.00%	0.00%	19.00%

(1) Investees through Asco Renewables S.p.A.

(2) Investee through Cart Acqua S.r.l.

(3) Investee through Romeo Gas S.p.A.

Ascopiave purchased 60% of the share capital of the company Salinella Eolico S.r.l. on 21st January 2022 and 79.74% of the share capital of the company Eusebio Energia S.r.l. on 28th January 2022; on 30th September 2022 the Group consolidated on a line-by-line basis the balance sheet and profit and loss data of both companies.

On 1st April 2022, Ascopiave acquired a 56.101% stake in Romeo Gas S.p.A. which holds 78.441% of the share capital of Serenissima Gas S.p.A.; on 30th September 2022 the Group consolidated on a line-by-line basis the balance sheet and profit and loss data of both companies.

Synthesis data of companies consolidated on a line-by-line basis

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)	Reference accounting principles
Parent company					
Ascopiave S.p.A.	67,213	50,083	847,228	314,588	IFRS
100% consolidated companies					
AP Reti Gas Nord Est S.r.l.	19,617	4,273	134,094	5,725	IFRS
AP Reti Gas S.p.A.	47,953	8,681	307,484	3,427	IFRS
Edigas Esercizio Distribuzione Gas S.p.A.	14,535	1,878	62,314	18,934	Ita Gaap
AP Reti Gas Vicenza S.p.A.	11,138	(899)	16,467	27,262	Ita Gaap
AP Reti Gas Rovigo S.r.l.	3,685	857	19,771	8,854	Ita Gaap
Asco Energy S.p.A.	3,308	(200)	551	0	Ita Gaap
Asco Renewables S.p.A.	0	41	224	0	Ita Gaap
Morina S.r.l.	51	(220)	(16)	(2)	Ita Gaap
Sanginetto Energie S.r.l.	318	(466)	3,307	(396)	Ita Gaap
Eosforo S.r.l.	405	(33)	8,363	(4)	Ita Gaap
Asco EG S.p.A.	7,473	(3,184)	54,200	766	Ita Gaap
Salinella Eolico S.r.l.	0	(60)	44	1,270	Ita Gaap
Romeo Gas S.p.A.	8,028	932	88,698	8,011	Ita Gaap
Serenissima Gas S.p.A.	4,890	1,014	14,685	11,101	IFRS
Cart Acqua S.r.l.	336	174	4,001	(40)	Ita Gaap
Green Factory S.r.l.	0	(26)	(16)	(4)	Ita Gaap

Information on consolidated subsidiaries with minority interests

The company Ascopiave S.p.A. holds stakes in consolidated subsidiaries in which third parties hold minority interests. Please consult the table contained in the previous paragraph for an indication of the controlling interest relating to each consolidated company. The minority interests in the assets and financial flows of the Ascopiave Group are considered irrelevant by the Management.

COMMENTS ON THE MAIN CONSOLIDATED BALANCE SHEET ITEMS

Non-current assets

1. Goodwill

Goodwill, equal to Euro 76,684 thousand as of 30th September 2022, increased as compared to 31st December 2021 by Euro 27,412 thousand, due for Euro 6,778 to the surplus value resulting from the acquisition of 79.74% of the shares of Eusebio Energia S.r.l. (now ASCO EG S.p.A.), a company operating in the sector of electricity generation from renewable sources, and for Euro 20,634 thousand to the surplus value resulting from the acquisition of 56.01% of the shares of Romeo Gas S.p.A. and 78.441% of the shares of Serenissima Gas S.p.A., distributors of natural gas; for more details, please read the paragraph “Business combinations” of this interim report on operations. The allocation made will be further investigated and checked in order to determine, within the annual term stated in the accounting standards, the final recognition of the business combinations.

The residual amount refers in part to the surplus value created by the delivery, in the period between 1996 and 1999, of the gas distribution networks by the shareholder municipalities, and in part to the surplus value paid upon the acquisition of some business units related to the distribution of natural gas. Among these, there is the goodwill recognised subsequent to the merger through acquisition of Unigas Distribuzione S.r.l. into Ascopiave S.p.A., for Euro 9,368 thousand, and the goodwill from the purchase of the entire share capital of the newly established company AP Reti Gas Nord Est S.r.l., for Euro 14,149 thousand. Compared to the previous year, the increase recorded is related to the surplus value paid upon the acquisition of Eusebio Energia S.r.l. to the tune of Euro 6,778 thousand.

Pursuant to International Accounting Standard 36, goodwill is not subject to amortisation, but its impairment is verified at least annually.

In order to determine the recoverable amount, goodwill is allocated to the Cash Generating Units consisting in natural gas distribution (gas distribution CGU) and energy production from renewable sources (energy production CGU).

The balance of goodwill recorded at the end of the periods considered is shown in the following table:

(Thousands of Euro)	31.12.2021	Increases	30.09.2022
Distribution of natural gas	49,272	20,634	69,906
Energy production from renewable sources		6,778	6,778
Total goodwill	49,272	27,412	76,684

During the first nine months of the year, a war broke out between Russia and Ukraine, and international geopolitical tension escalated day by day. The situation of uncertainty and the still persisting international crisis have significantly revived the inflationary trend which has resumed strongly, primarily affecting the price of natural gas and oil, which in turn has impacted other consumer goods which, for their manufacture or transport, require the consumption of energy.

On 30th September 2022, considering the volatility of commodities and the uncertain economic context of the next months of 2022, the directors assessed the impacts of the international crisis and the macroeconomic context on the Group’s economic and financial performance as well as any changes in external indicators and internal values used in the impairment tests conducted for the preparation of the financial statements as at 31st December 2021. The Group has carefully and constantly monitored the evolution of inflation, specifically as regards the price baskets which most influence the business of the Group companies, and the economic situation. This has enabled the Group’s Management to assess the potential impacts in terms of performance and make any decisions aimed at mitigating the effects that could be reflected on the business. Given the results achieved in the period, the effects of the actions taken and the results of the impairment tests carried out when preparing the financial statements as at 31st December 2021, the directors deemed the changes found in the external indicators and internal values, used to estimate the recoverable amounts of the individual cash-generating units, to be irrelevant; consequently, they did not deem it necessary to conduct a new full impairment test on the book value of goodwill.

2. Other intangible fixed assets

The changes in the historical cost and accumulated amortisation of other intangible assets at the end of the periods under examination are shown in the following table:

(Thousands of Euro)	30.09.2022			31.12.2021		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patent and intellectual property rights	9,355	(6,310)	3,045	9,346	(5,976)	3,370
Concessions, licences, trademarks and similar rights	24,265	(16,714)	7,551	15,860	(12,564)	3,296
Other intangible assets	11,940	(4,824)	7,116	10,201	(4,664)	5,537
Tangible assets under IFRIC 12 concession	1,225,875	(606,087)	619,788	1,077,891	(527,523)	550,367
Tangible assets in progress under IFRIC 12 concession	33,305	0	33,305	34,701	0	34,701
Intangible assets in progress and advances payments	1,623	0	1,623	735	0	735
Other intangible assets	1,306,790	(634,363)	672,427	1,148,734	(550,727)	598,007

The changes in the inventory allowance for intangible assets in the period under examination and in the previous year are shown in the following table:

(Thousands of Euro)	31.12.2021						30.09.2022
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	3,370	0	8	4	329		3,045
Concessions, licences, trademarks and similar rights	3,296	980	3,914	0	639		7,551
Other intangible assets	5,537	0	1,834	93	162		7,116
Tangible assets under IFRIC 12 concession	550,367	39,603	56,277	1,528	25,506	(574)	619,788
Tangible assets in progress under IFRIC 12 concession	34,701	(2,265)	975	106	0		33,305
Intangible assets in progress and advances payments	735	888	0	0	0		1,623
Other intangible assets	598,007	39,205	63,009	1,731	26,636	(574)	672,427

(thousands of Euro)	31.12.2020					30.09.2021
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	1,103	0	19	71		1,013
Concessions, licences, trademarks and similar rights	4,324	0		790		3,534
Other intangible assets	5,265	0		165		5,100
Tangible assets under IFRIC 12 concession	543,771	24,746	1,150	23,756	(566)	544,178
Tangible assets in progress under IFRIC 12 concession	20,783	7,877	32	0		28,628
Intangible assets in progress	2,167	405		0		2,572
Other intangible assets	577,413	33,028	1,201	24,782	(566)	585,023

The extension of the scope of consolidation in early 2022 with the acquisition of control of Eusebio Energia S.r.l., Salinella Eolico S.r.l., Romeo Gas S.p.A. and Serenissima Gas S.r.l. determined the recognition of intangible assets for Euro 63,009 thousand. They mainly consist of natural gas distribution infrastructures of Serenissima and Romeo Gas. The portion of fixed assets of Romeo Gas S.p.A. which will be transferred to the other shareholders of the company was reclassified under the item “assets held for sale” in compliance with IFRS 5 and is not included in the tables above.

With the same scope of consolidation, the investments made during the period amount to Euro 39,205 thousand and mainly refer to costs incurred for the construction of the infrastructures for natural gas distribution.

Industrial patents and intellectual property rights

In the first nine months of the year, the item “Industrial patents and intellectual property rights” did not register significant investments and its variation is mainly explained by the amortisation of the period. The extension of the scope of consolidation resulted in an increase in the item of Euro 8 thousand.

Concessions, licences, trademarks and similar rights

This item mainly includes costs paid to awarding entities (Municipalities) and/or outgoing operators after the award

and/or the renewal of the relevant tenders for the assignment of the natural gas distribution service, as well as costs incurred for the acquisition of licences. With the same scope of consolidation, during the period, the item registered investments for Euro 980 thousand and amortisation for the period amounts to Euro 639 thousand. The assignments obtained, subsequent to the implementation of Legislative Decree no. 164/00 (Letta Decree), are amortised with a useful life of 12 years in compliance with the period stated in the decree.

The extension of the scope of consolidation determined the recognition of concessions, licences, trademarks and similar rights for Euro 3,914 thousand.

Other intangible fixed assets

With the same scope of consolidation, the item other intangible fixed assets did not record investments compared to the previous year and the change is mainly explained by the extension of the scope of consolidation and amortisation. The extension of the scope of consolidation resulted in an increase in the item equal to Euro 1,834 thousand.

Leased plants and machinery

The item reports the costs incurred for the construction of natural gas facilities and distribution network, the related connections as well as for the installation of metering and reduction groups. At the end of the first nine months of the year the item recorded a net positive change of Euro 69,420 thousand. The extension of the scope of consolidation, with the acquisition of control of Romeo Gas S.p.A. and Serenissima Gas S.r.l., resulted in an increase in the item of Euro 56,277 thousand. Considering the same scope of consolidation, the item increased by Euro 13,143 thousand, mainly due to the investments made in the period and the reclassification of the investments made in the previous year but commissioned in the course of 2022. The increase was partially offset by the depreciation of the period. Investments, including reclassifications of fixed assets in progress, amount to Euro 39,603 thousand.

The infrastructures located in Municipalities in which the invitation to tender for the distribution of natural gas has not been launched, are depreciated by applying the lower amount between the technical life of plants and the useful life indicated by the ARERA in tariff regulations. The technical life of plants has been assessed by an independent expert who has determined the technical obsolescence of the infrastructures.

Intangible assets under construction under concession

The item includes the costs incurred for the construction of the natural gas distribution plants and systems constructed partially on a time and materials basis and not completed at the end of the period. The item decreased by Euro 2,265 thousand due to the reclassification of investments made during the previous years but which became operational in the first nine months of 2022.

Intangible assets under construction

The item includes the costs incurred for the purchase and development of management software not completed at the end of the period and related to the core business of natural gas distribution. The change recorded is mainly related to investments in software developments not completed at the reporting date.

3. Tangible assets

The changes in the historical cost and accumulated depreciation of tangible assets at the end of the periods under examination are shown in the following table:

	30.09.2022				31.12.2021			
	Historic cost	Accumulated depreciation	Provision for impairment	Net value	Historic cost	Accumulated depreciation	Provision for impairment	Net value
(Thousands of Euro)								
Lands and buildings	51,548	(19,738)	(265)	31,544	45,363	(17,242)	(265)	27,856
Plant and machinery	162,981	(92,193)	(1,059)	69,728	19,680	(4,109)	(1,059)	14,512
Industrial and commercial equipment	5,122	(4,418)		704	4,645	(3,996)		649
Other tangible assets	22,944	(20,282)		2,662	21,353	(18,707)		2,646
Tangible assets in progress and advance payments	5,050	0	(2,012)	3,037	351	0	(55)	297
Rights of use	14,915	(2,146)		12,769	13,183	(1,132)		12,051
Tangible assets	262,559	(138,778)	(3,336)	120,445	104,577	(45,186)	(1,379)	58,012

The changes in the inventory allowance for tangible assets in the period under examination and in the previous year are shown in the following table:

	31.12.2021				30.09.2022
(Thousands of Euro)	Net value	Change for the period	Enlargement of the consolidation perimeter	Amortizations during the period	Net value
Lands and buildings	27,856	217	4,406	934	31,544
Plant and machinery	14,512	1,280	58,398	4,462	69,728
Industrial and commercial equipment	649	102	48	95	704
Other tangible assets	2,646	139	254	377	2,662
Tangible assets in progress and advance payments	297	2,717	23	0	3,037
Rights of use	12,051	1,578	0	861	12,769
Tangible assets	58,012	6,033	63,130	6,731	120,445

	31.12.2020					30.09.2021
(thousands of Euro)	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	27,297	0		896		26,401
Plant and machinery	1,184	0		58		1,126
Industrial and commercial equipment	689	113		51		752
Other tangible assets	2,738	250	39	398	(7)	2,557
Tangible assets in progress and advance payment:	595	120		0		715
Rights of use	940	1,900	75	354	(75)	2,486
Other tangible assets	33,443	2,383	114	1,757	(81)	34,036

The extension of the scope of consolidation in early 2022 with the acquisition of control of Eusebio Energia S.r.l., Romeo Gas S.p.A. and Serenissima Gas S.r.l., determined the recognition of tangible fixed assets for Euro 63,130 thousand, mainly representative of the book values of the hydroelectric and wind power plants managed by Eusebio Energia and Salinella and located in the national territory.

The portion of fixed assets of Romeo Gas S.p.A. which will be transferred to the other shareholders of the company was reclassified under the item “assets held for sale” in compliance with IFRS 5 and is not included in the tables above.

With the same scope of consolidation, the investments made in the first nine months of the year amounted to Euro 6,033 thousand.

Land and building

The extension of the scope of consolidation determined the recognition of the values recorded in the item by the new subsidiaries totalling Euro 4,407 thousand. They mainly represent land and buildings related to the hydroelectric and wind power plants managed. With the same scope of consolidation, the item is mainly made up of the buildings owned in relation to company offices and secondary offices and warehouses. During the period, investments are to the tune of Euro 217 thousand and depreciation amounts to Euro 934 thousand.

Plants and machinery

With the same scope of consolidation, during the period the item “Plants and machinery” registered investments for Euro 1,280 thousand and depreciation for Euro 4,462 thousand.

The extension of the scope of consolidation resulted in an increase in the item of Euro 58,398 thousand. The amount is mainly explained by the investments made by the newly acquired companies in hydroelectric and wind power generation plants.

Industrial and commercial equipment

The item “Industrial and commercial equipment”, with the same scope of consolidation, registered investments equal to Euro 102 thousand. It includes costs incurred for the purchase of equipment for the maintenance of distribution plants and metering. The extension of the scope of consolidation resulted in an increase in the item of Euro 48

thousand.

Other assets

With the same scope of consolidation, the investments made during the first nine months of the year are equal to Euro 139 thousand and they mainly relate to the costs incurred for the purchase of hardware and company vehicles. The extension of the scope of consolidation resulted in an increase in the item of Euro 254 thousand.

Tangible assets under construction and advance payments

With the same scope of consolidation, the item mainly includes costs incurred for extraordinary maintenance of company headquarters and/or peripheral warehouses and not completed at the reporting date. During the period, the item recorded a change of Euro 2,717 thousand.

Rights of use

The item includes the rights of use related to the application of IFRS 16. The application of the standard mainly concerned operating leases relating to tangible fixed assets: lease of buildings and rental of vehicles and trucks. The change recorded during the first nine months of the year is mainly explained by the entry of the right of use related to the lease agreement signed for a cutting-edge leak detection technology used in the constant improvement of plant safety.

4. Equity investments

The following table shows the changes in shareholdings at the end of each period considered:

(Thousands of Euro)	31.12.2021			30.09.2022	
	Net value	Decrease	Increase	Measurement with the net equity method	Net value
Shareholdings in associated companies	442,434	20,969		50,281	471,746
Shareholdings in other companies	78,925		1		78,926
Shareholdings	521,359	20,969	1	50,281	550,673

In the first nine months of the year, the item “Equity investments” recorded an overall increase of Euro 29,314 thousand due to investments in affiliates.

The table below shows the details of the equity investments recognised at the end of the periods considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Shareholdings in Estenergy S.p.A.	463,243	434,368
Shareholdings in Cogeide S.p.A.	8,503	8,066
Shareholdings in associated companies	471,746	442,434
Shareholdings in Hera Comm S.p.A.	54,000	54,000
Shareholdings in ACSM AGAM S.p.A.	24,923	24,923
Shareholdings in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.	1	1
Shareholdings in BVR Banca - Banche Venete Riunite Credito Cooperativo di Schio, Pedemonte, Roana e Vestenanova - Società Cooperativa	1	1
Shareholdings in BCC Busto Garolfo e Buguggiate S.C.	1	
Shareholdings in A2A SECURITY	1	
Shareholdings in other companies	78,926	78,925
Shareholdings	550,673	521,359

Equity investments in subsidiary and affiliate companies

At the end of the first nine months of the year, investments in affiliate companies were recorded for Euro 471,746 thousand, an amount related to the 48% stake held in EstEnergy S.p.A. and the stake in Cogeide S.p.A..

The equity investment in Estenergy, at the end of the period equal to Euro 463,243 thousand, increased by Euro 28,875 thousand, due to the valuation using the equity method of the consolidated results accrued during the first nine months of 2022, which resulted in a *pro-rata* increase of Euro 49,844 thousand. This increase is explained by the profit achieved in the period to the tune of Euro 10,171 thousand and the positive change in the hedge accounting reserve related to derivative financial instruments on commodities for Euro 39,673 thousand, which were partially offset by the dividend paid amounting to Euro 20,969 thousand.

The Company, whose share capital is owned by Ascopiave S.p.A. (48%) and Hera S.p.A. (52%) sells natural gas and electricity.

The investment in Cogeide, to the tune of Euro 8,503 thousand, recorded an increase of Euro 437 thousand explained by the valuation with the equity method of the consolidated results accrued during the period.

The table below shows the operating results, financial position and cash flows of the EstEnergy Group at the reporting date and at the end of the same period in the previous year:

(Values inclusive of consolidation entries and expressed in millions of Euro)	Nine months 2022 pro rata	Nine months 2022	Nine months 2021 pro rata	Nine months 2021
Non-current assets	311.0	648.0	324.0	675.0
Current assets	260.8	543.4	151.0	314.5
Net equity of the Group	380.8	793.4	341.3	711.0
Net equity of Others	0.4	0.9	0.5	1.0
Non-current liabilities	41.1	85.7	27.5	57.3
Current liabilities	149.4	311.4	105.7	220.3
Revenues	531.3	1,106.9	279.9	583.1
Costs	504.4	1,050.7	252.0	525.1
Gross operative margin	27.0	56.2	27.8	58.0
Amortization and depreciation	12.3	25.6	13.0	27.0
Operating result	14.7	30.5	14.9	31.0
Group's Net Result	10.9	22.6	11.0	22.8
Third parties Net Result	0.2	0.3	0.2	0.4
NFP	(17.1)	(35.6)	(50.4)	(105.0)

Other investments

At the end of the first nine months of 2022, other equity investments amounted to Euro 78,926 thousand. The item includes equity investments consisting of 3% of the share capital of Hera Comm for Euro 54,000 thousand, acquired upon signing the commercial partnership with the Hera Group, completed on 19th December 2019, of 5.00% of the share capital of Acsm Agam S.p.A. (now "Acinque S.p.A.") for Euro 24,923 thousand, whose value was written down for Euro 1,806 thousand in the year 2020, and the residual equity investments, equal to Euro 4 thousand, relating to the stakes in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop. for Euro 1 thousand, Banca Alto Vicentino S.p.A. for Euro 1 thousand, BCC Busto Garolfo e Buguggiate for Euro 1 thousand and A2A SECURITY for Euro 1 thousand.

Ascopiave S.p.A. has put options on the equity investment held in the affiliate company EstEnergy and on the stake in Hera Comm which, at the end of the year, showed a nil fair value.

5. Other non-current assets

The following table shows the breakdown of “Other non-current assets” at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Security deposits	2,448	1,394
Other receivables	2,162	2,210
Other non-current assets	4,610	3,604

At the end of the first nine months of 2022, non-current assets recorded an overall increase compared to the previous year equal to Euro 1,006 thousand. This is mainly explained by the extension of the scope of consolidation, which resulted in the recognition of non-current assets for Euro 1,050 thousand, related specifically to security deposits.

6. Non-current financial assets

The table below shows the balance of non-current financial assets at the end of each reporting period:

(Thousands of Euro)	30.09.2022	31.12.2021
Other financial receivables after 12 months	2,906	2,864
Non-current financial assets	2,906	2,864

Non-current financial assets increased from Euro 2,864 thousand in 2021 to Euro 2,906 thousand in the period in question, up Euro 42 thousand. The item includes the financial receivables from Local Entities deriving from the settlement agreements signed in previous years for assessing the value of the natural gas distribution infrastructure. The value entered under non-current financial assets represents the portion due beyond 12 months from the reporting date and, due to the duration of the agreed instalments, the item was discounted.

Furthermore, the item includes the receivable from the Municipality of Costabissara, with which a settlement agreement was signed in order to assess the value of the natural gas distribution infrastructure.

7. Deferred tax assets

The following table highlights the balance of Deferred tax assets at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Advance tax receivables	37,747	31,565
Advance tax receivables	37,747	31,565

At the end of the first nine months of the year, the item increased by Euro 6,187 thousand compared to the end of the previous year. This is mainly explained by the extension of the scope of consolidation, which determined the recognition of deferred tax assets for Euro 5,224 thousand.

With the same scope of consolidation, deferred tax assets increased from Euro 31,565 thousand in 2021 to Euro 32,523 thousand in the period in question, up Euro 959 thousand. In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 30th September 2022 and at the time when it is estimated that any temporary differences will be carried forward.

Current assets

8. Inventories

The following table shows how the item is broken down for each period considered:

	30.09.2022			31.12.2021		
	Gross value	Provision for obsolete inventory	Net value	Gross value	Provision for obsolete inventory	Net value
(Thousands of Euro)						
Fuels and warehouse materials	8,616	(39)	8,577	6,780	(39)	6,741
Energy efficiency certificates	6,043	0	6,043	1,434	0	1,434
Inventories	14,659	(39)	14,620	8,214	(39)	8,176

At the end of the first nine months of 2022, inventories are equal to Euro 14,620 thousand, up Euro 6,444 thousand as compared to 31st December 2021. The increase is mainly explained by the purchase of energy efficiency certificates for Euro 4,609, the inventories of Romeo Gas S.p.A. and Serenissima Gas S.p.A. for Euro 666 thousand and the Euro 1,169 thousand increase in inventories.

Goods in stock are used for maintenance works or for the construction of distribution plants. In the latter case materials are reclassified as Tangible Fixed Assets once installation is complete. At the end of the period, the item increased by Euro 1,837 thousand, from Euro 6,741 thousand on 31st December 2021, to Euro 8,577 thousand in the period in question.

Inventories are entered net of the provision for obsolete inventory, equal to Euro 39 thousand, in order to adapt their value to the opportunities for their clearance or use.

9. Trade receivables

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Receivables from customers	9,934	5,716
Receivables for invoices to be issued	25,856	21,769
Bad debt provisions	(2,352)	(698)
Trade receivables	33,439	26,786

Trade receivables, from Euro 26,786 thousand in 2021 to Euro 33,439 thousand in the period in question, increased by Euro 6,653 thousand.

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 8,417 thousand, of which Euro 4,488 thousand of receivables for invoices issued (net of the provision for risks) and Euro 3,928 thousand related to invoices to be issued.

With the same scope of consolidation, trade receivables decreased by Euro 1,764 thousand. At the end of 2021, trade receivables totalling Euro 13,312 thousand had been assigned by the Group distribution companies to factoring companies without recourse. Net of this effect, at the reporting date trade receivables would record a reduction mainly explained by seasonality.

Receivables from customers are expressed net of billing down payments and are payable within the following 12 months.

The provision for doubtful accounts, equal to Euro 2,352 thousand, mainly represents the risks of the newly acquired companies (Euro 1,661 thousand) and the Group's distribution companies, and at the end of the first nine months of the year did not require any additional amounts.

The changes in the provision for doubtful accounts during the period are shown in the following table:

(Thousands of Euro)	30.09.2022	31.12.2021
Initial bad debt provision	698	692
Provision for bad debts from expansion of the consolidation perimeter	1,661	(0)
Provisions	(0)	34
Use	(7)	(28)
Final bad debt provision	2,352	698

The following table highlights the composition of accounts receivables for invoices issued based on maturity, highlighting the capacity of the provision for doubtful accounts with respect to the due dates of receivables:

(Thousands of Euro)	30.09.2022	31.12.2021
Gross trade receivable invoices issued	9,934	5,716
- allowance for doubtful accounts	(2,352)	(698)
Net trade receivables for invoices issued	7,582	5,018
Aging of trade receivables for invoices issued		
- to expire	7,404	4,077
- expired within 6 months	1,420	1,104
- overdue by 6 to 12 months	440	49
- expired more than 12 months	669	486

10. Other current assets

The following table shows the breakdown of the item at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Tax consolidation receivables	279	184
Annual pre-paid expenses	2,468	998
Advance payments to suppliers	8,556	4,608
Annual accrued income	19	19
Receivables due from CSEA	35,176	17,414
VAT Receivables	1,792	127
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	2,625	2,186
Other current assets	50,955	25,575

The extension of the scope of consolidation, occurred with the acquisition of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in other assets of

Euro 9,273 thousand. Net of the effects described, the item changed by Euro 16,107 thousand, from Euro 25,575 thousand to Euro 41,682 thousand. With the same scope of consolidation, the increase is mainly attributable to the higher receivables from Cassa Servizi Energetici ed Ambientali for Euro 10,911 thousand, the increase in down payments to suppliers for Euro 3,757 thousand, the Euro 800 thousand increase in prepaid expenses on maintenance and insurance fees, higher VAT receivables for Euro 346 thousand and higher other receivables for Euro 294 thousand. At the end of the first nine months of the year, the receivables from Cassa Servizi Energetici e Ambientali (CSEA) are Euro 35,176 thousand and consist of receivables related to the achievement of the energy saving objectives for Euro 15,679 thousand and receivables recognised in relation to the tariff components applied to the natural gas distribution service for Euro 19,497 thousand. The first are calculated based on the quantities of energy efficiency certificates delivered, net of the down payments received, and the quantities accrued until 30th September 2022 but not yet delivered on the same date. The unit contribution used for the economic quantification of the fulfilment is equal to the final contribution set for objectives related to closed regulatory periods, and equal to the fair value of the forecast contribution for the contributions being accrued and, as of 30th September 2022, equal to Euro 250 (Euro 250 as of 31st December 2021).

11. Current financial assets

The following table shows the composition of current financial assets at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Other financial current assets	815	908
Current financial assets	815	908

Current financial assets mark a decrease of Euro 93 thousand, from Euro 908 thousand as of 31st December 2021 to Euro 815 thousand in the period in question. The decrease is mainly explained by the closure of items of Asco Energy S.p.A. due to the demerger of the gas sales business unit to Ascopiave Energie S.p.A..

At the end of the period, the item also included the short-term portion of the receivables from Hera S.p.A. relating to the settlement agreement on excise duties for Euro 400 thousand, the receivables from the municipality of Creazzo for Euro 138 thousand and the short-term portion of the receivables from the municipality of Costabissara for Euro 165 thousand, subsequent to the settlement agreement reached with the Local Body in 2019.

12. Tax receivables

The following table shows the composition of tax receivables at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Receivables related to IRAP	623	494
Receivables related to IRES	917	926
Other tax receivables	215	202
Tax receivables	1,754	1,621

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 170 thousand. With the same scope of consolidation, the item decreased by Euro 37 thousand during the period. The item includes the residual credit of the IRAP advances paid and the IRES advances.

13. Cash and cash equivalents

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Bank and post office deposits	15,438	42,519
Cash and cash equivalents on hand	26	20
Cash and cash equivalents	15,465	42,538

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 186 thousand. With the same scope of consolidation, cash and cash equivalents decreased by Euro 27,259 thousand, from Euro 42,538 thousand in 2021 to Euro 15,279 thousand in the period in question.

Cash and cash equivalents mainly refer to bank accounting balances and company funds. For a better understanding of the changes in cash flows during the year, please refer to the statement of cash flows.

Net financial position

At the end of the periods considered, the net financial position of the Group is as follows:

(Thousands of Euro)	30.09.2022	31.12.2021
Cash and cash equivalents	15,465	42,538
Current financial assets	6,453	1,175
Current financial liabilities	(2,721)	(1,985)
Payables due to banks and financing institutions	(195,258)	(199,631)
Net short-term financial position	(176,062)	(157,903)
Non-current financial assets	2,906	2,864
Medium- and long-term bank loans	(244,302)	(161,488)
Outstanding medium- and long-term bonds	(94,074)	(24,181)
Non-current financial liabilities	(7,843)	(6,777)
Net medium- and long-term financial position	(343,312)	(189,582)
Net financial position	(519,374)	(347,485)

For comments on the main dynamics that caused changes in the net financial position, please refer to the analysis of the Group's financial data reported under the paragraph "Comments on the economic and financial results of the first nine months of 2022" and under the paragraph "Medium- and long-term loans" of this report.

14. Current assets from derivative financial instruments

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Assets on interest rates derivatives	5,638	267
Current assets from derivative financial instruments	5,638	267

Current assets from derivative financial instruments relate to interest rate hedging agreements executed by the Parent Company Ascopiave in 2020, 2021 and 2022.

With regard to the assets and liabilities related to derivatives, please refer to the paragraph “Risk and uncertainty factors” herein, which illustrates their effects.

Assets from derivatives connected with the loans signed by the Parent Company are represented by the fair value of the following derivatives existing as of 30th September 2022, whose financial manifestation will be divided based on the duration of the underlying loan:

#	Counterparty	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	BNL	Interest Rate Swap	Euribor 6M	9-Aug-19	9-Feb-20	9-Feb-25	Vanilla: Fixed - Float	15,000,000 €	520
2	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sept-19	1-Oct-19	27-Sept-24	Vanilla: Fixed - Float	12,000,000 €	406
3	Intesa Sanpaolo	Interest Rate Swap	Euribor 6M	30-Nov-20	30-Nov-20	30-Nov-23	Vanilla: Fixed - Float	50,000,000 €	1,605
4	Mediobanca	Interest Rate Swap	Euribor 3M	2-Dec-20	2-Dec-20	2-Dec-25	Vanilla: Fixed - Float	23,333,333 €	1,146
5	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-Dec-26	Vanilla: Fixed - Float	20,000,000 €	1,208
6	Credit Agricole	Interest Rate Swap	Euribor 6M	31-Mar-22	31-Mar-22	31-Mar-27	Vanilla: Fixed - Float	9,000,000 €	407
7	Intesa Sanpaolo	Interest Rate Swap	Euribor 1M	6-Mar-15	6-Mar-15	27-Dec-29	Vanilla: Fixed - Float	5,200,000 €	227
Total								134,533,333 €	5,519

The financial instruments measured at fair value belong to Level 2 of the hierarchy.

Consolidated shareholders' equity

15. Shareholders' equity

Ascopiave S.p.A.'s share capital as of 30th September 2022 is made up of 234,411,575 ordinary shares, fully subscribed and paid, with a par value of Euro 1 each.

The consolidated shareholders' equity at the end of the periods considered is analysed in the following table:

(Thousands of Euro)	30.09.2022	31.12.2021
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,423)
Reserves and profit carried forward	648,959	597,347
Group's Net Result	25,482	45,326
Net equity of the Group	900,312	868,544
Net equity of Others	41,768	(39)
Total net equity	942,079	868,505

Consolidated shareholders' equity at 30th September 2022 amounted to Euro 942,079 thousand, up Euro 73,574 thousand compared to 2021. Changes in the consolidated shareholders' equity during the year, excluding the result achieved, are mainly explained by the entry of the minority shareholders of the companies Eusebio Energia S.r.l., Salinella Eolico S.r.l., Romeo Gas S.p.A. and Serenissima Gas S.p.A. for Euro 41,996 thousand, the changes in hedge accounting reserves linked to derivative instruments for Euro 3,458 thousand and the changes in hedge accounting reserves linked to derivative instruments signed by affiliates for Euro 39,961 thousand.

As of 30th September 2022, Ascopiave S.p.A. holds 17,701,578 shares, equal to 7.551% of the share capital, for a total value of Euro 55,423 thousand.

The hedge accounting reserve recorded at the end of the period represents the current value of the derivative financial instruments signed by Ascopiave S.p.A. and by the recently acquired companies operating in the hydroelectric sector, in order to hedge against any interest rate fluctuations related to the loans taken out and electricity prices. Such reserve, as of 30th September 2022, shows a positive balance of Euro 5,404 thousand.

With regard to the assets and liabilities related to assets from derivatives, please refer to the paragraph “Risk and uncertainty factors” herein which highlights their effects.

The Group’s shareholders’ equity also recorded an increase of Euro 39,961 thousand related to the changes in the shareholders’ equity of affiliates, specifically the trend in the hedge accounting reserve recognised in relation to the derivative agreements signed to hedge against fluctuations in the price of commodities.

Non-current liabilities

16. Provisions for risks and charges

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Provisions for pension for gas sector employees	651	700
Other reserves for risks and charges	1,086	775
Provisions for risks and charges	1,737	1,474

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in a change of Euro 505 thousand.

With the same scope of consolidation, provisions for risks and charges, from Euro 1,474 thousand in the previous year to Euro 1,232 thousand in the period in question, decreased by Euro 242 thousand. The change is mainly explained by the use of the provision.

The changes in the period under examination are shown in the following table:

(Thousands of Euro)	
Reserves for risks and charges as of 1 st January 2022	1,474
Expansion of the consolidation perimeter	505
Provisions for risks and charges	114
Use of provisions for risks and charges	(356)
Provisions for risks and charges as of 30th September 2022	1,737

The following table shows the composition of provisions for risks and charges by type:

(Thousands of Euro)	30.09.2022	31.12.2021
Provisions for cost of energy efficiency certificates	276	223
Provisions for retirement fund and similar obligations	651	700
Funds on fair value differentials of acquired companies	304	0
Expansion of the consolidation perimeter	505	552
Total	1,737	1,475

The “retirement fund and similar obligations” item includes commitments to employees and directors regarding long-term incentive plans for the cash portion.

17. Severance indemnity

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 810 thousand.

With the same scope of consolidation, severance indemnity decreases from Euro 4,491 thousand as at 1st January 2022 to Euro 4,011 thousand as of 30th September 2022, down Euro 480 thousand.

The following table shows how the item changed in each period considered:

(Thousands of Euro)	
Severance indemnity as of 1 st January 2022	4,491
Expansion of the consolidation perimeter	810
Retirement allowance	(1,819)
Payments for current services and work	1,900
Actuarial loss/(profits) of the period (*)	(560)
Severance indemnity as of 30th September 2022	4,821

*including the interest cost booked in the income statement.

18. Outstanding long-term bonds

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Outstanding medium- and long-term bonds	94,074	24,181
Outstanding medium- and long-term bonds	94,074	24,181

Within the Private Placement “Shelf” uncommitted programme with Pricoa Capital Group, part of the US group Prudential Financial Inc., in March 2022 the Parent Company Ascopiave S.p.A. placed unsecured senior non-convertible bond notes for Euro 70 million, with a 10-year maturity and an average life of 6 years; therefore, the bonds issued now globally amount to Euro 95 million.

The bond notes issued have no rating and are not listed on regulated markets. The issue is not backed by collateral guarantees. Ascopiave is required to comply with certain financial covenants, in line with standard market practice, to be checked every six months.

19. Medium- and long-term loans

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Loans from Cassa Centrale Banca	5,619	6,234
Loans from European Investment Bank	2,500	7,250
Loans from Mediocredito Italiano	9,043	0
Loans from INTESA SAN PAOLO SPA	65,000	70,000
Loans from BPER	23,922	3,356
Loans from BANCO BPM	22,355	0
Loans from BNL	25,250	18,750
Loans from Cassa Centrale Banca-Credito Coop.It	26,305	0
Loans from CREDIT AGRICOLE FRIULADRIA	9,959	12,000
Loans from MEDIOBANCA	32,222	37,778
Loans from ICCREA	22,126	6,120
Medium- and long-term bank loans	244,302	161,488
Current portion of medium and long-term bank loans	76,271	60,631
Medium and long-term bank loans	320,572	222,119

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 9,043 thousand.

Medium and long term loans, mainly represented as of 30th September 2022 by the payables of the Parent Company to Intesa Sanpaolo for Euro 75,000 thousand, Mediobanca for Euro 43,333 thousand, BNL for Euro 33,750 thousand, Cassa Centrale Banca for Euro 30,000 thousand, BPER for Euro 30,000 thousand, Iccrea Banca for Euro 28,462 thousand, Crédit Agricole Friuladria for Euro 21,000 thousand, the European Investment Bank for Euro 7,250 thousand and the payables of the subsidiary Asco EG, acquired during the reference period, to Intesa Sanpaolo for Euro 10,435 thousand, increase from Euro 222,119 thousand as of 31st December 2021 to Euro 320,572 thousand, up Euro 98,453 thousand, mainly explained by the payment of the instalments, the new loans with Cassa Centrale Banca, Crédit Agricole, Banco BPM, Iccrea Banca and BPER, and the consolidation of the payables of the companies acquired during the year.

The details of the nominal residual debt of each loan are described below:

- the loan with Intesa Sanpaolo, disbursed in November 2020 for a total amount of Euro 50,000 thousand, equal to the residual debt as of 30th September 2022, has no amounts in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with BPER, disbursed in September 2022 for a total amount of Euro 30,000 thousand, equal to the residual debt as of 30th September 2022, with the recognition of Euro 4,547 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with Cassa Centrale Banca, disbursed in March 2022 for a total amount of Euro 30,000 thousand, equal to the residual debt as of 30th September 2022, with the recognition of Euro 3,512 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with Banco BPM, disbursed in May 2022 for a total amount of Euro 30,000 thousand, has a residual debt as of 30th September 2022 of Euro 28,500 thousand, with the recognition of Euro 6,000 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;

- the loan with Iccrea Banca, disbursed in June 2022 for a total amount of Euro 30,000 thousand, has a residual debt as of 30th September 2022 of Euro 28,462 thousand, with the recognition of Euro 6,199 thousand in due to banks and short-term loans;
- the loan with Intesa Sanpaolo, disbursed in November 2019 for a total amount of Euro 50,000 thousand, has a residual debt as of 30th September 2022 of Euro 25,000 thousand, with the recognition of Euro 10,000 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with Mediobanca, disbursed in December 2020 for a total amount of Euro 30,000 thousand, has a residual debt as of 30th September 2022 of Euro 23,333 thousand, with the recognition of Euro 6,667 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with Mediobanca, disbursed in December 2021 for a total amount of Euro 20,000 thousand, equal to the residual debt as of 30th September 2022, with the recognition of Euro 4,444 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with BNL, disbursed in 2017 for an amount equal to Euro 30,000 thousand, has a residual debt as of 30th September 2022 of Euro 18,750 thousand, with the recognition of Euro 2,500 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with BNL, granted in August 2019 for an amount equal to Euro 30,000 thousand, has a residual debt as of 30th September 2022 of Euro 15,000 thousand, with the recognition of Euro 6,000 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in October 2019 for an amount equal to Euro 30,000 thousand, has a residual debt as of 30th September 2022 of Euro 12,000 thousand, with the recognition of Euro 9,000 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in March 2022 for a total amount of Euro 10,000 thousand, has a residual debt as of 30th September 2022 of Euro 9,000 thousand, with the recognition of Euro 2,000 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with the European Investment Bank, paid in two tranches in 2013 for a total amount of Euro 45,000 thousand, has a residual debt as of 30th September 2022 of Euro 7,250 thousand, with the recognition of Euro 4,750 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with BPER, originally disbursed in May 2020 by UBI Banca for an amount equal to Euro 20,000 thousand and transferred to BPER subsequent to the reorganisation of the bank, has a residual debt as of 30th September 2022 of Euro 6,703 thousand, entirely recorded in due to banks and short-term loans;
- the loan with Cassa Centrale Banca, granted at the beginning of 2018 for an amount equal to Euro 10,000 thousand, has a residual debt as of 30th September 2022 of Euro 6,437 thousand, with the recognition of Euro 818 thousand in due to banks and short-term loans;
- the loan with Intesa Sanpaolo, taken out by the subsidiary Asco EG, acquired in January 2022 and operating in the sector of electricity generation from renewable sources, has a residual debt as of 30th September 2022 of Euro 10,435 thousand, with the recognition of Euro 1,391 thousand in due to banks and short-term loans.

As a guarantee of the fulfilment of the obligations associated with the loan agreements with BNL (only the one taken out in 2017) and the European Investment Bank, the Parent Company has transferred to the banks a share of future receivables arising from the reimbursement of the value of assets related to gas distribution concessions of the subsidiary AP Reti Gas S.p.A..

20. Other non-current liabilities

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Security deposits	1,605	1,666
Multi-annual passive payables	35,313	27,401
Other non-current liabilities	36,917	29,067

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 7,153 thousand.

With the same scope of consolidation, other non-current liabilities increased from Euro 29,067 thousand in the previous year to Euro 29,764 thousand in the period in question, up Euro 697 thousand.

With the same scope of consolidation, the item increased by Euro 897 thousand due to the performance of long-term deferred income, which was recognised against revenues for contributions received from private and public entities for the construction of the distribution network or connections to the gas network and related to the useful life of the gas distribution facilities. The suspension of revenues is explained by the content of Law no. 9/2014 which envisages the full deduction of contributions from private individuals from the value of technical assets held under concession within the scope of gas distribution.

Security deposits recorded at the end of the year decreased by Euro 199 thousand and refer to deposits received from the natural gas sales companies that work in the area where the gas distribution network managed by the Group companies is located, for the transport of the raw material.

21. Non-current financial liabilities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Debts for rights of use beyond 12 months	7,843	6,777
Non-current financial liabilities	7,843	6,777

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 109 thousand.

With the same scope of consolidation, other non-current liabilities increased from Euro 6,777 thousand in the previous year to Euro 7,734 thousand in the period in question, up Euro 957 thousand, mainly due to a new lease agreement for gas leakage detection vehicles to the tune of Euro 1,336 thousand, partially offset by the payment of the operating lease instalments.

22. Deferred tax payables

The following table shows the balance of the item at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Deferred tax payables	13,722	13,228
Deferred tax payables	13,722	13,228

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 781 thousand.

With the same scope of consolidation, deferred tax payables decrease from Euro 13,228 thousand in the previous year to Euro 12,941 thousand in the period in question, down Euro 287 thousand.

Deferred tax payables mainly include the tax effects deriving from the dynamics of amortisation of gas distribution networks. In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 30th September 2022 and at the time when it is estimated that any temporary differences will be carried forward.

Current liabilities

23. Amounts due to banks and current portion of medium- / long-term loans

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Payables due to banks	118,987	139,000
Current portion of medium-long-term loans	76,271	60,631
Payables due to banks and financing institutions	195,258	199,631

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 1,374 thousand.

With the same scope of consolidation, payables to banks decreased from Euro 199,631 thousand in the previous year to Euro 193,884 thousand in the period in question, down Euro 5,748 thousand and include debtor accounting balances to credit institutions and the short-term quota of loans.

24. Trade payables

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Payables to suppliers	10,499	6,553
Payables to suppliers for invoices not yet received	34,173	27,848
Trade payables	44,672	34,401

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 6,843 thousand.

With the same scope of consolidation, trade payables increased from Euro 34,401 thousand in the previous year to Euro 37,829 thousand in the period in question, up Euro 3,428 thousand.

The item includes the payables to suppliers of materials and services for the extension or maintenance of the natural gas distribution network, the purchase of the energy efficiency certificates needed to achieve the objectives set as well as for consultancy services received during the period in question.

The payables connected with the purchase of the energy efficiency certificates, needed to achieve the energy saving objectives that the Group distribution companies must fulfil, are calculated by evaluating the amounts of certificates

accrued until the reporting date. The unit cost of certificates not purchased at the reporting date is the fair value of the prices recorded in the relevant market, calculated on 30th September 2022 and amounting to Euro 261.7 (Euro 260 on 31st December 2021).

25. Payables to tax authorities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
IRAP payables	624	138
IRES payables	2,826	1,059
Other tax payables	134	87
Tax payables	3,584	1,284

The extension of the scope of consolidation, subsequent to the purchase, resulted in an increase in the item of Euro 733 thousand.

With the same scope of consolidation, payables to tax authorities, from Euro 1,284 thousand in the previous year to Euro 2,851 thousand in the period in question, increased by Euro 1,567 thousand.

Tax payables include payables accrued on the results achieved during the year towards the tax authorities for IRES and IRAP.

26. Other current liabilities

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Advance payments from customers	1,015	823
Amounts due to social security institutions	2,172	1,238
Amounts due to employees	4,255	4,390
VAT payables	211	1,898
Payables to revenue office for withholding tax	575	1,047
Annual passive prepayments	1,029	787
Annual passive accruals	1,056	838
Payables due to CSEA	5,490	11,717
Other payables	11,655	1,304
Other current liabilities	27,460	24,042

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 13,274 thousand. The item “other payables” includes provisions to the tune of Euro 9,682 thousand for the amounts imposed by the “Support Decree-*ter*” applicable to the company ASCO EG S.r.l..

With the same scope of consolidation, other current liabilities decreased from Euro 24,043 thousand in 2021 to Euro 14,186 thousand in the period in question, down Euro 9,856 thousand.

The change, with the same scope of consolidation, is mainly explained by the decrease in payables to Cassa per i Servizi Energetici e Ambientali (CSEA) for Euro 7,530 thousand as regards the tariff components related to natural gas transport.

Advances from customers

Advances from customers represent the amounts paid by users as a contribution for works of allotments and connection and construction of thermal plants in progress as of the reporting date.

Welfare payables

The item includes the payables for welfare obligations to social security institutions for company employees and managers, accrued as of 30th September 2022 but not yet paid on that date.

Payables to personnel

The amounts due to employees include holidays not taken, deferred remuneration and bonuses earned as of 30th September 2022 but not paid out on that date as well as social security contributions. With the same scope of consolidation, the item changed by Euro 369 thousand, from Euro 4,390 thousand in 2021 to Euro 4,021 thousand in the period in question.

VAT payables

With the same scope of consolidation, payables to the tax authorities for VAT at the end of the period amount to Euro 604 thousand, a decrease of Euro 609 thousand compared to the previous year mainly related to the dynamics of the VAT advances paid at the end of the year and the payables accrued.

Annual deferred income

Other deferred income is mainly attributable to the grants received for the construction of the natural gas distribution network and the relevant connections.

Annual accrued liabilities

Accrued liabilities refer mainly to State fees and the fees granted to local licensing bodies for the extension of the concession for the distribution of natural gas, awaiting the territorial calls for tenders.

Other payables

At the end of the period in question, with the same scope of consolidation, the item showed a balance of Euro 1,326 thousand, up Euro 21 thousand compared to the previous year.

The expansion of the scope of consolidation resulted in the recognition of the payable accrued by the subsidiary Asco EG S.r.l. in relation to the application of the so-called “Support Decree-*ter*” which introduced a ceiling on the sale prices of the electricity produced. Specifically, for companies to which the decree applies, the amount of revenues obtained from the sale of energy at prices higher than the ceiling introduced must be regulated and paid to Gestore dei Servizi Energetici. The effect accrued at the reporting date is Euro 9,682 thousand and has decreased the sales revenues achieved from renewable sources by the same amount.

27. Current financial liabilities

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Financial payable within 12 months	1,986	687
Financial payables related to IFRS 16 within 12 months	735	960
Current financial liabilities	2,721	1,647

The extension of the scope of consolidation, subsequent to the purchase of stakes in Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., resulted in an increase in the item of Euro 1,389 thousand.

With the same scope of consolidation, current financial liabilities decreased from Euro 1,647 thousand in 2021 to Euro 1,332 thousand in the period in question, down Euro 315 thousand.

Financial payables related to the application of the international accounting standard IFRS 16 recorded a change equal to Euro 314 thousand during the year, mainly due to the payment of the instalments of operating leases.

They represent financial payables expiring within twelve months for operating lease agreements signed for rentals of company offices and vehicles.

28. Current liabilities from derivative financial instruments

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2022	31.12.2021
Liabilities on electric energy derivatives	1,986	687
Liabilities on interest rates derivatives	735	960
Current liabilities from derivative financial instruments	2,721	1,647

Current liabilities on derivative financial instruments relate to hedging contracts on the price of electricity produced by the hydroelectric plants of Asco EG. With regard to the assets and liabilities related to assets from derivatives, please refer to the paragraph “Risk and uncertainty factors” herein, which illustrates their effects.

Liabilities on derivatives signed by the Parent Company are represented by the fair value of the following derivatives existing as of 30th September 2022, whose financial manifestation will be divided based on the duration of the underlying loan:

#	Counterparty	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Ascopiave S.p.A.	Commodity Swap	Power IT Baseload	20-Apr-22	1-Jan-23	31-Dec-23	Short/Sell	8,760 MWh	1,646
2	Ascopiave S.p.A.	Commodity Swap	Power IT Baseload	5-Aug-22	1-Apr-23	30-Jun-23	Short/Sell	6,552 MWh	213
3	Ascopiave S.p.A.	Commodity Swap	Power IT Baseload	5-Aug-22	1-Oct-23	31-Dec-23	Short/Sell	2,209 MWh	129
Total								17,521 MWh	1,989

The financial instruments measured at fair value belong to the 2nd evaluation hierarchical level.

COMMENTS ON THE MAIN CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS

Revenues

27. Revenues

The following table shows the composition of the item by type of activity in the fiscal periods considered:

(Thousands of Euro)	Nine months	
	2022	2021
Revenues from gas transportation	85,690	82,710
Revenues from the sale of electricity	351	(0)
Revenues from connections	599	428
Revenues from distribution services	3,324	3,228
Revenues from services supplied to Group companies	11,728	6,753
Revenues from ARERA contributions	6,775	4,333
Revenues from hydroelectric - wind power plant	8,018	0
Other revenues	3,524	2,235
Revenues	120,009	99,686

The revenues of the Ascopiave Group are substantially entirely generated in Italy and, at the end of the period in question, they amounted to Euro 120,009 thousand, up Euro 20,323 thousand compared to the period shown for comparative purposes (Euro 99,686 thousand). The extension of the scope of consolidation, due to the acquisitions finalised in the last months of 2021 and the first months of 2022, led to the recognition of the revenues achieved during the first nine months of the year by the acquired companies and amounting to Euro 15,931 thousand. With the same scope of consolidation, the revenues achieved by the Group amount to Euro 104,079 thousand, up Euro 4,392 thousand as against the period shown for comparative purposes. The increase is mainly explained by the recognition of revenues, to the tune of Euro 6,544 thousand, that the affiliates involved in the partnership established in 2019 with the Hera Group will have to pay due to the early termination of some service agreements.

The *transportation of natural gas on the distribution network* generated revenues for Euro 85,690 thousand, up Euro 2,981 thousand as compared to the same period in the previous year. The extension of the scope of consolidation, specifically the first consolidation of Romeo Gas S.p.A. and Serenissima S.p.A., resulted in the recognition of the revenues earned by such companies in the second and third quarter of the year totalling Euro 6,727 thousand. Consequently, considering the same scope of consolidation, the item decreased by Euro 3,746 thousand. The Restriction on total revenues is determined, year after year, based on the number of active redelivery points the Company actually served during the reference period, as well as on the reference price, whose values are established and published by ARERA. The decrease compared to the same period in the previous year is mainly explained by the regulatory changes which came into force in 2022 regarding tariff regulations.

With the same scope of consolidation, the revenues derived from *services provided by distributors*, being equal to Euro 2,998 thousand, decreased by Euro 230 thousand compared to the same period in the previous year. The extension of the scope of consolidation led to the recognition of the revenues achieved by Romeo Gas S.p.A. and Serenissima S.p.A. in the second and third quarter of the year totalling Euro 326 thousand. The total revenues achieved by the Group at the end of the first nine months of the year are consequently equal to Euro 3,228 thousand. Revenues for *services provided to Group companies* show an increase of Euro 4,871 thousand as compared to the same period in the previous year and amount to Euro 11,728 thousand as of 30th September 2022. The change is mainly related to the recognition of revenues, in the amount of Euro 6,544 thousand, that the affiliates involved in the partnership established in 2019 with the Hera Group will have to pay due to the early termination of some service agreements. At the end of 2021, some of the services rendered by the parent company Ascopiave S.p.A. to the same companies ceased, resulting in a reduction in revenues which partially offset the increase described.

At the end of the first nine months of the year, the *contributions made by the Regulatory Authority for Energy, Networks and the Environment* amount to Euro 6,775 thousand, up Euro 2,442 thousand compared to the same period in the previous year. The contributions are paid for the achievement of objectives set by the Authority itself in terms of energy saving and published by resolution, which defines the specific obligations of primary energy savings by the distributors to which such obligations apply. The contributions recognised as of 30th September 2022 are calculated by evaluating the quantities of energy efficiency certificates accrued as compared to the 2022 target (regulatory period June 2022 - May 2023). The unit contribution used for the economic quantification of the fulfilment of the obligation is equal to the fair value of the forecast contribution for the contributions being accrued and, as of 30th September 2022, equal to Euro 250, in line with the figure as of 30th September 2021.

In the first nine months of the year, revenues from the sale of electricity produced from renewable sources, specifically hydroelectric plants and wind farms, amount to Euro 8,018 thousand and pertain to the companies recently included in the scope of consolidation. Such revenues were significantly affected by the so-called “Support Decree-ter” (Law Decree 4/2022) issued by the Government during the first quarter of the year. The Decree, which entered into force on 1st February 2022, basically introduces a maximum ceiling for energy sales prices also applicable to producers of energy from renewable sources, and will remain in force until 30th June 2023. Revenues were adjusted pursuant to the provisions contained in the decree above for the plants that Gestore Servizi Energetici (GSE) has included in the scope of such decree.

The item “*Other revenues*”, from Euro 2,235 thousand in the first nine months of 2021, to Euro 3,524 thousand in the period in question, increased by Euro 1,289 thousand. The extension of the scope of consolidation determined the recognition of other revenues equal to Euro 616 thousand. With the same scope of consolidation, the other revenues achieved by the Group are consequently equal to Euro 2,907 thousand, up Euro 673 thousand as against the period shown for comparative purposes; the change is mainly explained by the higher contributions received, totalling Euro 1,218 thousand, for activities aimed at enhancing the safety of natural gas distribution systems.

28. Cost of other raw materials

The following table shows the costs relating to the purchase of other raw materials during the relevant financial periods:

(Thousands of Euro)	Nine months	
	2022	2021
Purchase of other raw material	1,659	1,195
Purchase costs for other raw materials	1,659	1,195

With the same scope of consolidation, at the end of the first nine months of the year, the costs incurred for the purchase of other raw materials are equal to Euro 1,492 thousand, up Euro 297 thousand as compared to the same period in the previous year. The extension of the scope resulted in the recognition of the costs incurred by the companies acquired during the year, in the amount of Euro 167 thousand. The increase is mainly explained by the higher costs incurred for the purchase of natural gas for the operation of the cogeneration and heat supply plants managed by the Group, partially offset by the reduction in the materials used for the planned maintenance of the natural gas distribution facilities.

This item mainly includes costs related to the purchase of materials for the maintenance of the natural gas distribution infrastructure and odorization.

29. Costs for services

Costs for services for the relevant periods are analysed in the following table:

(Thousands of Euro)	Nine months	
	2022	2021
Costs for counting meters reading	663	755
Mailing and telegraph costs	117	463
Maintenance and repairs	3,460	2,652
Consulting services	4,801	3,385
Commercial services and advertisement	118	81
Sundry suppliers	3,050	1,155
Directors' and Statutory Auditors' fees	1,178	1,278
Insurances	794	610
Personnel costs	616	374
Other managing expenses	1,561	773
Costs for use of third-party assets	21,259	16,983
Costs for services	37,617	28,508

At the end of the first nine months of the year, with the same scope of consolidation, *costs for services* incurred amount to Euro 37,617 thousand, up Euro 1,121 thousand as compared to the same period in the previous year. The extension of the scope of consolidation resulted in the recognition of the costs for services incurred by the newly acquired companies, equal to Euro 7,988 thousand at the end of the period.

With the same scope of consolidation, the costs incurred for *metre reading*, amounting to Euro 624 thousand, decreased by Euro 130 thousand as compared to the same period in the previous year (Euro 755 thousand as of 30th September 2021). The extension of the scope of consolidation resulted in the recognition of costs for Euro 39 thousand.

The costs for postal and telegraph expenses decreased from Euro 463 thousand in the first nine months of the previous year, to Euro 117 thousand in the first nine months of 2022, down Euro 346 thousand.

With the same scope of consolidation, the costs for *maintenance and repairs* decreased from Euro 2,652 thousand in the first nine months of the previous year, to Euro 2,524 thousand in the period in question, down Euro 128 thousand. The extension of the scope of consolidation led to the recognition of costs for Euro 936 thousand. The item mainly includes costs related to software fees and expenses incurred for routine facility maintenance.

The extension of the scope of consolidation resulted in the recognition of *costs for consulting services* equal to Euro 1,003 thousand. With the same scope of consolidation, the costs for consulting services amounted to Euro 3,798 thousand, up Euro 412 thousand compared to the same period of the previous year. The change recorded is partly explained by the costs incurred as part of the extraordinary operations performed during the period in question.

With the same scope of consolidation, at the end of the first nine months of the year, *costs for utilities* amounted to Euro 2,421 thousand, up Euro 1,267 thousand compared to the same period of the previous year. The change recorded is mainly explained by the trend in natural gas and electricity tariffs, which have recorded significant increases since the second half of the year 2021. The extension of the scope of consolidation resulted in the recognition of costs for utilities amounting to Euro 629 thousand.

The costs for *use of third-party assets* incurred during the first nine months of the year, with the same scope of consolidation, amount to Euro 17,116 thousand, substantially in line with the period under comparison. The extension of the scope of consolidation resulted in the registration of costs for use of third-party assets incurred by the newly acquired companies for Euro 4,142 thousand. The item mainly includes the fees paid to the Local Authorities for the management of natural gas distribution concessions and the hydroelectric and wind power plants located in the municipalities of the same Authorities.

30. Costs for staff

The following table shows the breakdown of personnel costs in the periods considered:

(Thousands of Euro)	Nine months	
	2022	2021
Wages and salaries	15,724	14,848
Social security contributions	5,054	4,691
Severance indemnity	1,340	1,150
Other costs	46	33
Total personnel costs	22,164	20,721
Capitalized personnel costs	(7,330)	(7,102)
Personnel costs	14,834	13,619

The cost for staff is net of costs capitalised by the companies of natural gas distribution as against increases in intangible assets for works performed on a time and material basis, which are directly attributed to the implementation of facilities for the distribution of natural gas and recorded as an asset.

The extension of the scope of consolidation resulted in the recognition of the costs incurred in the period by the newly acquired companies for a total amount of Euro 1,338 thousand. With the same scope of consolidation, personnel costs increased from Euro 20,721 thousand in the first nine months of 2021, to Euro 20,826 thousand in the period in question, up Euro 104 thousand.

Capitalised personnel cost registered an increase of Euro 228 thousand, from Euro 7,102 thousand in the first nine months of 2021, to Euro 7,330 thousand in the period in question. Personnel costs capitalised by the companies included in the scope of consolidation are equal to Euro 279 thousand.

Personnel costs consequently increased by Euro 1,215 thousand.

The table below shows the average number of Group employees by category at the end of the indicated periods:

Description	30.09.2022	Enlargement of the perimeter	On a like-for like basis	30.09.2021	Variation
Managers (average)	14	0	14	14	0
Office workers (average)	311	12	299	303	-4
Manual workers (average)	159	10	150	153	-3
No. of staff employed (average)	484	22	462	470	-8

The extension of the scope of consolidation resulted in an increase in the Group's workforce of 22 units. The table above represents the staff employed in the past six months on the basis of the effective date of the combination, namely 1st April 2022.

31. Other operating costs

The following table shows the breakdown of other operating costs in the periods considered:

(Thousands of Euro)	Nine months	
	2022	2021
Other provisions	114	(392)
Membership and ARERA fees	555	534
Capital losses	1,141	698
Extraordinary losses	163	252
Other taxes	1,339	912
Other costs	912	449
Costs of contracts	1,546	1,129
Energy efficiency certificates	6,718	3,856
Other management costs	12,488	7,436

With the same scope of consolidation, other operating costs increased from Euro 7,436 thousand in the first nine months of 2021, to Euro 11,638 thousand in the period in question, up Euro 4,202 thousand. This increase is mainly due to higher costs incurred for the purchase of Energy efficiency certificates (Euro +2,862 thousand) related to the higher energy efficiency and saving objectives applicable to the Group companies. The extension of the scope of consolidation resulted in the recognition of the costs incurred by the newly acquired companies which, at the end of the period, amounted to Euro 850 thousand.

At the end of the first nine months of the year, provisions equal to Euro 114 thousand were allocated. Energy efficiency obligations, in fact, should apply to the subsidiary AP Reti Gas Nord Est S.r.l. also in consideration of its size and plants managed. The Regulatory Authority for Energy, Networks and the Environment (ARERA) has not modified the objectives previously assigned for 2020 and 2021, leaving the amount of certificates that derives from the plants managed by the new company to the transferor. Pursuant to the agreements between the parties involved in the commercial partnership between the Ascopiave Group and the Hera Group, the objectives for 2020 and 2021 are attributable to the newly established company AP Reti Gas Nord Est S.r.l. which manages the plants and which consequently has allocated a provision for risks representative of the probable charges that the company will incur in relation to the finding and purchase of the certificates needed to fulfil its part of the objective, during 2022.

The costs recognised at the end of the period for the purchase of energy efficiency certificates are calculated by evaluating the amounts of certificates accrued as compared to the 2022 target (regulatory period June 2022 - May 2023). The unit cost for certificates not purchased at the reporting date is the fair value of the prices recorded in the relevant market, calculated as of 30th September 2022 and amounting to Euro 261.7 (Euro 260 as of 30th September 2021).

32. Other operating revenues

The following table shows a breakdown of other operating income in the periods considered:

(Thousands of Euro)	Nine months	
	2022	2021
Other income	155	527
Other income	155	527

At the end of the period considered, the item “other operating income” shows a decrease of Euro 372 thousand, from Euro 527 thousand as of 30th September 2021, to Euro 155 thousand in the period in question. The decrease is mainly

explained by the recognition, in the period shown for comparative purposes, of the capital gain generated by the transfer of the natural gas distribution plants of the municipality of Santorso for Euro 389 thousand. The settlement agreement with the Local Body, signed on 9th April 2021, was aimed at defining the transfer value of such plants.

33. Amortisation, depreciation and write-downs

Amortisation and depreciation for the relevant periods are analysed in the following table:

(Thousands of Euro)	Nine months	
	2022	2021
Intangible fixed assets	26,636	24,782
Tangible fixed assets	5,869	1,403
Amortization of rights of use	861	354
Amortization and depreciation	33,367	26,539

With the same scope of consolidation, amortisation and depreciation show an increase of Euro 184 thousand compared to the same period in the previous year, from Euro 26,539 thousand as of 30th September 2021, to Euro 26,723 thousand in the reference period. The extension of the scope of consolidation resulted in the recognition of amortisation and depreciation accrued by the newly acquired companies and amounting to Euro 6,644 thousand. The increase recorded in amortisation and depreciation related to rights of use is mainly explained by the recognition of the amounts accrued in relation to the lease agreement covering a hydroelectric plant of the subsidiary Sangineto Energie S.r.l. acquired at the end of the previous year and the new lease agreement signed for a cutting-edge leak detection technology used in the constant improvement of plant safety.

Financial income and charges

34. Financial income and charges

The following table shows a breakdown of financial income and charges in the periods considered:

(Thousands of Euro)	Nine months	
	2022	2021
Other interest income	50	37
Distribution of dividends from controlled companies	4,306	3,489
Other financial income	133	0
Financial income	4,489	3,527
Interest expense on banks	510	133
Interest expense on loans	1,972	1,098
Other financial expenses	1,188	248
Financial charges	3,670	1,479
Evaluation of subsidiary companies with net equity method	10,503	10,482
Total net financial expenses	11,323	12,530

At the end of the first nine months of the year, the balance between financial income and expenses showed a gain of Euro 11,323 thousand, a decrease as compared to the same period in the previous year of Euro 1,207 thousand. The

decrease is mainly explained by the increase in financial charges accrued on credit lines used by the Group, partially offset by higher dividends received from the investees.

With the same scope of consolidation, at the end of the first nine months of the year, financial income increased by Euro 962 thousand as compared to the same period in the previous year. The change is mainly explained by the higher dividends received from the investees Hera Comm S.p.A. and ACSM - AGAM S.p.A. (now “Acinque S.p.A.”) for a total amount of Euro 817 thousand. The extension of the scope of consolidation resulted in the recognition of interest income equal to Euro 136 thousand.

With the same scope of consolidation, at the end of the period in question, financial charges amounted to Euro 2,924 thousand, up Euro 1,445 thousand as against the period shown for comparative purposes. The increase in financial charges is mainly explained by the interest accrued on the loans and bond issue that the Parent Company took out during the previous year and in the period in question. The extension of the scope of consolidation determined the recognition of financial charges equal to Euro 746 thousand.

The item “profit/(loss) of companies measured using the equity method” includes the consolidated profits achieved by the affiliate EstEnergy S.p.A., a company in which the Ascopiave Group holds a 48% stake, and Cogeide S.p.A., an investee in which the Ascopiave Group holds 18% stake. At the end of the first nine months of the year, the consolidated results of the affiliates, amounting to Euro 10,503 thousand, are substantially in line with the results recorded at the end of the same period of the previous year. This result is influenced by the recognition of the penalty that the affiliates involved in the partnership established in 2019 with the Hera Group will have to pay to Ascopiave S.p.A. due to the early termination of some service agreements.

Taxes

35. Taxes in the reference period

The table below shows the breakdown of income taxes over the periods considered, distinguishing between current taxes and deferred tax assets and liabilities:

(Thousands of Euro)	Nine months	
	2022	2021
IRES current taxes	7,015	5,546
IRAP current taxes	1,210	1,174
(Advance)/Deferred taxes	(1,373)	(992)
Substitute tax	22	22
Taxes previous years	216	(3)
Taxes for the period	7,090	5,747

Taxes accrued, with the same scope of consolidation, increased from Euro 5,747 thousand in the first nine months of the previous year to Euro 7,090 thousand in the period in question, up Euro 1,343 thousand.

The extension of the scope of consolidation resulted in the recognition of the taxes accrued on the results of the newly acquired companies for Euro 2,032 thousand. This amount is mainly explained by the entry of the extraordinary tax on unjustified energy profits, introduced by Law Decree no. 21 dated 21st March 2022, which the company Asco EG S.p.A. will have to pay to the tax authorities. The total amount of the tax is Euro 1,515 thousand and the first instalment of Euro 606 thousand was paid in June 2022.

The table below shows the incidence of tax on the result before tax for the periods considered:

(Thousands of Euro)	Nine months	
	2022	2021
Earnings before tax	31,521	35,445
Taxes for the period	(7,090)	(5,747)
Impact on earnings before tax	22.5%	16.2%

The tax-rate as of 30th September 2022 is 22.5% (16.2% in the same period in the previous year). The tax-rate in the first nine months of 2022, normalised of the effects related to the results achieved by the companies measured with the equity method and the extraordinary tax on unjustified energy profits (described above), is 33.4%, an increase compared to 26.8% as of 30th September 2021.

Net result of assets held for sale

The following table shows the details of the net result of the companies held for sale in the periods considered:

(Thousands of Euro)	Nine months	
	2022	2021
Net result of assets held for sale	861	
Net result of assets held for sale	861	

The net result of the companies held for sale at 30th September 2022 is equal to Euro 861 thousand. For a better understanding of the operating results, balance sheet and cash flows of the companies reclassified in accordance with IFRS 5, please refer to the paragraph “Operating results, balance sheet and cash flows of companies held for sale”.

Non-recurrent components

Pursuant to CONSOB communication no. 15519/2005, we announce that the results achieved at the reporting date include non-recurrent revenues totalling Euro 6,544 thousand. In the period in question, the affiliates, controlled by Estenergy S.p.A. and Amgas Blu S.r.l. (involved in the partnership between the Ascopiave Group and the Hera Group in 2019), announced, within the terms stated in the agreements, the early termination of some service agreements signed with the parent company. This withdrawal resulted in the recognition of the fair value of the penalties set forth in the agreements in favour of Ascopiave S.p.A..

Transactions deriving from unusual and/or atypical operations

Pursuant to CONSOB communication N. DEM/6064296 dated 28th July 2006, we report that, during the first nine months of the year, no unusual and/or atypical operations occurred.

Operating results, balance sheet and cash flows of companies held for sale

Operating results of Companies held for sale

The table below shows the income statement relating to the second quarter of the year of assets reclassified pursuant to IFRS 5 as held for sale. These data represent the result accrued by the business units of Romeo Gas S.p.A. which will be transferred to the other shareholders of the company.

(Euro)	30.09.2022
Revenues	3,719,788
Total operating costs	1,624,345
Purchase costs for other raw materials	17,045
Costs for services	1,021,926
Costs for personnel	509,702
Other management costs	75,672
Amortization and depreciation	877,642
Operating result	1,217,800
Financial charges	2,738
Earnings before tax	1,215,063
Taxes for the period	354,312
Result for the period	860,751

Balance sheet of assets held for sale

The table below shows the balance sheet at 30th September 2022 of assets reclassified in accordance with IFRS 5 as held for sale. These data represent the result accrued by the business units of Romeo Gas S.p.A. which will be transferred to the other shareholders of the company.

(Euro)	30.09.2022
Assets	
Non-current assets	
Other intangible assets	28,761,375
Tangible assets	62,076
Other non-current assets	12,000
Advance tax receivables	3,447,894
Non-current assets	32,283,345
Current assets	
Inventories	33,664
Trade receivables	266,232
Other current assets	2,814,810
Current assets	3,114,706
Assets	35,398,050
Liabilities	
Non-current liabilities	
Provisions for risks and charges	108,248
Severance indemnity	578,074
Other non-current liabilities	32,953
Non-current liabilities	719,275
Current liabilities	
Trade payables	1,059,796
Tax payables	143,617
Other current liabilities	473,530
Debts from conferment	122
Current liabilities	1,677,065
Liabilities	2,396,340

Business combinations

Salinella Eolico S.r.l.

On 21st January 2022, the Ascopiave Group announced that it had acquired, through the subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., belonging to Renco S.p.A.. Salinella Eolico S.r.l., whose remaining 40% stake is held by Renco S.p.A., plans to build a wind farm in the Province of Catanzaro with a rated capacity of up to 21 MW; the competent authorities have already granted part of the authorisations, while the pending permits are well underway. The wind farm will be erected by Renco S.p.A. and entail a total investment of approximately Euro 30 million.

The purchase of the shares was financially settled for an amount equal to Euro 588 thousand.

The costs of the acquisition pursuant to “IFRS 3 Revised - Business combinations” were recognised in the consolidated income statement for a value of Euro 3 thousand.

The business combination was provisionally recognised on 30th September 2022 in accordance with the international accounting standard IFRS 3.62.

Specifically, the fair values attributed to the assets and liabilities identifiable in the company Salinella Eolico S.r.l. at the acquisition date were as follows:

(Thousands of Euro)	Pro-quota accounting values	Adjustments to IFRS compliance	Higher allocated values	Fair values found at acquisition
Other intangible assets	1,066	1	814	1,879
Tangible assets	88	0		88
Advance tax receivables	2	0		2
Non-current assets	1,155	1	814	1,968
Other current assets	8	0		8
Cash and cash equivalents	6	0		6
Current assets	14	0	0	14
Assets	1,169	1	814	1,982
Deferred tax payables	0	0	227	227
Other non-current liabilities	844	0		844
Non-current liabilities	844	0	227	1,071
Trade payables	52	0		52
Other current liabilities	271	0		271
Current liabilities	323	0	0	323
Liabilities	1,167	0	227	1,394
Total assets / liabilities of the acquired company	2	1	587	588
Total cost of the acquisition				588
Total net liquidity of the company				10
Payments				588
Net liquidity absorbed by the acquisition				578

For more information on the acquisition, please read the paragraph “Significant events during the first nine months of 2022” herein.

Asco EG S.p.A. (former Eusebio Energia S.r.l.)

On 28th January 2022, Ascopiave S.p.A. announced the finalisation of an additional investment in the renewable energy sector, specifically in the hydroelectric and wind power segments, as stated in the 2020-2024 Strategic Plan.

The investment consisted in the acquisition by Ascopiave of the 79.74% majority stake held by Supermissile S.r.l. in the share capital of Eusebio Energia S.r.l., a company operating in the energy sector. In May 2022, the company was renamed Asco EG S.p.A..

Asco EG S.p.A. has 22 plants for the production of electricity from renewable sources, of which 21 hydroelectric plants, for a total capacity of 44 MW, located in Lombardy and Veneto, and a wind farm, consisting of 14 turbines of 1 MW each, located in Campania.

The price paid upon closing for the acquisition of the above-mentioned majority stake is Euro 44.8 million, featuring an earn-out clause. At the reporting date, the earn-out fair value was estimated to be nil.

The purchase of the shares was financially settled for an amount equal to Euro 44,791 thousand.

The higher value paid compared to the book values of the shareholders' equity upon acquisition was prudently allocated to goodwill.

The acquisition costs pursuant to "IFRS 3 Revised - Business combinations" were recognised in the consolidated income statement for a value of Euro 755 thousand.

The business combination was provisionally recognised on 30th September 2022 in accordance with the international accounting standard IFRS 3.62.

In particular, the fair values attributed to the assets and liabilities identifiable in the company Asco EG S.p.A. at the acquisition date were as follows:

(Thousands of Euro)	Pro-quota accounting values	Adjustments to IFRS compliance	Fair values found at acquisition
Other intangible assets	6	(5)	1
Tangible assets	49,146	0	49,146
Shareholdings	1	0	1
Other non-current assets	193	0	193
Advance tax receivables	2,411	2	2,413
Non-current assets	51,757	(4)	51,753
Trade receivables	2,160	0	2,160
Other current assets	8,580	0	8,580
Tax receivables	10	0	10
Cash and cash equivalents	6,586	0	6,586
Current assets	17,336	0	17,336
Assets	69,094	(4)	69,090
Provisions for risks and charges	386	0	386
Severance indemnity	267	0	267
Medium- and long-term bank loans	12,204	0	12,204
Non-current liabilities	12,856	0	12,856
Payables due to banks and financing institutions	16,349	0	16,349
Trade payables	846	0	846
Tax payables	359	0	359
Other current liabilities	218	0	218
Current financial liabilities	449	0	449
Current liabilities	18,220	0	18,220
Liabilities	31,077	0	31,077
Total assets / liabilities of the acquired company	38,017	(4)	38,013
Goodwill arising from the acquisition			6,778
Total cost of the acquisition			44,791
Total net liquidity of the company			8,259
Payments			44,791
Net liquidity absorbed by the acquisition			36,532

The value in excess of the assets/liabilities acquired and the consideration paid was recognised as goodwill for Euro 6,778 thousand. For more information on the acquisition, please read the paragraph “Significant events during the first nine months of 2022” herein.

Romeo Gas S.p.A. and Serenissima Gas S.p.A.

On 1st April 2021, the Consortium made up of Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A. announced the closing of the agreement with the A2A Group for the acquisition of some assets relating to the natural gas distribution service. The business acquired through the operation boasts about 157,000 users, distributed in 8 Italian regions, belonging to 24 Territorial Areas, and over 2,800 km of network.

The investment consists in the acquisition by Ascopiave of a 56.101% stake in Romeo Gas S.p.A. which also holds 78.441% of the share capital of Serenissima Gas S.p.A.. The assets of interest to Ascopiave S.p.A. consist of concessions in 15 Territorial Areas located in Veneto, Friuli Venezia Giulia and Lombardy, for a total of approximately 114,300 redelivery points. The value of the acquired assets in terms of enterprise value is Euro 73.2 million, including the 79.37% investment in Serenissima Gas S.p.A., the holder of a portion of the concessions involved (about 41,700 redelivery points).

The assets of interest to ACEA S.p.A. consist of concessions in 5 Territorial Areas: 2 in the Abruzzi, 2 in Molise and 1 in Campania, totalling approximately 30,700 redelivery points. The enterprise value is Euro 35.8 million.

The assets of interest to Iren S.p.A. consist of concessions in 4 Territorial Areas (1 in Lombardy and 3 in Emilia-Romagna) totalling approximately 12,000 redelivery points. The enterprise value is Euro 16.4 million.

The purchase of the shares was financially settled for an amount equal to Euro 67,134 thousand.

The higher value paid compared to the book values of the shareholders' equity upon acquisition was prudently allocated to goodwill.

The business combination was provisionally recognised on 30th September 2022 in accordance with the international accounting standard IFRS 3.62.

In particular, the fair values attributed to the assets and liabilities identifiable in the companies Romeo gas S.p.A. and Serenissima Gas S.p.A. at the acquisition date were as follows:

(Thousands of Euro)	Accounting values			Fair values found in the aggregation		
	Romeo Gas	Serenissima Gas	Aggregate	Romeo Gas	Serenissima Gas	Aggregate
	56.10%	78.44%				
Balance Sheet						
Goodwill	0	165	165	0	0	0
Other intangible assets	37,247	20,413	57,660	37,247	20,413	57,660
Tangible assets	26	1,154	1,180	26	1,154	1,180
Shareholdings	14,475	1	14,475	0	1	1
Other non-current assets	0	29	29	0	29	29
Advance tax receivables	2,936	412	3,348	2,936	412	3,348
Non-current assets	54,683	22,174	76,857	40,208	22,009	62,217
Inventories	65	195	260	65	195	260
Trade receivables	0	662	662	0	662	662
Other current assets	43	1,021	1,064	43	1,021	1,064
Current financial assets	0	1,891	1,891	0	1,891	1,891
Tax receivables	0	13	13	0	13	13
Cash and cash equivalents	18	1,444	1,463	18	1,444	1,463
Current assets	126	5,226	5,352	126	5,226	5,352
Assets	54,809	27,400	82,209	40,334	27,235	67,570
Provisions for risks and charges	4	19	15	4	19	15
Severance indemnity	369	295	665	369	295	665
Other non-current liabilities	2,017	2,709	4,726	2,017	2,709	4,726
Non-current financial liabilities	0	43	43	0	43	43
Deferred tax payables	287	47	334	287	47	334
Non-current liabilities	2,678	3,075	5,753	2,678	3,075	5,753
Payables due to banks and financing insti	0	14	14	0	14	14
Trade payables	477	1,000	1,477	477	1,000	1,477
Tax payables	0	11	11	0	11	11
Other current liabilities	2,426	2,197	4,623	2,426	2,197	4,623
Current financial liabilities	0	10,052	10,052	0	10,052	10,052
Current liabilities	2,904	13,245	16,149	2,904	13,245	16,149
Liabilities	5,582	16,320	21,902	5,582	16,320	21,902
Assets/Liabilities	49,228	11,080	60,308	34,753	10,915	45,668
Goodwill detected						21,466
Total cost of the acquisition						67,134
Total net liquidity of the company						1,874
Payments						67,134
Net liquidity absorbed by the acquisition						65,260

The value in excess of the assets/liabilities acquired and the consideration paid was recognised as goodwill for Euro 26,257 thousand. For more information on the acquisition, please read the paragraph “Significant events during the first nine months of 2022” herein.

Commitments and risks

Guarantees given

As of 30th September 2022, the Group provided the following guarantees:

Guarantees to companies within the consolidation area:

(Thousands of Euro)	30.09.2022	31.12.2021
On credit lines	6,307	6,307
On execution of works (letter of comfort)	2,482	1,776
On distribution concession (letter of comfort)	7,157	6,468
On purchase/sale of shares (letter of comfort)	0	500
On concessions for water derivations for hydroelectric use	53	0
On the sale of energy produced from renewable sources	120	0
On participation in the tender	0	75
On renewable energy production plants	5,370	0
Total	21,489	15,127

Guarantees issued by Ascopiave S.p.A. in favour of affiliates:

(Thousands of Euro)	30.09.2022	31.12.2021
On credit lines	0	9,999
Patronage to cover the obligations deriving from the related relationships	28,613	31,463
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
Total	30,463	43,312

The letters of comfort on lines of credit and gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l. in liquidation, equal to Euro 9,999 thousand as of 30th September 2022 are no longer in place. Ascopiave received a guarantee from Hera S.p.A., to the tune of Euro 962 thousand, in relation to the sureties issued by the affiliate Blue Meta S.p.A. to Uffici Tecnici di Finanza and the Regions for consumption taxes on natural gas.

Risk and uncertainty factors

Information on agreements not disclosed in the balance sheet

Pursuant to art. 2427, first paragraph, point 22-ter, Italian Civil Code, introduced by Legislative Decree 173 on 23rd November 2008, please note that the company has not entered into agreements not disclosed in the balance sheet.

Management of financial risk: objectives and criteria

The operations of the Group are mainly financed through short-term and medium/long-term bank loans, bond issue, lease agreements with the possibility of purchase and short-term bank deposits at sight. The recourse to such forms of financing, which are in part at variable rates, exposes the Group to the risk connected with fluctuations in interest rates, that successively determine possible variations in financial costs.

Operations expose the Group to possible credit risks with the counterparties.

The Group, furthermore, is subject to liquidity risks because the available financial resources may not be sufficient to meet its financial obligations, in accordance with the terms and deadlines forecast.

The Board of Directors re-examines and approves the policies for risk management, described hereinafter.

Interest rate risk

The Group manages its liquidity needs through temporary credit lines and short-term loans at variable rates which, due to their continuous fluctuation, do not make it easy to hedge against interest rate risk, through medium/long-

term loans with fixed and variable rates and the issue of fixed-rate bonds.

The medium-long term loans managed by the Group, with variable and fixed rates, have a residual debt as of 30th September 2022 of Euro 320,870 thousand and due dates between 1st October 2022 and 24th March 2031.

Medium and long-term bank loans at variable rate envisage reimbursement between 2022 and 2031, and as of 30th September 2022 had a residual debt of Euro 233,980 thousand (Euro 153,787 thousand as of 31st December 2021), of which Euro 129,333 thousand hedged by a financial derivative instrument, and therefore with neutralised interest rate risk.

As of 30th September 2022, the derivative instruments to hedge against the risk of changes in interest rates, relating to the loans taken out with BNL, Crédit Agricole - Friuladria, Intesa Sanpaolo and Mediobanca, detailed in paragraphs 14 “Current assets from derivative financial instruments” and 28 “Current liabilities from derivative financial instruments”, and whose mark to market is positive for Euro 5,638 thousand, are effective.

The following loans are not exposed to interest rate risks, as they envisage the application of a fixed rate: BNL, BPER (originally signed with UBI Banca, then transferred to BPER subsequent to the reorganisation of the bank), Cassa Centrale Banca and Intesa Sanpaolo, with an overall residual debt at the reporting date of Euro 86,890 thousand, in addition to the bond issue, with a residual debt of Euro 95,000 thousand at the end of the period.

Covenants apply to the loans above and are fulfilled.

Please refer to Paragraph 18 “Medium and Long Term Loans” for additional details.

Sensitivity analysis of the interest rate risk

The following table shows the impacts on the Group’s Pre-tax result of the possible variations in interest rates in a reasonably possible interval.

	I qtr 2022	II qtr 2022	III qtr 2022	
Average Net Financial Position 2022	(375,410)	(452,554)	(510,574)	
Average borrowing rates of interest	0.001%	0.001%	0.004%	
Average lending rates of interest	0.49%	0.90%	1.10%	
Average borrowing rate of interest plus 200 basis points	2.00%	2.00%	2.00%	
Average lending rates of interest plus 200 basis points	2.49%	2.90%	3.10%	
Average borrowing rate of interest reduced of 50 basis points	0.00%	0.00%	0.00%	
Average lending rates of interest reduced of 50 basis points	0.00%	0,40%	0,60%	
Net Financial Position recalculated with the increase of 200 basis points	(377,261)	(454,810)	(513,147)	
Net Financial Position recalculated with decrease of 50 basis points	(374,947)	(451,989)	(509,930)	Total
Effect on pre-tax result of the increase of 200 basis points	(1,851)	(2,257)	(2,574)	(6,682)
Effect on pre-tax result of the decrease of 50 basis points	463	564	643	1,670

The sensitivity analysis, obtained by simulating a variation on interest tax rates applied on the credit lines of the Group equal to 50 basis points in decrease (with a minimum limit of zero basis points) and 200 basis points in increase, maintaining unchanged all the other variables, leads to an estimation of an effect on the result before taxes which is negative for Euro 6,682 thousand or positive for Euro 1,670 thousand.

Credit risk

Within the gas distribution business, the Group provides its services to a limited number of players in the gas sector; if compensation for such services is not received or overdue, this could negatively affect the operating results and the financial balance, but credit protection is supported by the application of the safeguards set forth in the Grid Code.

Liquidity risk

The liquidity risk consists in the Group’s inability to meet its financial obligations, within the terms and deadlines set, due to the impossibility of raising new funds or selling assets on the market, affecting the income statement if the Group is forced to incur additional costs to meet its obligations, or in case of insolvency entailing risks for the business.

The Group constantly aims at highest balance and flexibility of financing sources and uses, minimising that risk. The two main factors influencing Group liquidity are on the one hand the resources generated or absorbed by operations or investments, and on the other hand the due dates and renewal of debt.

Specific risks of the business sectors in which the Group operates

Regulations

The activities performed by the Ascopiave Group in the gas sector are subject to regulations. Directives and regulatory measures adopted by the European Union and by the Italian Government, as well as the resolutions of the Regulatory Authority for electricity, gas and water services, can have a significant impact on the operations, the operating results and the financial balance. Future changes in the regulatory policy adopted by the European Union or at the national level could have unexpected effects on the applicable regulatory framework and, consequently, on the activity and results of the Group.

Management of Capital

The primary objective of the management of the Group's capital is to guarantee that a solid credit rating is maintained, as well as suitable levels of the capital indicator. The Group can adapt the dividends paid to shareholders, reimburse capital or issue new shares.

The Group checks its capital by means of a debt/capital ratio.

The Group includes loans and other payables in its net debt, net of liquid funds and equivalents.

(Thousands of Euro)	30.09.2022	31.12.2021
Short-term net financial position	270,136	157,903
Medium / long-term net financial position	249,239	189,582
Net Financial Position	519,374	347,485
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	737,609	644,191
Undistributed net profit	25,482	45,326
Total Net equity	942,079	868,505
Total sources of funding	1,461,454	1,215,991
Net financial position / Net equity ratio	0.55	0.40

The debt/net equity ratio as of 30th September 2022 is 0.55, an increase compared to 31st December 2021.

The trend of this indicator is related to the combined effect of the change in the Net financial position, which worsened by Euro 171,889 thousand in the period in question, and the Shareholders' equity, which increased by Euro 73,575 thousand, changes due in part to the investments made, the profit for the period and in part to the normal flow of operations.

Representation of financial assets and liabilities by category

The breakdown of financial assets and liabilities by categories and their fair value (IFRS 13) as of 30th September 2022 and 31st December 2021 are as follows:

(Thousands of Euro)					30.09.2022	
	A	B	C	D	Total	Fair value
Other non-current assets			3,738		3,738	3,738
Non-current financial assets			2,906		2,906	2,906
Trade receivables and other current assets			73,370		73,370	73,370
Current financial assets			815		815	815
Cash and cash equivalents			15,465		15,465	15,465
Current assets from derivative financial instruments		5,638			5,638	5,638
Outstanding medium- and long-term bonds				94,074	94,074	94,074
Medium- and long-term bank loans				244,302	244,302	244,302
Other non-current liabilities				1,605	1,605	1,605
Non-current financial liabilities				7,843	7,843	7,843
Payables due to banks and financing institutions				195,258	195,258	195,258
Trade payables and other current liabilities				70,088	70,088	70,088
Current financial liabilities				2,721	2,721	2,721
Current liabilities from derivative financial instruments		1,989			1,989	1,989

(Thousands of Euro)					31.12.2021	
	A	B	C	D	Total	Fair value
Other non-current assets			2,662		2,662	2,662
Non-current financial assets			2,864		2,864	2,864
Trade receivables and Other current assets			46,756		46,756	46,756
Current financial assets			908		908	908
Cash and cash equivalents			42,538		42,538	42,538
Current assets from derivative financial instruments		267			267	267
Outstanding medium- and long-term bonds				24,181	24,181	24,181
Medium- and long-term bank loans				161,488	161,488	161,488
Other non-current liabilities				1,666	1,666	1,666
Non-current financial liabilities				6,777	6,777	6,777
Payables due to banks and financing institutions				199,631	199,631	199,631
Trade payables and Other current liabilities				54,242	54,242	54,242
Current financial liabilities				1,647	1,647	1,647
Current liabilities from derivative financial instruments		338			338	338

Legend

- A - Assets and liabilities at fair value directly recognised in the Profit and Loss Account
- B - Assets and liabilities at fair value directly recognised in Equity (including hedging derivatives)
- C - Assets for granted loans and receivables (including cash equivalents)
- D - Financial liabilities recognised at amortised cost

Business segment reporting

Segment information is provided with reference to the business sectors in which the Group operates. Business sectors are identified as primary segments of activities. The criteria used for identifying business segments have been inspired by the methods whereby the Management runs the Group and assigns managerial responsibilities.

Based on the information required by the IFRS 8 “Business Segment Reporting, Operating segments”, the company has identified as segments to be reported the activities of “gas distribution”, “renewable energy” and “other”. Specifically, the segment “Other” includes cogeneration, heat supply, water services and the results of the parent company.

Information by geographic areas is not provided, since the Group does not conduct any business outside the national territory.

The following tables show the information concerning the business segments of the Group for the relevant periods.

9M 2022 (Thousands of Euro)	Gas distribution	Renewable energies	Other	30.09.2022 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues of third-party customers	92,647	8,246	11,533	7,584		120,009
Intra-group revenues among the segment	4,280	0	4,327	101	(8,709)	0
Segment revenues	96,927	8,246	15,860	7,685	(8,709)	120,009
Result before taxes	21,043	(2,456)	11,798	1,136		31,521

9M 2021 (Thousands of Euro)	Gas distribution	Renewable energies	Other	30.09.2021 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues of third-party customers	93,942	0	5,439	305		99,686
Intra-group revenues among the segment	3,227	0	3,874	0	(7,101)	0
Segment revenues	97,169	0	9,314	305	(7,101)	99,686
Result before taxes	26,708	0	8,594	143		35,445

Transactions with related parties

The transactions with related parties in the financial period considered are detailed in the following table:

(Thousands of Euro)	Trade	Other	Trade	Other	Costs			Revenues		
	receivables	receivables	payables	payables	Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	123	174	47	0	0	47	0	0	123	0
Total parent company	123	174	47	0	0	47	0	0	123	0
<i>Affiliated companies</i>										
Asco TLC S.p.A.	61	0	0	0	0	560	0	0	56	0
Total affiliated companies	61	0	0	0	0	560	0	0	56	0
<i>Subsidiary companies</i>										
Estenergy S.p.A.		0	0	0	0	0	0	0	5,359	0
Ascotrade S.p.A.	2,589	0	0	0	0	0	0	0	13,536	0
Blue Meta S.p.A.	530	0	0	0	0	0	0	0	3,475	0
Etra Energia S.r.l.	115	0	0	0	0	0	0	0	121	0
Ascopiave Energie S.p.A.	556	0	0	0	0	0	0	0	2,321	0
ASM Set S.r.l.	107	0	0	0	0	0	0	0	1,089	0
Cogeide S.p.A.	97	0	0	0	0	0	0	0	315	0
Total subsidiary companies	3,995	0	0	0	0	0	0	0	26,215	0
Total	4,179	174	47	0	0	608	0	0	26,393	0

Relationships deriving from the tax consolidation with Asco Holding S.p.A.:

Ascopiave S.p.A., AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A. and Asco Energy S.p.A. had joined the consolidation of tax relations held by the Parent company Asco Holding S.p.A.. The tax consolidation ceased due to the change of the reporting date of the latter, which no longer coincides with 31st December. Consequently, the current assets and liabilities refer only to previous positions.

As concerns parent companies:

The revenues recorded vis-à-vis the parent company Asco Holding S.p.A. pertain to administration, treasury management and staff services.

As concerns associates

Costs for services to the associate Asco TLC S.p.A. refer to a rental fee for the servers. Revenues from the aforementioned subsidiary derive from the contract to supply gas and electricity and from service contracts signed between the parties.

As regards affiliates:

- with Estenergy S.p.A.:
 - Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas Nord Est S.r.l.;
 - Revenues for services are connected to revenues for gas transportation and distribution services recorded by AP Reti Gas Nord Est S.r.l..
- with Ascotrade S.p.A.:
 - Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - Trade payables relate to natural gas and electricity supplies incurred by Ascopiave S.p.A. and AP Reti Gas S.p.A.;
 - Costs for goods concern the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;
 - Revenues for services are connected to revenues for gas transportation and distribution services recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..

- with Blue Meta S.p.A.:
 - o Trade receivables refer to the natural gas transportation service on the distribution network with Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - o Trade payables relate to natural gas and electricity supplies incurred by Edigas Distribuzione Gas S.p.A.;
 - o Costs for goods concern the purchase of gas and electricity incurred by Edigas Distribuzione Gas S.p.A.;
 - o Revenues for services are connected to revenues for gas transportation and distribution services recorded by Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..

- with Etra Energia S.r.l.:
 - o Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - o Revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..

- with Ascopiave Energie S.p.A.:
 - o Trade receivables refer to the natural gas transportation service on the distribution network with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - o Trade payables relate to supplies of natural gas and electricity with Ascopiave S.p.A. and AP Reti Gas S.p.A.;
 - o Costs for goods concern the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;
 - o Revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..

- with ASM Set S.r.l.:
 - o Costs for goods are related to the purchase of gas with AP Reti Gas Rovigo S.r.l.;
 - o Costs for services refer to administrative services provided to Ascopiave S.p.A.;
 - o Revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas Rovigo S.r.l..

- with Cogeide S.p.A.:
 - o Revenues for technical and engineering services for the management of water mains with CART Acqua S.r.l..

The letters of comfort on lines of credit and on gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l in liquidation as of 30th September 2022 are no longer in place (Euro 9,999 thousand as of 31st December 2021).

Furthermore:

- the economic relations between the companies of the Group and subsidiaries and associates occur at market prices and are eliminated in the process of consolidation;
- the operations performed by the companies of the Group with related parties are part of normal operations and are settled at market prices;
- with reference to the provisions of art. 150, paragraph 1 of Italian Legislative Decree no. 58 dated 24th February 1998, the members of the Board of Directors did not perform any transactions that could potentially represent a conflict of interest with the Group companies.

On 24th November 2010, the Board of Directors approved a procedure for transactions with related parties (the “Procedure”). Said Procedure governs the transactions with related parties by the Company, directly or by proxy of subsidiary companies, as set forth in Art. 2391-*bis* of the Italian Civil Code pursuant to the National Commission for Publicly Traded Companies (CONSOB) Decision no. 17221 dated 12th March 2010 and subsequent amendments.

The Procedure was implemented on 1st January 2011 and replaced the previous regulation regarding transactions with related parties, approved by the Board of Directors of the Company on 11th September 2006 (and subsequent amendments).

For the contents of the Procedure, please refer to the document, available online on the Company website at the following URL: <http://www.gruppoascopiave.it/wp-content/uploads/2015/01/Procedura-per-le-operazioni-con-parti-correlate-GruppoAscopiave-20101124.pdf>.

In order to implement correctly the Procedure, a map of all the so-called Related Parties, to which the controls and the content of the document apply, is drafted periodically. Company Directors are required to declare, when applicable, possible conflicts of interest in the performance of the afore-mentioned transactions.

Financial statements representation pursuant to Consob resolution 15519/2006

Please find below the Financial statements representation showing the effects of the transactions with related parties pursuant to Consob resolution no. 15519 dated 27th July 2006:

Consolidated assets and liabilities statement

(Thousands of Euro)	30.09.2022	of which related parties						31.12.2021	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
Assets														
Non-current assets														
Goodwill	76,684							49,272						
Other intangible assets	672,427							598,007						
Tangible assets	120,445							58,012						
Shareholdings in controlled company	471,746			471,746		471,746	100.0%	442,434		442,434		442,434	100.0%	
Shareholdings in other company	78,926							78,925						
Other non-current assets	4,610							3,604						
Non current financial assets	2,906							2,864						
Advance tax receivables	37,747							31,565						
Non-current assets	1,465,492			471,746		471,746	32.2%	1,264,683		442,434		442,434	35.0%	
Current assets														
Inventories	14,620							8,176						
Trade receivables	33,439	123	61	4,168		4,352	13.0%	26,786	41	121	18,117	18,279	68.2%	
Other current assets	50,955	174				174	0.3%	25,575	185			185	0.7%	
Current financial assets	815							908						
Tax receivables	1,754							1,621						
Cash and cash equivalents	15,465							42,538						
Current assets from derivative financial instruments	5,638							267						
Current assets	122,686	296	61	4,168		4,526	3.7%	105,871	226	121	18,117	18,464	17.4%	
Assets held for sale	35,398													
Assets	1,623,576	296	61	475,915		476,272	29.3%	1,370,554	226	121	460,551	460,898	33.6%	
Net equity and liabilities														
Total Net equity														
Share capital	234,412							234,412						
Own shares	(55,423)							(55,423)						
Reserves and result for the period	721,323							689,555						
Net equity of the Group	900,312							868,544						
Net equity of Others	41,768							39						
Total Net equity	942,079							868,505						
Non-current liabilities														
Provisions for risks and charges	1,737							1,474						
Severance indemnity	4,821							4,491						
Outstanding medium- and long-term bonds	94,074							24,181						
Medium- and long-term bank loans	244,302							161,488						
Other non-current liabilities	36,917							29,067						
Non-current financial liabilities	7,843							6,777						
Deferred tax payables	13,722							13,228						
Non-current liabilities	403,416							240,706						
Current liabilities														
Payables due to banks and financing institutions	195,258							199,631						
Trade payables	44,672	47				47	0.1%	34,401	11	60	1,110	1,180	3.4%	
Tax payables	3,584							1,284						
Other current liabilities	27,460							24,042						
Current financial liabilities	2,721							1,647						
Current liabilities from derivative financial instruments	1,989							338						
Current liabilities	275,684	47				47	0.0%	261,343	11	60	1,110	1,180	0.5%	
Liabilities held for sale	2,396													
Liabilities	681,496	47				47	0.0%	502,049	11	60	1,110	1,180	0.2%	
Net equity and liabilities	1,623,576	47				47	0.0%	1,370,554	11	60	1,110	1,180	0.1%	

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

Comprehensive consolidated income statement

(Thousands of Euro)	Nine months 2022	of which related parties						Nine months 2021	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
Revenues	120,009	123	56	26,215		26,393	22.0%	99,686			56,560		56,560	56.7%
Total operating costs	66,444	47	560		757	1,365	2.1%	50,232	35	180	1,038	1,121	2,374	4.7%
Purchase costs for other raw materials	1,659							1,195						
Costs for services	37,617	47	560		757	1,365	3.6%	28,508	35	180	1,038	1,121	2,374	8.3%
Costs for personnel	14,834							13,619						
Other management costs	12,488							7,436						
Other income	155							527						
Amortization and depreciation	33,367							26,539						
Operating result	20,199	75	(505)	26,215	(757)	25,028	162.0%	22,916	35	(180)	55,522	(1,121)	54,186	162.0%
Financial income	4,489							3,527						
Financial charges	3,670							1,479						
Evaluation of subsidiary companies with the net equity method	10,503			10,503		10,503	100.0%	10,482			10,482		10,482	100.0%
Earnings before tax	31,521	75	(505)	36,718	(757)	35,532	112.7%	35,445	35	(180)	66,004	(1,121)	64,668	123.6%
Taxes for the period	(7,090)							(3,699)						
Result for the period	24,431							31,747						
Net result of assets held for sale	861							0						
Net result for the period	25,292							31,747						
Group's Net Result	25,482							31,747						
Third parties Net Result	(190)							0						
Consolidated statement of comprehensive income														
1. Components that can be reclassified to the income statement														
Fair value of derivatives, changes in the period net of tax	3,458							369						
Fair value of derivatives relating to associated companies, changes in the period net of tax	39,961							11,697						
2. Components that can not be reclassified to the income statement														
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	410							42						
Total comprehensive income	69,121							43,855						
Group's overall net result	69,714							43,855						
Third parties' overall net result	(593)							0						
Base income per share	0.118							0.137						
Diluted net income per share	0.118							0.137						

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

Consolidated statement of cash flows

(Thousands of Euro)	Nine months 2022	of which related parties					Nine months 2021	of which related parties				
		A	B	C	D	Total		A	B	C	D	Total
Total comprehensive income	69,714						30,109					
Cash flows generated (used) by operating activities												
Adjustments to reconcile net income to net cash												
Third-parties operating result	(593)					0	0					0
Fair value of derivatives relating to associated companies, changes in the period net of tax	(39,961)					0	0					0
Changes in HA reserves for MTM derivatives	(3,458)					0	(369)					0
Variations in severance indemnity reserves	(410)					0	(42)					0
Amortization	33,367					0	26,539					0
Depreciation of fixed assets	1,157					0	584					0
Variations in severance indemnity	(590)					0	104					0
Current assets / liabilities on financial instruments	(3,721)					0	(20)					0
Net variation of other funds	(548)					0	(1,336)					0
Evaluation of subsidiaries with the net equity method	(10,503)			(10,503)		(10,503)	(10,482)			(10,482)		(10,482)
Income from shareholdings	(4,307)					0	(3,489)					0
Other changes in the income statement that do not generate cash flows	9,682					0	(1,325)					0
Interests paid	(2,347)					0	(1,372)					0
Taxes paid	(5,280)					0	(11,845)					0
Interest expense for the period	3,641					0	1,249					0
Taxes for the period	7,090					0	5,747					0
Total adjustments	(16,781)	0	0	(10,503)	0	(10,503)	3,940	0	0	(10,482)	0	(10,482)
Variations in assets and liabilities												
Inventories	(6,114)					0	(10)					0
Accounts payable	(3,343)	82	(60)	(13,949)		(13,927)	14,707	(35)	132	3,977	0	4,074
Other current assets	(12,620)	(11)				(11)	1,633	(207)				(207)
Trade payables	9,124	36	(60)	(1,110)		(1,134)	1,145	(2)	(12)	(67)		(81)
Other current liabilities	(16,652)					0	(621)					0
Other non-current assets	2,542					0	(96)					0
Other non-current liabilities	1,816					0	1,508					0
Total variations in assets and liabilities	(25,247)	107	(120)	(15,059)	0	(15,072)	18,267	(243)	119	3,910	0	3,787
Cash flows generated (used) by operating activities	27,686	107	(120)	(25,562)	0	(25,575)	52,317	(243)	119	(6,572)	0	(6,695)
Cash flows generated (used) by investments												
Investments in intangible assets	(39,205)					0	(32,976)					0
Investments in tangible assets	(6,033)					0	(450)					0
Disposal / (acquisitions) in shareholdings and advances	(101,411)					0	0					0
Dividends collected from investee companies	25,276					0	20,862					0
Cash flows generated (used) by investments	(121,373)	0	0	0	0	0	(12,564)	0	0	0	0	0
Cash flows generated (used) by financial activities												
Net changes in short-term bank borrowings	(103,552)					0	(38,185)					0
Net variation in current financial assets and liabilities	(7,850)					0	(231)					0
Purchase / Sale of own shares	0					0	204					0
Ignitions loans and mortgages	528,000					0	198,000					0
Redemptions loans and mortgages	(384,120)					0	(176,700)					0
Dividends distributed to Ascopiave S.p.A. shareholders'	(35,757)					0	(34,663)					0
Ignitions outstanding medium- and long-term bonds	69,892					0	0					0
Cash flows generated (used) by financial activities	66,613	0	0	0	0	0	(51,575)	0	0	0	0	0
Variations in cash	(27,075)	107	(120)	(25,562)	0	(25,575)	(11,823)	(0)	119	(6,572)	0	(6,695)
Cash and cash equivalents at the beginning of the period	42,539						21,902					0
Cash and cash equivalents at the end of the period	15,465						10,080					0

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

Consolidated net debt

(Thousands of Euro)	30.09.2022	Of which related parties						31.12.2021	Of which related parties						
		A	B	C	D	Total	%		A	B	C	D	Total	%	
A Cash and cash equivalents	15,465					0		42,538						0	
B Equivalent to cash and cash equivalents	0					0		0						0	
C Other current financial assets	6,453					0		1,175						0	
- of which related parties	0					0		0						0	
D Liquid assets (A) + (B) + (C)	21,917	0	0	0	0	0		43,713	0	0	0	0	0	0	
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(121,708)					0		(140,985)						0	
- of which related parties	0					0		0						0	
- of which debt instruments current part	0					0		0						0	
F Current portion of non-current financial debt	(76,271)					0		(60,631)						0	
- of which related parties	0					0		0						0	
G Current financial indebtedness (E) + (F)	(197,979)	0	0	0	0	0		(201,616)	0	0	0	0	0	0	
H Net current financial indebtedness (D) + (G)	(176,062)	0	0	0	0	0		(157,903)	0	0	0	0	0	0	
I Non-current financial debt (excluding the current portion and debt instruments)	(346,218)					0		(192,447)						0	
J Debt instruments	0					0		0						0	
K Trade payables and other non-current payables	0					0		0						0	
L Non-current financial indebtedness (I) + (J) + (K)	(346,218)	0	0	0	0	0		(192,447)	0	0	0	0	0	0	
M Net financial indebtedness (H) + (L)	(522,280)	0	0	0	0	0		(350,350)	0	0	0	0	0	0	

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

The values reported in the tables above refer to the related parties listed below:

Group A - Parent companies:

- Asco Holding S.p.A.

Group B - Associates:

- Asco TLC S.p.A.

Group C - Affiliates and Jointly controlled companies:

- Estenergy S.p.A. (Group), affiliate

Group D - Other related parties:

- Board of Directors
- Auditors
- Strategic managers

Significant events subsequent to the end of the first nine months of 2022

Romeo Gas S.p.A. spin-off project

On 1st October 2022, the partial spin-off of Romeo Gas S.p.A. to Adistribuzione S.p.A. (ACEA Group), commenced on 27th July 2022, was finalised. As a consequence, the shareholding structure and the share capital of the company changed, and the stake of Ascopiave S.p.A. in Romeo Gas S.p.A. rose to 80.293%. As explained in the relevant paragraph of section “Significant events during the first nine months of 2022”, for the purposes of identifying the demerged complex and calculating the adjustments, the value of the shareholders’ equity as of 1st April 2022 of the company to be demerged was taken as reference, to be compared to the value of the shareholders’ equity of the demerged assets on the effective date of the demerger, defined by the algebraic sum of the accounting balances of the assets pertaining to the demerged complex.

Merger by acquisition of Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A. into EstEnergy S.p.A.

With effect from 1st October 2022, the companies Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A., operating in the sale of gas and electricity, were merged by acquisition into EstEnergy S.p.A..

Amendment to the annual schedule of corporate events, pursuant to article 2.6.2, Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A.

On 6th October 2022 Ascopiave S.p.A. announced that the Board of Directors for the approval of the Interim report for the period ended 30th September 2022 was to meet on 3rd November 2022, and not on 10th November 2022 as initially scheduled, and that the presentation to analysts, initially planned for 11th November 2022, was rescheduled for 3rd November 2022.

Goals and policies of the Group

As for the natural gas distribution segment, the Group intends to enhance its portfolio of concessions, aiming to maintain the management of the service in the territorial areas in which it boasts a significant presence, and to expand its activities to other fields, with the goal of increasing its market share and strengthening its local leadership. The Group also intends to capitalise on its investment in renewable sources by strengthening its presence in this sector, consistent with the 2021-2025 strategic plan approved during the first quarter of the year.

As for the gas and electricity sale segment, in 2019 Ascopiave launched a business partnership with the Hera Group through joint participation in Estenergy, the parent company of a Group boasting over one million energy customers, a primary entity in Northern-Eastern Italy. Ascopiave intends to continue the partnership, while relying on the possibility of exercising the sale option on its stakes should it need to finance new investment opportunities in sectors that the Group considers more interesting, as indicated in the 2021-2025 strategic plan approved and presented to the market on 31st January 2022.

Pieve di Soligo, 3rd November 2022

The Chairman of the Board of Directors
Nicola Ceconato

DECLARATION

(Translation from the original issued in Italian)

CERTIFICATION OF THE QUARTERLY REPORT as of 30th September 2022

Pursuant to Article 154-bis paragraph 2, part IV, section III, sub-section II, heading V-bis, Legislative Decree n. 58, dated 24th February 1998: Consolidated Law on Finance compliant with Articles 8 and 21, Law 52 dated 6th February 1996

The undersigned, dr. Riccardo Paggiaro, in his position as Manager Designate for preparing the financial and company documents of Ascopiave S.p.A. herein declares, to the best of his knowledge, pursuant to the provisions of Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting information stated in the Quarterly Report as of 30th September 2022 tallies with the documental results, book-keeping entries and the accounting records.

Pieve di Soligo, 3rd November 2022

Ascopiave S.p.A.
dr. Riccardo Paggiaro

Gruppo Ascopiave

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