

# HALF-YEARLY FINANCIAL REPORT

# 2023

Ascopiave Group



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Attachments:

- Declaration of the Manager in Charge - Attestation to the Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971;
- Independent auditors' report on the limited audit of the condensed half-yearly financial statements as at 30 June 2023.

## GENERAL INFORMATION

### Corporate bodies and 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	18/04/2023
Pietrobon Greta	Indipendet Director	2020-2022	29/05/2020	18/04/2023
Quarello Enrico	Directors	2020-2022	29/05/2020	18/04/2023
Bet Roberto	Directors	2020-2022	29/05/2020	18/04/2023
Geronazzo Marachiara	Indipendet Director	2020-2022	29/05/2020	18/04/2023
Vecchiato Luisa	Indipendet Director	2020-2022	29/05/2020	18/04/2023
Novello Cristian	Indipendet Director	2020-2022	29/05/2020	18/04/2023
Cecconato Nicola	Chairman of the Board of Directors and CEO*	2023-2025	18/04/2023	Approval of budget 2025
Pietrobon Greta	Directors	2023-2025	18/04/2023	Approval of budget 2025
Quarello Enrico	Directors	2023-2025	18/04/2023	Approval of budget 2025
Novello Cristian	Directors	2023-2025	18/04/2023	Approval of budget 2025
Monti Federica	Indipendet Director	2023-2025	18/04/2023	Approval of budget 2025
Vecchiato Luisa	Indipendet Director	2023-2025	18/04/2023	Approval of budget 2025
Zoppas Giovanni	Indipendet Director	2023-2025	18/04/2023	Approval of budget 2025

On 18 April 2023, the Ordinary Shareholders' Meeting appointed the new Board of Directors.

Name	Office	Duration of office	From	To
Salvaggio Giovanni	President of the Board of Auditors	2020-2022	29/05/2020	18/04/2023
Moro Barbara	Statutory Auditor	2020-2022	29/05/2020	18/04/2023
Biancolin Luca	Statutory Auditor	2020-2022	29/05/2020	18/04/2023
Salvaggio Giovanni	President of the Board of Auditors	2023-2025	18/04/2023	Approval of budget 2025
Moro Barbara	Statutory Auditor	2023-2025	18/04/2023	Approval of budget 2025
Biancolin Luca	Statutory Auditor	2023-2025	18/04/2023	Approval of budget 2025

On 18 April 2023, the Ordinary Shareholders' Meeting appointed the new Board of Statutory Auditors.

#### 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 Marachiara	08/06/2020	Approval of budget 2022	Vecchiato Luisa	08/06/2020	Approval of budget 2022
Novello Cristian	11/05/2023	Approval of budget 2025	Vecchiato Luisa	11/05/2023	Approval of budget 2025
Monti Federica	11/05/2023	Approval of budget 2025	Novello Cristian	11/05/2023	Approval of budget 2025
Vecchiato Luisa	11/05/2023	Approval of budget 2025	Pietrobon Greta	11/05/2023	Approval of budget 2025

*Auditing Company*

PriceWaterhouseCoopers S.p.A.

*Registered office and company data*

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## Ascopiave Group Key Economic and Financial Data

### Economic Data

(Thousands of Euro)	First half			
	2023	% of revenues	2022	% of revenues
Revenues	83,897	100.0%	81,420	100.0%
Gross operative margin	38,182	45.5%	35,953	44.2%
Operating result	14,498	17.3%	14,392	17.7%
Result for the period	13,473	16.1%	22,595	27.8%
Net result for the period	13,529	16.1%	23,153	28.4%

It should be noted that EBITDA is defined as earnings before depreciation, amortisation, bad debts, financial management and taxes.

### Balance Sheet Data

(Thousands of Euro)	30.06.2023	31.12.2022
Net working capital	69,082	(17,005)
Fixed assets and other non current assets	1,345,863	1,378,338
Non-current liabilities (excluding loans)	(63,807)	(63,073)
<b>Net invested capital</b>	<b>1,351,138</b>	<b>1,298,260</b>
Net financial position	(500,569)	(411,857)
Total Net equity	(850,569)	(886,403)
<b>Total financing sources</b>	<b>(1,351,138)</b>	<b>(1,298,260)</b>

Please note that 'net working capital' is the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (within 12 months) and other current liabilities.

### Monetary flow data

(Thousands of Euro)	First half	
	2023	2022
<b>Total comprehensive income</b>	<b>(942)</b>	<b>43,046</b>
Cash flows generated (used) by operating activities	(41,740)	29,279
Cash flows generated/(used) by investments	(16,714)	(103,918)
Cash flows generated (used) by financial activities	(3,724)	42,780
<b>Variations in cash</b>	<b>(62,178)</b>	<b>(31,859)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>76,917</b>	<b>42,539</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>14,739</b>	<b>10,680</b>

## MANAGEMENT REPORT

### Foreword

The Ascopiave Group closed the first half of FY2023 with a consolidated net profit of €13.5 million (€23.2 million as at 30 June 2022), a decrease of €9.6 million compared to the same period of the previous year.

Consolidated shareholders' equity as at 30 June 2023 amounted to EUR 850.6 million (EUR 886.4 million as at 31 December 2022), and net invested capital to EUR 1,351.1 million (EUR 1,298.3 million as at 31 December 2022).

During the first half of the year, the Group made investments of €34.2 million (€26.8 million in the first half of 2022), mainly in the installation of electronic meters, as well as in the development, maintenance and modernisation of gas distribution networks and plants for €25.1 million (€22.7 million in the first half of 2022). At the end of the reporting period, investments were made in plants for the production of energy from renewable sources for €8.4 million.

It should be noted that the Estenergy Group's and Cogeide S.p.A.'s share of the economic results of the Group is recognised in the item 'Net result of companies consolidated using the equity method'.

### Activities

The Ascopiave Group operates mainly in the natural gas distribution sector. It currently holds concessions and direct entrusting for the management of gas distribution in 304 municipalities, operating a distribution network that extends over approximately 14,660 kilometres and providing the service to approximately 874,500 users.

The Group also operates in the renewable energy sector, in particular, in the hydroelectric, wind and photovoltaic sectors. Currently, the Group operates 28 power generation plants from renewable sources with a total installed capacity of 62.5 MW.

The Group also operates in cogeneration and heat management, as well as in the water sector, being a shareholder and technological partner of the company Cogeide, which manages the integrated water service in 15 municipalities, serving a basin of over 100,000 inhabitants through a network of 880 km.

### Strategic Objectives

The Ascopiave Group proposes to pursue a corporate strategy focused on creating value for its stakeholders, maintaining levels of excellence in the quality of services offered, respecting the environment and enhancing the social instances that characterise the context in which it operates.

To this end, it intends to consolidate its leadership position in the gas sector at a regional level and aims to achieve significant positions also at a national level, taking advantage of the liberalisation process currently underway. The main guidelines of its development strategy are dimensional growth, diversification into other sectors of the energy sector synergic with the core business, and the improvement of operational processes.

### Operating performance

The volumes of gas distributed through the networks managed by the Group amounted to 813.5 million cubic metres, with a decrease of 8.1% compared to the same period of the previous year, mainly related to the continuation of relatively mild temperatures in the first half of the year.

The distribution network as at 30 June 2023 had a length of 14,662 kilometres, an increase of 73 kilometres compared to 31 December 2022.

The 28 plants producing electricity from renewable energy sources, with a total installed capacity of 62.5 MW, produced 71.2 GWh during the first half of the year, showing an increase of 65.1% compared to the same period of the previous year. Even the production of the first half of 2023, despite the improvement in comparison, was heavily affected by the significant drought experienced during the period.

### Economic results and financial situation

Consolidated revenues for the first half of 2023 amounted to EUR 83.9 million, compared to EUR 81.4 million in the first half of the previous year.

The Group's operating profit amounted to EUR 14.5 million, an increase of EUR 0.1 million compared to the first half of the previous year.



The consolidated net profit of EUR 13.5 million showed a decrease of EUR 9.6 million compared to the first half of the previous year.

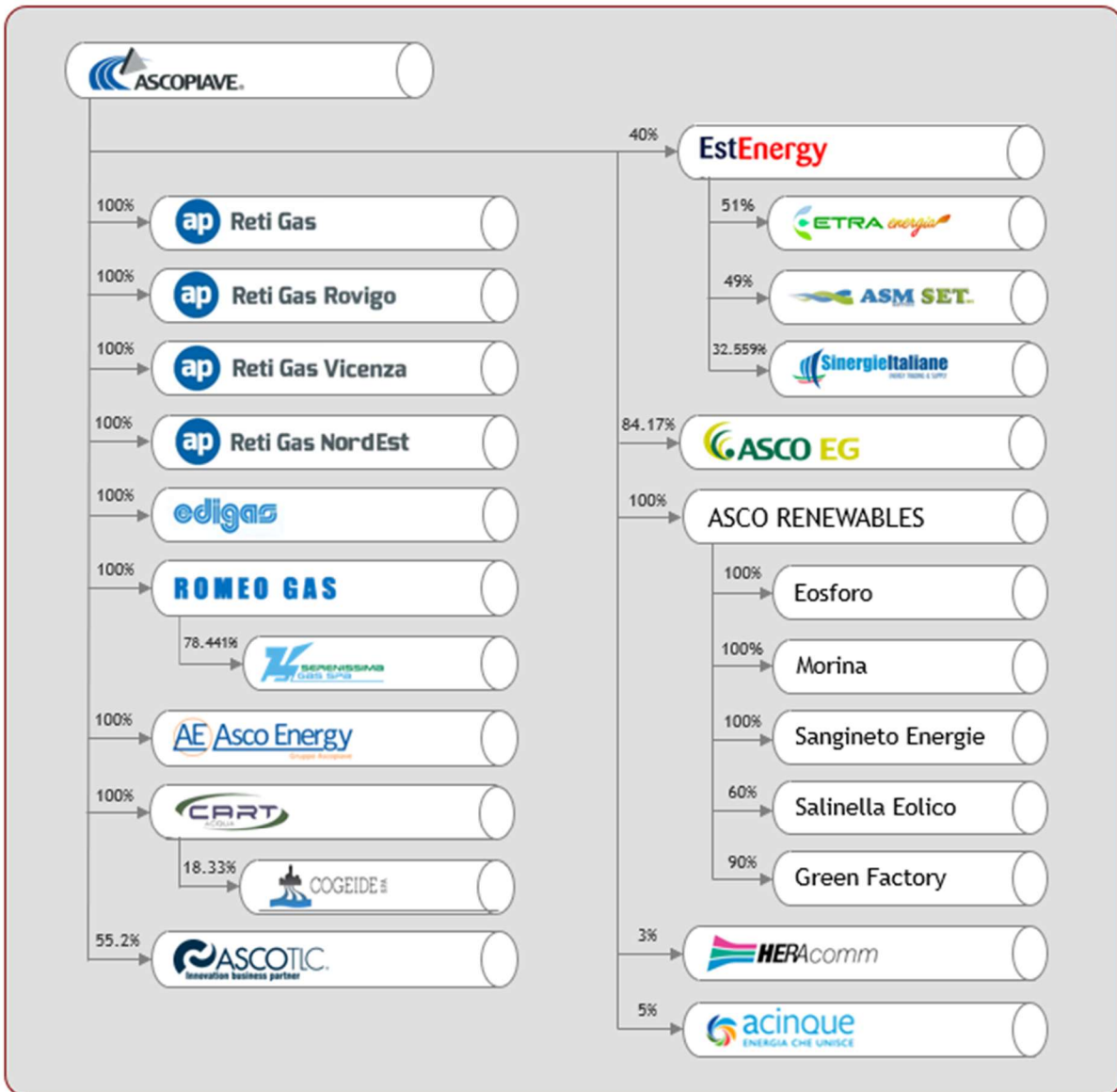
The Group's Net Financial Position as of 30 June 2023 was EUR 500.6 million, up EUR 88.7 million from EUR 411.9 million as of 31 December 2022.

The increase in financial debt is determined by the cash flow for the year (given by the sum of the net result and amortisation, depreciation and write-downs), which generated resources of €28.1 million, by the management of net working capital, which absorbed financial resources of €68.7 million from investment activities, which led to an outlay of €43.9 million, from asset management (mainly dividends and treasury shares), which absorbed resources of €5.8 million, and from the company acquisitions completed, which led to a reduction in the net financial position of €1.6 million.

The ratio of Net Financial Position to Shareholders' Equity as at 30 June 2023 was 0.59 (0.55 as at 30 June 2022).

## The structure of the Ascopiave Group

The following table shows the corporate structure of the Ascopiave Group as at 30 June 2023.



## Gas distribution

Following the closing of the partnership between Ascopiave S.p.A. and the Hera Group, which took place on 19 December 2019, natural gas distribution represents the core business of the Group's activities in terms of its contribution to the formation of the operating result.

It is an activity carried out under a concession or direct award and, as such, is subject to strong regulation by the public authority, both with regard to minimum standards of management and quality and to tariff levels.

As is well known, Legislative Decree No. 164/2000 introduced the obligation to assign the gas distribution service by means of a public tender, on the assumption that a competitive mechanism for the selection of the operator should favour a containment of costs for the end customer, an efficient development of the plants and an improvement in the quality of the service provided.

Decree Law 159/2007 (Law 222/2007) introduced, for the first time, the concept of the Minimum Territorial Area (Ambito territoriale Minimo - Atem) for the management of the service, establishing that tenders must be announced with reference to it. The tender for Atem was definitively assumed as the basic rule of the sector with Legislative Decree 93/2011, which, among other things, sanctioned, as of June 2011, the prohibition of tenders referring to individual municipalities, imposing the obligation to proceed exclusively with tenders for Atem.

Partly as a consequence of this, the majority of industry analysts expect a strong concentration of supply in the medium term, with a reduction in the number of operators and an increase in their average size.

As of 2011, the regulation of the Minimum Territorial Area tenders was further defined and specified with the issuance of several ministerial decrees. In particular:

- With the Decree of the Ministry of Economic Development dated 19 January 2011, issued in agreement with the Ministry for Relations with the Regions and Territorial Cohesion, the Minimum Territorial Areas were identified for the holding of tenders for the entrusting of the gas distribution service;
- By a subsequent Decree dated 18 December 2011 (the so-called Area Decrees), the municipalities belonging to each area were identified;
- With the Decree of the Ministry of Economic Development and the Ministry of Labour and Social Policies of 21 April 2011 (the so-called Employment Protection Decree), provisions were dictated to govern the social effects connected to the new assignments of gas distribution concessions in the implementation of Paragraph 6 of Article 28 of Legislative Decree No. 164 of 23 May 2000;
- Decree of the Ministry for Economic Development No. 226 of 12 November 2011 (the so-called Benchmarks Decree), subsequently supplemented by Ministerial Decree 106/2015, approved the regulations on the tender benchmarks and for the evaluation of offers for the entrusting of the gas distribution service.

The enactment of these regulations has helped to give certainty to the competitive environment, laying the groundwork for the market-opening process, which began with the transposition of the European directives, to actually produce the desired benefits.

The Ascopiave Group has substantially welcomed the new legal and regulatory framework, as it is suitable for fostering important investment and development opportunities for qualified medium-sized operators, with a view to the positive rationalisation of supply.

At the end of 2013, with Decree-Law No. 145 of 23 December 2013, converted with amendments into Law No. 9/2014, the Legislator made substantial changes to Article 15, paragraph 5 of Legislative Decree 164/2000 on the subject of determining the reimbursement value of the plants due to the outgoing operator at the end of the so-called "Transitional Period".

June 2014 saw the entry into force of the Decree of the Ministry of Economic Development containing the "Guidelines on Benchmarks and Application Procedures for the Valuation of the Reimbursement Value of Natural Gas Distribution Plants", which, although formally aimed at explaining the benchmarks for the valuation of the plants set forth in Article 5 of Ministerial Decree 226/2011, substantially dictates a wholly peculiar discipline, only minimally implementing the same Article 5. (in its original version, in force at the time the Guidelines were issued).

Subsequently, with Decree-Law 91/2014, converted with amendments into Law 116/2014, a further substantial amendment was made to the same Article 15, paragraph 5 of Legislative Decree 164/2000. The contents of the amended text and its evolution are reported in the paragraphs "National Legislation" and "Group Objectives and Policies and Description of Risks" of this financial report.

Lastly, in mid-2015, the Decree of the Ministry for Economic Development No. 106 of 20 May 2015 intervened, amending the previous Ministerial Decree No. 226/2011, reformulating Article 5, concerning the benchmarks for the valuation of plants. The new regulatory provision, in essence, "transferred" the discipline of the Guidelines (cited above) into the text, i.e., in a nutshell, it made the latter provision compatible with the provision (the Guidelines) that should have been its specification/punctualisation.

## The legal framework

### Natural gas distribution sector

**Resolution 29 December 2022 736/2022/R/gas** - Update of tariffs for gas distribution and metering services, for the year 2023 The measure approves the compulsory tariffs for natural gas distribution, metering and marketing services, as per Article 42 of the RTDG, the different gas tariff options, as per Article 69 of the RTDG, and the bi-monthly advance equalisation amounts for the natural gas distribution service, as per Article 47 of the RTDG, for the year 2023. The maximum amount of the recognition of higher charges resulting from the presence of concession fees, as per Article 59 of the RTDG, for distribution companies that have submitted a request and provided appropriate documentation, is approved.

**Resolution 29 December 2022 737/2022/R/gas** - Infra-period update of the tariff regulation of gas distribution and metering services for the three-year period 2023-2025. Approval of the RTDG for the three-year period 2023-2025 and amendments to the Standard Network Code for the gas distribution service. The measure approves the new version of the Gas Distribution and Metering Service Tariffs Regulation (RTDG) for the three-year period 2022-2025, downstream of the changes regarding the definition of the standard costs of electronic metering groups, parametric recognition of the costs of telemanagement/telemetry systems and concentrators, recognition of the residual value of first-time smart meters decommissioned early, determination of the down payment to cover the costs of metrological inspections, mitigation measures resulting from reductions in redelivery points, transposition of the provisions of the Prime Ministerial Decree dated 29 March 2022 and Law 118/2022.

**Resolution of 31 January 2023 23/2023/R/com** - Implementation of the provisions of Article 1, paragraph 18, of Law no. 197 dated 29 December 2022 concerning the recognition of social bonuses for electricity and gas for economic hardship, for the year 2023 The measure defines the procedures for the recognition of social bonuses for the first quarter of 2023 in implementation of the Budget Law 2023.

**Resolution 60/2023/R/gas of 21 February 2023** - Procedures for collecting the data necessary for the distribution of the CIND equalisation component within the metering service for points equipped with class G4 and G6 smart meters in the natural gas sector. The measure defines the procedures for collecting the data necessary for the distribution of the CIND equalisation component as part of the metering service for points equipped with class G4 and G6 smart meters in the natural gas sector and, in particular, the data that distribution companies must make available annually to CSEA and the Authority.

**Resolution No. 134/2023/R/com of 30 March 2023** - Update, as of 1 April 2023, of the tariff components intended to cover general charges and other items of the electricity and gas sectors. Provisions regarding the TIVG. Urgent measures regarding the electricity and gas bonus. Provisions to the Energy and Environmental Services Fund (Cassa per i servizi energetici e ambientali). Amendments to the RTDG. The measure updates the general electricity and gas charges and social bonuses for Q2 2023.

**Resolution No. 138/2023/R/gas of 30 March 2023** - Procedures for the return of advances of amounts recognised under the default compensation mechanisms for the transportation default service, the distribution default service and the service of last resort supply referred to in Authority Resolution No. 639/2022/R/gas The measure defines the procedures

for the repayment of advances of the amounts recognised within the compensation mechanisms for delinquency charges provided for each service of last resort gas.

**Resolution dated 11 April 2023 156/2023/R/gas** - Determination of the definitive reference tariffs for gas distribution and metering services for the year 2022 The measure determines the definitive reference tariffs for the year 2022, based on the provisions of Article 3(2) of the RTDG

**Resolution dated 18 April 2023 170/2023/R/gas** - Provisions in connection with the determination of economic items for the years 2022 and 2023 and the adjustment fees for the 2021 annual adjustment session. Provisions to the Energy and Environmental Services Fund. The measure provides for the extension of the economic compensation envisaged by Resolution 688/2022/R/gas to the periods between January - September 2022 and April - September 2023, as well as the authorisation for Snam Rete Gas S.p.A. to proceed with the redetermination of the deviation fees with reference to the annual adjustment session for the year 2021.

**Resolution dated 16 May 2023 207/2023/R/gas** - Determination of provisional reference tariffs for gas distribution and metering services for the year 2023, redetermination of bimonthly advance equalisation amounts for the natural gas distribution service for the year 2023 and redetermination of definitive reference tariffs for the year 2022 The measure approves the provisional reference tariffs for gas distribution and metering services for the year 2023;

**Resolution 06 June 2023 249/2023/R/gas** - Provisions on the procedure for the adoption of measures concerning conditions for access to the natural gas distribution service. Reform of the Standard Network Code. The measure renews the procedure for updating the CRDG initiated with Resolution 465/2017/R/gas and mandates the DMRT Director in collaboration with the DIEU Director for the development of the procedural, administrative and organisational fulfilments necessary for the continuation and advancement of the planned activities

**Resolution 20 June 2023 268/2023/E/gas** - Approval of five inspections of natural gas distribution companies, regarding service security recoveries The measure approves the programme of five inspections of natural gas distribution companies regarding service safety recoveries

**Resolution 292/2023/R/gas of 27 June 2023** - Initiation of proceedings for the definition of changes to the rules applicable to services of last resort in the natural gas sector, as from 1 October 2023

## Renewable energy production sector

In order to finance measures aimed at curbing the increase in energy prices, the Italian government introduced extraordinary levies from energy operators, including the following:

- ✓ by Article 37 of Law Decree No. 21 of 21 March 2022 ('Energy Decree'), which aims to tax the extra profits made by energy companies as a result of the increase in raw material costs. This measure was also extended for the year 2023 (Law No. 197/2022 'Budget Law 2023'). The latter measure redefined the calculation mechanism as well as the percentage to be applied to the so-called 'extra profits' as a contribution;
- ✓ Article 15-bis of Law No. 25 of 28 March 2022 (conversion of Decree-Law No. 4 of 27 January 2022 - "Support Decree-ter"), applicable only to the energy produced by plants not operating under the incentive regime and providing for the payment to the GSE of revenues in excess of the sales made at a price above the reference price of €58/MWh (a value for plants operated by the Group) for the period between 1 February 2022 and 31 December 2022. Decree-Law no. 115 of 9 August 2022 - DL Aiuti-bis (converted by Law no. 142 dated 21 September 2022) then extended the application of the mechanism until 30 June 2023 without any substantial changes (ARERA will have to define the new timelines applicable to 2023). With the publication of Resolution No. 266/2022/R/EEL dated 21 June by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA), GSE communicated the plants falling within the scope of application of Article 15-bis of Decree-Law No. 4 of 27 January 2022. It should be noted that this regulation was the subject of an appeal to the Lombardy

Regional Administrative Court (TAR) with Sentence 2676/22, which had annulled ARERA's Resolution 266/2022, as well as the GSE's Technical Rules for calculating the amounts in application of the envisaged mechanism. This annulment was based on the Resolution's non-compliance with the relevant European regulations. ARERA and GSE then filed an appeal against the TAR rulings; the hearing on the merits has been set by the Council of State for 5 December 2023. In the meantime, the fulfilments related to ARERA Resolution 266/2022 remain suspended, pending the Council of State's ruling.

**Veneto Regional Law no. 24 of 04 November 2022** - Provisions concerning concessions for large water derivations for hydroelectric use in implementation of Article 12 of Legislative Decree no. 79 of 16 March 1999, 'Implementation of Directive 96/92/EC laying down common rules for the internal market in electricity'. The Veneto Region enacted the law regulating the granting of concessions for large derivations for hydroelectric use, i.e. for concessions with a nominal capacity of 3 MW or more. The law establishes that the works intended for hydroelectric use (the so-called 'wet works') pass, at the end of the concession, to the Veneto Region, which will also define the management method (entrusting by public tender, entrusting to companies with mixed public and private capital). In addition, Article 13 of Regional Law No. 24 establishes the amount of the fees due, starting from the year following the entry into force of this Law, by the holders of large derivation concessions, equal to a minimum of €40/kW of concession power as a fixed fee and a minimum of 5% of normalised revenues as a variable fee.

Law No. 118/2022 ('Competition Law 2021'). The national legislation has introduced specifications that the procedures for awarding large derivation concessions must consider, such as:

- ✓ be based on competitive, fair and transparent parameters, taking into account the economic valorisation of rents, infrastructure improvements and rehabilitation;
- ✓ provide the incoming concessionaire with adequate compensation, within the limits of what has already been paid to the outgoing concessionaire;
- ✓ define the duration of the concession on the basis of economic benchmarks based on the size of the proposed investments;
- ✓ determine the environmental and territorial compensation measures to the territories of the municipalities affected by the presence of the works.

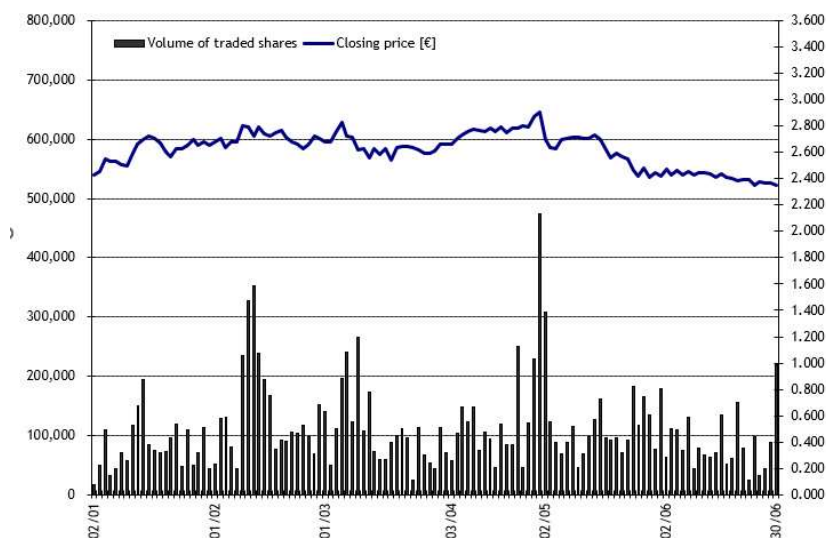
This Law also introduced the obligation for the Regions and Autonomous Provinces to initiate the procedures for the assignment of large derivation concessions by 31 December 2023, while extending the deadline for the continuation of concessions that had already expired before the assignment to 27 August 2025, compared to the date of 31 December 2024 previously in force. The Group holds one large derivation concession that has expired as of today.

**Lombardy Region Decree dated 12 April 2023** - the decree herein establishes the amount of the fixed component of the state fee for the use of public water as 107.53 €/Kw, to be applied on the concession power, following an update on the basis of the variation in the ISTAT index.

## Ascopiave S.p.A. share price performance on the stock exchange

As of 30 June 2023, the Ascopiave share price was quoted at EUR 2.355 per share, a decrease of 3.1 percentage points compared to the price at the beginning of 2023 (EUR 2.430 per share, referred to 2 January 2023).

Market capitalisation as at 30 June 2023 was EUR 552.04 million<sup>1</sup> (EUR 564.19 million as at 31 December 2022).



During the first half of the financial year 2023, the share price deteriorated (-3.1%). During the same period, the FTSE Italia All Share and FTSE Italia Star indices increased by 15.7% and 2.2%, respectively. The FTSE Italia Utilities sector index recorded an increase of 16.0%.

The following table shows the main share and stock market data as at 30 June 2023:

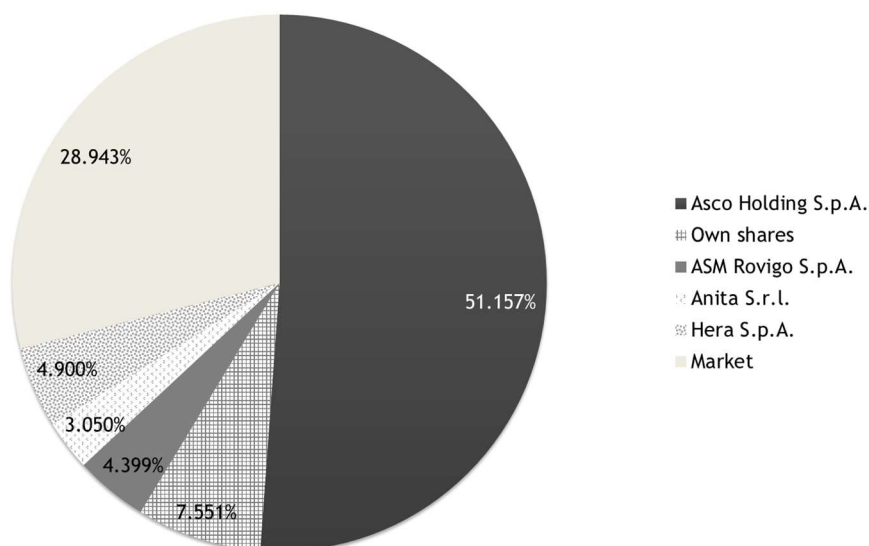
Share and stock-exchange data	30.06.2023	30.06.2022
Earning per share (Euro)	0.07	0.11
Net equity per share (Euro)	3.83	4.04
Placement price (Euro)	1.800	1.800
Closing price (Euro)	2.355	2.885
Maximum annual price (Euro)	2.910	3.630
Minimum annual price (Euro)	2.355	2.885
Stock-exchange capitalization (Million of Euro)	552.04	680.55
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

<sup>1</sup> The stock market capitalisation of the main listed companies active in the local public services sector (A2A, Acea, Acinque, Hera and Iren) as at 28 February 2023 was EUR 13.7 billion. Official data taken from the Borsa Italiana website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

## Control of the company

As of 30 June 2023, Asco Holding S.p.A. directly controlled the majority of Ascopiave S.p.A.'s capital as shown in the chart below.

The shareholding composition of Ascopiave S.p.A. (number of shares held by shareholders out of the total number of shares constituting the share capital) is as follows:



Internal processing on information received by Ascopiave S.p.A. pursuant to Article 120 of the Consolidated Law on Finance and based on information in the company's possession.



## Corporate Governance and Code of Ethics

During the first half of 2023, Ascopiave S.p.A. continued along the path of developing the corporate governance system set up in previous years, strengthening the risk management system and making further improvements to the tools aimed at protecting investors' interests.

### Internal Control

The activity plan of the Internal Audit Manager is approved annually by the Board of Directors of the Company. In particular, the audit activities framed in the aforementioned activity plan, based on a prioritisation process of the main risks, concern both compliance areas and the corporate processes referable to the *business* areas considered most strategic.

### Manager in charge

The Manager in charge, with the help of the Head of Internal Auditing and the Compliance Function, reporting to the Legal and Corporate Affairs Department, reviewed the adequacy of administrative and accounting procedures as part of his verification activities, and continued to monitor and update the procedures deemed relevant for the purposes of compiling financial information. For this purpose, the Company is equipped with continuous auditing tools, which allow for the automation of control procedures.

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

Ascopiave S.p.A. and most of its subsidiaries are equipped with an Organisation, Management and Control Model, updated by the Board of Directors on 11 November 2021; they have adhered to the Code of Ethics of the parent company Ascopiave. On 10 September 2021, the Board of Directors of Ascopiave S.p.A. approved an update to the Code of Ethics of the Ascopiave Group.

The Company, availing itself of the activity of the Supervisory Board, constantly monitors the effectiveness and adequacy of the Model adopted. Ascopiave S.p.A. approved the "Procedure for the management of Reports by the Ascopiave Group", adopted by all the Group's subsidiaries and an integral part of Model 231 (attachment 3 of Model 231). Reports are managed by a 'Reporting Committee'. The Company has also continued its activities to promote, raise awareness and understanding of the Code of Ethics among all its interlocutors, especially in the context of commercial and institutional relations. Please note that Model 231 and the Code of Ethics are available in the *corporate governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

## Transactions with related and associated parties

The Group has the following transactions with related parties:

- ✓ Administrative services from the parent company Asco Holding S.p.A..

The Group has the following transactions with related parties:

- ✓ Administrative and personnel services from Ascopiave S.p.A. with the parent company Asco Holding S.p.A..

During the first half of the financial year 2023, relations with affiliated companies generated revenues in connection with the following types of services:

- ✓ Natural gas transport service on local distribution network;
- ✓ Meter services performed as natural gas distributors and meter reading services;
- ✓ Administrative, IT, personnel and facility services.

It should be noted that these relations are based on the utmost transparency and on market conditions; please refer to the explanatory notes of this report for details on the individual relations.

The following table shows the economic and financial substance of the relationships already described:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Revenues			Costs			
					Goods	Services	Other	Goods	Services	Other	
Asco Holding S.p.A.	89	184	34	0	0	89	0	0	0	34	0
<b>Total parent company</b>	<b>89</b>	<b>184</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>0</b>
Bim Piave Nuove Energie S.r.l.	151	0	9	0	0	151	0	0	0	9	0
<b>Total affiliated companies</b>	<b>151</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>151</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>0</b>
ASM Set S.r.l.	0	0	0	0	0	(2,005)	0	0	0	0	0
Etra Energia S.r.l.	0	0	0	0	0	(193)	0	0	0	0	0
Estenergy S.p.A.	106	0	0	0	0	(41,335)	0	0	0	0	0
<b>Total subsidiary companies</b>	<b>107</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(43,533)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>347</b>	<b>184</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>(43,293)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>0</b>

## Significant events during the first half of the financial year 2023

### Shareholders' agreements - updating of voting rights

On 7 January 2023, pursuant to the laws and regulations in force, an updated version of the key information relating to the shareholders' agreement signed on 16 March 2020 was published in the *Corporate Governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it). This update exclusively concerns the change in the number of voting rights held by some of the peaceful shareholders as a result of the intervening increase in voting rights, as last communicated by Ascopiave on 6 May 2022.

Pursuant to Articles *65-quinquies*, *65-sexies* and *65-septies* of the Issuers' Regulations, the document is available to the public at the company's registered office, at Borsa Italiana S.p.A., on Teleborsa S.r.l.'s authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)), and in the *Corporate Governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

### Completed the closing of the rationalisation of gas distribution concessions between Ascopiave and Iren

On 31 January 2023, Ascopiave and Iren finalised the transaction for the rationalisation of certain assets within the natural gas distribution service (see press release of 25 November 2022), following the fulfilment of the contractual conditions precedent.

In particular, the operation provided for:

- i) the transfer by the Ascopiave Group to the Iren Group of the entire share capital of Romeo 2 S.r.l., a company newly incorporated by the Ascopiave Group, into which the branches of business related to the management of the concessions of the Savona 1 and Vercelli ATEMs owned by Edigas S.p.A., a company of the Ascopiave Group, for about 19,000 PDR were previously transferred;
- ii) the sale by the Iren Group in favour of Ascopiave of its 19.7% stake in the capital of Romeo Gas S.p.A., a company that holds, directly and through its subsidiary Serenissima Gas S.r.l., concessions in Northern Italy for a total of 126,000 PDR;
- iii) the renunciation by the Iren Group to acquire from Romeo Gas S.p.A. the business units related to the management of the concessions in the Piacenza 1 and Pavia 4 ATEMs;
- iv) the sale by Romeo Gas S.p.A. in favour of the Iren Group of the business units related to the management of the concessions of the Parma and Piacenza 2 ATEMs with about 3,200 RDCs;
- v) the waiver of the right to acquire from the A2A Group the business unit related to the management of the gas transportation network located in the province of Pavia currently held by Retragas, the latter upon fulfilment of the condition for the acquisition (i.e. the prior reclassification from transportation network to distribution network); the acquisition from Retragas will therefore be completed by the Ascopiave Group.

Overall, the asset rationalisation transaction entailed the recognition of a monetary adjustment of €3.6 million in favour of the Ascopiave Group based on the different expected profitability. The transaction highlights the desire of the two companies to rationalise their gas distribution concessions by pursuing their strategic plan based on the territorial continuity of the assets.

### Strategic Plan 2022-2026

On 9 February 2023, the Board of Directors approved the Group's Strategic Plan 2022-2026.

The plan confirms the strategic directions set out in the plan approved in 2022, outlining a sustainable growth path in the core businesses of gas distribution and renewable energies, and in new business areas.

Development will take place under conditions of a balanced financial structure, ensuring a remunerative dividend distribution.

Economic and financial highlights:

- ✓ EBITDA to 2026: EUR 133 million (+ EUR 55 million compared to 2022);
- ✓ Net profit to 2026: EUR 41 million (+ EUR 9 million compared to 2022);
- ✓ Net investments 2022-2026: EUR 873 million;
- ✓ Divestments of minority interests 2022-2026: EUR 497 million;
- ✓ Net debt to 2026: EUR 373 million;
- ✓ Financial leverage (Net Financial Position / Shareholders' Equity) to 2026: 0.40;

- ✓ Dividend forecast: 13 cents per share for the financial year 2022, increasing by 1 cent per share in the following years until 2026.

The plan presents a scenario that makes the most of the Group's possible award of certain tenders for gas distribution services in minimum territorial areas of interest. This opportunity, which depends, among other things, on the actual timing of the publication of calls for tenders, entails an estimated further growth in EBITDA to 2026 of EUR 21 million and an increase in investment volume of EUR 220 million.

#### **Adjustment of annual calendar of corporate events, pursuant to Article 2.6.2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A**

On 23 February 2023, Ascopiave S.p.A. announced that the Board of Directors' meeting to approve the draft financial statements and consolidated financial statements for the year ended 31 December 2022, initially scheduled for 9 March 2023, was held on 7 March 2023, and that the Analyst Presentation, initially scheduled for 9 March 2023, was held on 7 March 2023. In addition, Ascopiave S.p.A. informed that the Board of Directors Meeting for the approval of the Half-Yearly Report as at 30 June 2023, initially scheduled for 3 August 2023, will be held on 27 July 2023, and that the Analyst Presentation, initially scheduled for 4 August 2023, will be held on 27 July 2023.

#### **Hera Group and Ascopiave finalise the acquisition of 92% of Asco TLC**

On 14 March 2023, Ascopiave S.p.A. announced that the Hera Group, through its subsidiary Acantho, and the Ascopiave Group finalised the acquisition of 92% of the shares of Asco TLC at the headquarters of Asco Holding in Pieve di Soligo (TV), with 36.8% and 55.2% stakes, respectively.

The closing follows the award, at the end of November 2022, of the public tender procedure called by Asco Holding for the sale of 92% of the shares of Asco TLC, held by Asco Holding itself and the Treviso-Belluno Chamber of Commerce, and the subsequent signing on 29 December 2022 of the related contractual documentation between the Hera Group and the Ascopiave Group. The acquisition price, settled in cash, is €37.2 million.

Asco TLC, a company that has been active since 2001 in the provision of ICT services mainly to corporate customers and public administrations, has a significant proprietary territorial network, located in the Veneto and Friuli-Venezia Giulia regions for more than 2,200 km of fibre optic backbones, 56 radio links and 24 xDSL exchanges in unbundling, and provides its services to more than 2,700 customers.

For the two groups, the transaction represents a strategic step in the evolution of the business portfolio in the IT-TLC sectors, in line with their respective industrial plans. Moreover, it is the first step in a broader operation that would lead, through the merger of Asco TLC into Acantho, to the creation of a multi-regional operator with significant operational synergies compared to the stand-alone companies and benefits for customers as well.

#### **Shareholders' agreements - three-year tacit renewal**

Pursuant to current legal and regulatory provisions, on 20 March, Ascopiave disclosed to the public an updated version of the essential information relating to the shareholders' agreement signed on 16 March 2020 and published by the signatories of the agreements in the national daily newspaper "Italia Oggi" on 16 March 2023. This update concerns the tacit renewal of the shareholders' agreement for a further three-year period pursuant to Article 6 of the same agreement, which took place on 16 March 2023.

#### **Shareholders' agreements - variation**

On 12 April 2023, pursuant to applicable laws and regulations, Ascopiave S.p.A. disclosed to the public the abstract of the shareholders' agreement transmitted to Ascopiave pursuant to Article 122, paragraph 1 of Legislative Decree no. 58 dated 24 February 1998, and published on 8 April 2023 by the signatories of the agreement in the national daily newspaper "Italia Oggi". Pursuant to Articles 65-quinquies, 65-sexies and 65-septies of the Issuers' Regulations, the aforementioned documentation is available to the public at the company's registered office, at Borsa Italiana S.p.A., on Teleborsa S.r.l.'s authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)), as well as in the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it). In the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it), a copy of the extract of the shareholders' agreement published in the aforementioned national daily newspaper has also been made available.

### **The Ascopiave Group becomes the sole shareholder of Morina S.r.l.**

On 14 April 2023, the shareholders' meeting of the subsidiary Morina S.r.l. resolved to cover the losses accrued during the financial year 2022 and the first quarter of 2023. The coverage of the losses required the use of the company's entire shareholders' equity as well as the payment by the shareholders of the remaining portion. The shareholders' meeting also resolved to reconstitute the share capital by subscription of the Shareholders in proportion to their shareholding. The majority shareholder Asco Renewables S.p.A., a company of the Ascopiave Group, also offered to underwrite the shares of shareholders who were not interested.

On 17 May, after the deadline set by the Shareholders' Meeting had expired and there were no subscriptions from the other entitled shareholders, Asco Renewables S.p.A. took over the subscription of the remaining shares, becoming the sole shareholder of Morina S.r.l..

### **Ordinary Shareholders' Meeting dated 18 April 2023**

On 18 April 2023, the Ordinary Shareholders' Meeting of Ascopiave S.p.A. met under the chairmanship of Mr. Nicola Ceconato.

The Ordinary Shareholders' Meeting approved the financial statements for the financial year and took note of the Group's consolidated financial statements as at 31 December 2022 and resolved to distribute an ordinary dividend of EUR 0.13 per share, for a total of EUR 28.2 million, an amount calculated on the basis of the shares outstanding as at the end of the financial year 2022. The ordinary dividend was paid on 4 May 2023 with detachment of the coupon, identified with the number 198, on 2 May 2023 (record date 3 May 2023).

The Shareholders' Meeting also approved, with a binding vote, the first section of the report on the remuneration policy and compensation paid drawn up pursuant to Article 123-ter of Legislative Decree No. 58 dated 24 February 1998 (the 'TUF') (i.e., the remuneration policy for the financial year 2023). The Shareholders' Meeting also cast a favourable advisory vote on the second section of the report on remuneration policy and compensation paid drawn up pursuant to Article 123-ter of the Consolidated Law on Finance (i.e., the report on compensation paid in the financial year 2022).

The Ordinary Shareholders' Meeting resolved on the appointment of the members of the Board of Directors and the Board of Statutory Auditors of the Company, who will remain in office for three financial years until the approval of the financial statements as at 31 December 2025. The Board of Directors appointed by the Shareholders' Meeting is composed of 7 directors elected on the basis of the candidate lists submitted by the Shareholders.

Given the result of the voting, out of no. 312,032,351 votes represented at the Shareholders' Meeting, list no. 1 presented by Asco Holding S.p.A. obtained no. 254,132,776 votes equal to 81.444% of the voting participants and equal to 64.439% of the total voting rights; list no. 2 presented by ASM Rovigo S.p.A. obtained no. 56,329,419 votes equal to 18.052% of the voting participants and equal to 14.283% of the total voting rights.

Therefore, in accordance with the provisions of Article 15.12 of the Bylaws, Luisa Vecchiato, Nicola Ceconato, Federica Monti, Greta Pietrobon, Enrico Quarello, and Giovanni Zoppas were elected as directors from the list submitted by the majority shareholder Asco Holding S.p.A., which holds 51.157% of the share capital and equal to 60.813% of the voting capital. From the list presented by the shareholder ASM Rovigo S.p.A., which resulted second in terms of number of votes obtained, Mr. Cristian Novello, the first candidate on the list, was elected director. The Shareholders' Meeting also appointed Mr. Nicola Ceconato as Chairman of the Board of Directors.

The Shareholders' Meeting also resolved to set at Euro 380,000 the total annual remuneration due to the Board of Directors to be paid, in compliance with the laws in force, Euro 80,000 to the Chairman and Euro 50,000 to each of the other directors, starting from the date of assumption of office and until the end of the mandate, without prejudice to the Board's right to determine a further remuneration for directors holding special offices in compliance with the Articles of Association pursuant to Article 2389, paragraph 3 of the Italian Civil Code.

Given the outcome of the voting, for the appointment of the Board of Statutory Auditors out of no. 312,032,351 votes represented at the Shareholders' Meeting, list no. 1 presented by Asco Holding S.p.A. obtained no. 254,132,776 votes equal to 81.444% of the voting participants and equal to 64.439% of the total voting rights; list no. 2 presented by ASM Rovigo S.p.A. obtained no. 56,325,392 votes equal to 18.051% of the voting participants and equal to 14.282% of the total voting rights.

Therefore, the Board of Statutory Auditors appointed by today's Shareholders' Meeting was elected on the basis of the candidate lists submitted by the Shareholders. Pursuant to Article 22.5 of the Articles of Association, from the list presented by the majority shareholder Asco Holding S.p.A., owner of 51.157% of the share capital and equal to 60.813% of the voting capital, which obtained the highest number of votes, Mr. Luca Biancolin and Ms. Barbara Moro were elected as standing auditors and Mr. Matteo Cipriano as alternate auditor. From the list presented by the shareholder ASM Rovigo

S.p.A., owner of 4.399% of the share capital and equal to 5.229% of the voting capital, Dr. Giovanni Salvaggio was elected standing auditor and Chairman of the Board of Statutory Auditors, and Dr. Marco Bosco alternate auditor.

The Shareholders' Meeting also set the remuneration of the Board of Statutory Auditors, pursuant to Article 2402 of the Italian Civil Code, to the amount of EUR 50,000 gross per annum for the Chairman of the Board of Statutory Auditors and EUR 32,000 gross per annum for each Statutory Auditor.

Lastly, the Shareholders' Meeting approved the authorisation to purchase and dispose of treasury shares, subject to the revocation of the previous authorisation granted by the Shareholders' Meeting of 28 April 2022, which was scheduled to expire on 28 November 2023.

#### **Sustainability Report 2022 approved**

On 18 April 2023, Ascopiave S.p.A. announced that the 2022 Sustainability Report, approved by the Board of Directors of Ascopiave S.p.A. in its meeting dated 13 April 2023, following the positive opinion of the Sustainability Committee, was published in the "Sustainability" section of its website. The Sustainability Report illustrates the Company's commitment with regard to "Environmental, Social and Governance" factors and provides an overview of the initiatives promoted by the Ascopiave Group with regard to corporate social responsibility.

#### **Appointment of the Chief Executive Officer and Governance committees, verification of the independence of directors and auditors.**

The Board of Directors of Ascopiave S.p.A., which met on 11 May 2023, appointed the Chairman Nicola Ceconato as Chief Executive Officer of the Company; the same Board delegated the Chairman and Chief Executive Officer the relevant powers. Furthermore, on the basis of the information received from the parties concerned as well as the information in its possession, the Board has ascertained, pursuant to the provisions of the Consolidated Finance Act and the Corporate Governance Code, that the directors Federica Monti, Cristian Novello, Luisa Vecchiato and Giovanni Zoppas meet the independence requirements set forth in Art. 148, paragraph 3, of the Consolidated Finance Act and Article 2 of the Corporate Governance Code and that therefore the composition of the Board of Directors complies with the provisions of Article 147-ter of the Consolidated Finance Act and Article IA.2.10.6 of the Instructions to the Borsa Italiana Regulation on STAR issuers.

The Board of Auditors verified the correct application of the assessment benchmarks and procedures adopted by the Board to evaluate the independence of its members.

On 8 May 2023, the Board of Statutory Auditors ascertained that its members met the independence requirements set forth in Article 148, paragraph 3, of the Consolidated Law on Finance and Article 2 of the Corporate Governance Code, based on the information received from those directly involved. The composition of the Board of Statutory Auditors therefore complies with the provisions of Article 148 of the Consolidated Law on Finance.

The Board of Directors also set up the Control and Risk Committee, identifying its members:

- Cristian Novello (Chairman), independent director;
- Federica Monti, independent director;
- Luisa Vecchiato, independent director.

Furthermore, the Board of Directors set up the Remuneration Committee, identifying as its members:

- Luisa Vecchiato (Chairman), independent director;
- Cristian Novello, independent director;
- Greta Pietrobon, non-executive director.

The Board of Directors also set up the Sustainability Committee, identifying as its members:

- Greta Pietrobon (Chairman), non-executive director;
- Federica Monti, independent director;
- Enrico Quarello, non-executive director.

The curriculum vitae of each director and auditor, as well as information on the lists from which they came, are available on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it)).

#### **Merger project of Asco TLC S.p.A. into Acantho S.p.A.**

On 30 June, the Board of Directors of Asco TLC S.p.A. approved the unitary Merger project by incorporation of the same company into Acantho S.p.A., already a shareholder holding 36.8% of the shares, drawn up pursuant to and in accordance with the combined provisions of Article 2501-ter et seq. of the Italian Civil Code.

The board of directors also resolved to convene the shareholders' meeting on 27 July 2023 in order to submit the merger project to it.

## Significant events after the end of the first half of the financial year 2023

No significant events occurred after the end of the first half of the year.

## Other important facts

### Natural gas distribution

The Ascopiave Group manages concessions for the gas distribution service in a total of 306 municipalities in Veneto, Friuli, Lombardy, Emilia-Romagna, Piedmont and Liguria through the companies AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Nord Est S.r.l., Romeo Gas S.p.A. and Serenissima Gas S.p.A..

Below is a table summarising the figures of the group's gas distribution business as at 30 June 2023 and a comparison with the first half of 2022:

	First half	
	2023	2022
Volumes of gas distributed (mln/m <sup>3</sup> )	813	895
Length of distribution network in operation (km)	14,611	14,588
Total new nets laid / replaced	40	42
Total active meters (no.)	874,497	933,631
Total smart meters G4 / G6 (no.)	743,199	734,220
Average time of arrival on site (minutes)	39.37	38.45

All safety indicators (arrival time at the call location for emergency response, scheduled network inspection and odour level measurements) and continuity indicators (service interruptions) were effectively kept under control, in full compliance with the service obligations set by ARERA.

The following table summarises compliance with the specific standards for services subject to commercial quality.

	First half	
	2023	2022
Adherence to the time set for the performance of services subject to specific commercial quality standards	99.39%	99.18%

During the first half of the year, the company's emergency response structure, which is operational 24 hours a day every day of the year and can be activated via the dedicated company toll-free numbers, carried out 4,715 interventions, with an average arrival time at the call location of 39.37 minutes, far less than the 60 minutes required by the Authority's standards.

In addition, continuous monitoring of the correct odourisation of the gas was carried out, with a number of checks well above the Authority's requirements.



All schedules and deadlines for plant operation and maintenance activities were met and were carried out almost exclusively through the use of in-house personnel.

The process of streamlining the organisational structure, aimed at optimising the use of resources and the synergy between the group's distribution companies, continued during the first half of the year, pursuing improvements in all administrative, technical, process control and human resources management activities, and seeking to optimise the use of resources, internalising activities and increasing the possibility of making investments.

## Efficiency and energy-saving obligations

Article 16(4) of the Letta Decree states that natural gas distribution companies must pursue energy saving objectives and the development of renewable sources.

The definition of the national quantitative targets and the principles for evaluating the results obtained was delegated to the Ministry of Economic Development, in agreement with the Ministry of the Environment and Land Protection, which issued the Ministerial Decree of 20 July 2004.

With the Decree of 21 December 2007, the Ministry of Economic Development revised and updated the Decree of 20 July 2004 in the following points:

- ✓ targets for the years 2008 and 2009 were revised, in light of the oversupply of energy efficiency certificates on the market;
- ✓ targets were defined for the three-year period 2010-2012, taking into account the energy consumption reduction target of 10.86 MTEP set by the action plan to 2016;
- ✓ efficiency and energy saving obligations for each of the years after 2007 were extended to distributors who, on 31 December of two years preceding each year of obligation, have more than 50,000 end customers connected to their distribution network.

The achievement of energy savings is certified through the award of energy efficiency certificates, the so-called White Certificates. In order to fulfil their obligations under the Decree of 20 July 2004, supplemented by the Decree of 21 December 2007, and thus be awarded White Certificates, distributors may:

- ✓ carry out interventions to improve the energy efficiency of the technologies installed or the way they are used;
- ✓ purchase White Certificates directly from third parties, either through bilateral trading or by trading on a special market set up at the Electricity Market Operator (GME).

The Decree of 28 December 2012 defined the targets for annual primary energy savings in the period 2013-2016 for obligated distributors and established a minimum quantity of bonds to be delivered upon reaching the natural deadline of the regulatory year equal to 50% of its annual obligation for the years 2013-2014 (to be offset in the following two-year period in order not to incur penalties) and equal to 60% for the two-year period 2015-2016; again with the possibility of offsetting in the following two-year period in order not to incur penalties.

In addition, the Decree of 28 December 2012 implemented the provisions of Decree 28/2011 whereby the management, evaluation and certification of savings related to energy efficiency projects conducted under the white certificates mechanism are transferred to the GSE - Gestore dei Servizi Energetici.

The Decree also extended the possibility of submitting projects for white certificates to parties other than distribution companies and Energy Saving Companies (so-called ESCOs).

The Decree of 11 January 2017 (OJ No. 78, 3-4-2017) determined the national energy savings targets for obliged distributors in the period 2017-2020 and defined the new guidelines for the submission of energy efficiency projects, modifying the previous mechanism by eliminating the 'tau' coefficient, standardised sheets, and extending the life of projects.

The Ministerial Decree of 10 May 2018 modified the mechanism for valuing the contribution recognised to obligated parties for the cancellation of securities by introducing a cap of EUR 250/TEE as the maximum reimbursement. In addition, given the scarcity of securities compared to demand, the short certificate was introduced, i.e. a security issued by the GSE at the request of the obligated distributor that has at least 30% of the securities of the current target in its portfolio. The short certificate could cost up to a maximum of EUR 15/TEE and could eventually be redeemed the following year by the distributor.



With its resolution of 14 July 2020, ARERA revised the calculation of the tariff contribution by adding, among other things, the additional contribution that takes into account the market price of the target year and the scarcity of securities on the market.

During the reporting year, the Ministerial Decree of 21 May 2021 was issued, which sanctioned the national targets for the period 2021-2024, with substantially reduced targets compared to the previous four-year period, as well as modified downwards the 2020 target, which for gas distributors is reduced from 3.17 to 1.57 million white certificates. The decree also reduced the threshold for access to virtual certificates and introduced a system of auctions for the purchase of certificates, the mechanism of which will be regulated by a special decree by 31 December 2021.

The companies of the Ap Reti Gas S.p.A. Group, Ap Reti Gas Vicenza S.p.A. and Edigas Distribuzione S.p.A. (following the merger of Unigas Distribuzione S.r.l. on 1 July and subsequent transfer to Edigas), subject to the obligations defined by the Decrees of 21 May 2021 and 11 January 2017, are required to comply with the energy saving objectives determined annually by the GSE. With regard to the group's new distribution company, AP Reti Gas Nord Est Srl, in January 2020, formal notice was sent to ARERA and the competent bodies for the assignment of the relevant obligations.

The GSE is responsible for verifying that each distributor holds the energy efficiency certificates corresponding to the annual target assigned (increased by any additional quotas for offsets or updated following the introduction of new national quantitative targets) and for informing the Ministry of Economic Development, the Ministry of the Environment and Territorial Protection, and the Electricity Market Operator of the certificates received and the results of the verifications.

If a distributor fails to meet the set target, it may be subject to an administrative penalty imposed by the Authority for Electricity, Gas and the Water System, in implementation of Law No. 481 of 14 November 1995 and the indications of the Decree of 28 December 2012.

For more information on energy efficiency and energy saving for Group companies, please refer to the section on 'Energy Efficiency and Energy Saving'.

### Efficiency and energy saving

With regard to the targets to which the Group's natural gas distribution companies are obliged with regard to energy efficiency certificates (TEEs), with the publication of the Ministerial Decree of 21 May 2021, the 2020 target was considerably reduced, the quantities of certificates subject to the targets for the four-year period 2021- 2024 were determined, and the normal deadline of 31 May for delivery of the certificates was postponed to 16 July (for the year 2021). As a result of the changes made by the decree itself to the 2020 target, with the delivery of 16 July 2021 and the advance payment of 30 November 2021, all group companies completed the 2019 target, fulfilled the minimum share of the 2020 target and delivered part of the 2021 target, the latter within the legal limits. With regard to the delivery of May 2022 (target 2021), approximately 9,200 securities were delivered, which, together with the advance payment of November 2021, made it possible for all obligated companies of the group to meet the minimum target of 60%.

In the November 2022 session, the 2020 target was completed for all obligated companies, with the exception of AP Reti gas Nordest, and the down payment for the 2022 target was delivered.

With the handover in May 2023, the minimum target of the obligation was fulfilled for all companies and 100 per cent of the 2020 and 2021 target was reached for AP Reti gas Nordest.

### Stipulation of a proposed convention with the municipalities for the adoption of a shared procedure aimed at the agreed quantification of the "Industrial Residual Value" of the networks

The regulatory changes that have taken place in recent years, and in particular the discipline that has provided for the selection of the distribution service manager by means of the so-called 'area tenders', have entailed, among other things, the need to determine the Residual Industrial Value (V.I.R.) of the plants owned by the Managers.

In this respect, the concession agreements governed two 'paradigmatic' situations, namely:

- early redemption (normally governed by Royal Decree No. 2578/1925) and
- repayment from the (natural) expiry of the concession.

The eventuality of an 'ope legis' expiry, prior to the commencement of the 'contractual' term, was (as a rule) not contemplated (and therefore regulated) in the concession deeds.

In substance, the case at issue (early expiry imposed by law) represents a "tertium genus", in some respects similar to the exercise of early redemption (from which, however, it differs markedly due to the lack of an autonomous will on the part of the Entity) and in other respects similar to the expiry of the term of the grant (which, however, has not expired).

At least until Ministerial Decree 226/2011, there were no laws and/or regulations that precisely defined the methods and benchmarks for determining the R.I.V. of plants and that could therefore supplement the contractual clauses, which were frequently lacking.

Even Legislative Decree 164/2000, until the amendment introduced first by Decree-Law 145/2013, and then by Law 9/2014 merely referred to Royal Decree 2578/1925 which, however, sanctioned the industrial estimation method without setting precise estimation parameters.

This situation made it extremely opportune, if not necessary, to establish specific agreements with the municipalities aimed at arriving at a shared estimate of the Residual Industrial Value. Suffice it to say that the very lack of such agreements, in the past, has often led to disputes in both administrative and civil/arbitration courts.

The situation of Asco Holding's shareholder municipalities was even more peculiar, in the sense that, with them, there was no actual concession deed in the 'canonical' forms, but various acts of conferment into a company (the then Special Company) that at the same time sanctioned the continuation of the service previously carried out by the Consorzio Bim Piave.

It is evident that, as acts of contribution, a regulation of their own concerning the redemption and/or expiry of the management was neither contemplated nor contemplated.

With the aforementioned municipalities, Ascopiave therefore entered into an agreement that provided for the identification of an expert of recognised professionalism, competence and independence called upon to establish the fundamental benchmarks to be applied in calculating the Residual Industrial Value of gas distribution plants. The relative negotiated procedure, conducted with the criterion of the most economically advantageous offer, was concluded on 29 August 2011. The expert thus identified drew up the Report (made available on 15 November 2011) on "Fundamental benchmarks for calculating the Industrial Residual Value of the natural gas distribution plants located in the municipalities currently served by Ascopiave S.p.A.", which was approved on 2 December 2011 by the Board of Directors of Ascopiave S.p.A. and subsequently by all 92 municipalities with a resolution of the Municipal Council.

In 2013, Ascopiave S.p.A. transmitted the state of consistency and the valuation of the plants resulting from the application of the benchmarks defined in the Report, at the same time offering its willingness to enter into discussions with the municipalities in order to analyse the documents.

To date, at the outcome of the relevant technical discussion, 86 municipalities (unchanged from 31 December 2015) have approved the relevant enhancements.

As part of the aforementioned process, mutual relations more strictly related to the management of the service were also regulated, providing for the payment of both lump sums (2010 - stipulation of supplementary deeds) to the amount of Euro 3,869 thousand, and (from 2011) of actual fees in variable amounts equal to the difference, if positive, between 30% of the Revenue Constraint recognised by the tariff regulation and the amount received by each individual municipality as a 2009 dividend (2008 budget).

In particular, they corresponded:

- Euro 3,869 thousand for 2010;
- Euro 4,993 thousand for 2011;
- Euro 5,253 thousand for 2012;
- Euro 5,585,000 for 2013;
- Euro 5,268,000 for 2014;
- Euro 5,258,000 for 2015;
- Euro 5,079 thousand for 2016;
- Euro 5,190 thousand for 2017;
- Euro 5,258,000 for 2018;
- Euro 5,482 thousand for 2019;
- Euro 5,467 thousand for 2020;
- Euro 5,430,000 for 2021;
- Euro 5,023,000 for 2022;

totalling Euro 67,155 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 plant valuations as at 31 December 2014. Subsequently, in the biennium 2016-2017, the municipalities belonging to the Treviso 2 - North area and some municipalities of the Treviso 1 - South area were provided with an update as of 31 December 2015, applying the agreed valuation benchmarks and providing a count of the valuation of private contributions to be deducted from the residual industrial value pursuant to Law 9 / 2014.

The contracting stations of the territorial areas Treviso 2 - North and Venice 2 - Hinterland and Eastern Veneto sent to ARERA the valuations of the reimbursements of some municipalities for the purposes of the verifications required by the regulations. The Authority made some observations (then forwarded by the same contracting stations) against which AP Reti Gas proposed its own 'counter-deductions'.

## Litigation

### **DISPUTES ON PLANT VALUE - CIVIL JURISDICTION**

As at 30 June 2023, there were no pending litigations.

### **PLANT VALUE DISPUTES - ARBITRATIONS**

As at 30 June 2023, there were no pending litigations.

### **ADMINISTRATIVE / CIVIL LITIGATION - RELATING TO CONCESSIONS**

As at 30 June 2023, they are pending:

#### **MUNICIPALITY OF SOVIZZO**

A civil lawsuit initiated by the Municipality of Sovizzo, with a writ of summons served on AP Reti Gas S.p.A. on 21 February 2019. The Entity is claiming the payment of a concession fee, for Euro 65 thousand/year starting from 01 January 2013.

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

Reply briefs were filed in February and March 2020.

With a judgement dated 10 December 2021, the monocratic judge accepted the Municipality's request and ordered AP Reti Gas S.p.A. to pay €65 thousand/year, from 2013 and until the end of the current management.

The Company disagreed with the ruling and considered it unlawful and appealed within the relevant time limit (16 January 2022).

The first hearing was held on 16 May 2022 and the hearing for the statement of conclusions was held on 12 June 2023.

#### **MUNICIPALITIES OF CONCORDIA SAGITTARIA, FOSSALTA DI PORTOGRUARO AND TEGLIO VENETO**

Three administrative proceedings, pending before the Veneto Regional Administrative Court, brought by AP Reti Gas S.p.A. for the annulment of Resolutions nos. 92, 85 and 70 of the Municipal Council of 2020, whereby the three Authorities approved the respective estimates of the residual value of the plants, drawn up by the engineer appointed by the S.A. (Metropolitan City of Venice) using the ministerial LGs criterion, instead of, as obligatory under Article 15, paragraph 5 of Legislative Decree 164/2000 and as previously done, applying the duly and promptly agreed contractual benchmarks, with a lower value recognised to AP Reti Gas S.p.A, respectively, of about Euro 412 thousand, Euro 375 thousand and Euro 48 thousand.

The Municipality of Concordia Sagittaria (at the urging of the Ambito S.A.) forwarded a further GC Resolution (No. 3/2022) by which it approved another estimate (again at ministerial LGs) that, albeit marginally, further reduces the reimbursement value recognised to AP Reti Gas S.p.A. The Company, therefore, provided for the relative appeal on additional grounds.

Likewise, on 11/08/2022, the Municipality of Fossalta di Portogruaro forwarded GC Resolution No. 37/2022 (adopted in March) concerning the approval of the estimated VIR (at LG), which exceeds the previous Resolution No. 85/2020. Even though the difference with the previous value (referred to in the contested Resolution No. 85/2020) is minimal (less than one thousand euro), the Company had to proceed with the appeal with additional grounds, duly filed and notified within the terms.

At this stage, there are no further court documents.

#### **MUNICIPALITY OF FOSSALTA DI PORTOGRUARO**

A civil suit filed with the Court of Pordenone, by the Municipality of Fossalta di Portogruaro, with a writ of summons served on AP Reti Gas S.p.A. on 10 November 2022. The entity is requesting the payment of a concession fee of approximately € 72,000/year as of 1 January 2013, for a total of approximately € 700,000.

The company, believing that it owes nothing to the municipality, will enter an appearance in court to oppose the municipality's claim.

The first hearing, set in the writ of summons for 28 February 2023, was postponed to 07 April 2023.

AP Reti filed its appearance on 17 March 2023.

#### **MUNICIPALITIES OF ALBIGNASEGO AND CADONEGHE**

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

With respect to the judgment with the Municipality of Cadoneghe, on 28/02/2023, a notice of imminent peremption was received.

AP Reti Gas Nord Est communicated its intention to allow the aforementioned time limit to run, with the consequent extinction of the proceedings.

On 16/05/2023, a similar notice of impending peremption was received in respect of the pending lawsuit with the Municipality of Albignasego. AP Reti Gas Nord Est shall give notice of its intention to make the aforesaid term expire, with the consequent extinction of the suit.

#### **ADMINISTRATIVE DISPUTES - NOT RELATING TO CONCESSIONS**

As at 30 June 2023, they are pending:

##### **ANAC DELIBERATIONS 214 and 215 of 2022**

An appeal to the Regional Administrative Court for Lazio - Rome, brought by AP Reti Gas S.p.A. (together with other leading operators of gas and electricity distribution services), for the annulment of ANAC Resolutions Nos. 214 and 215 of 2022, by means of which, the Authority, in alleged execution of Sentence No. 2607/2022 of the Lazio Regional Administrative Court, substantially reproduced what was set forth in the President's Announcements, annulled for lack of jurisdiction of the same Court.

Previously, in fact, AP Reti Gas (together with other leading gas and electricity distribution service operators) had requested and obtained the annulment of the Communiqué of the ANAC President of 16 October 2019. Said measure, in substance, extended the obligations proper to contracts subject to the application of Legislative Decree 50/2016 (e.g. acquisition of CIG and payment of ANAC contribution) also to contracts excluded and even outside the application of the Code.

With Sentence No. 2607/2022, the Lazio Regional Administrative Court upheld AP Reti Gas's appeal and annulled the contested measure, finding that the President lacked jurisdiction with respect to the issuance of the same measure. ANAC, however, in alleged compliance with the Judgment, substantially reproduced the content of the measures annulled by the TAR in two resolutions (Nos. 214 and 215 of 2022).

The measures were therefore challenged, for the most part, by re-proposing the 'substantive' complaints already prepared in the first judgement and not examined by the TAR, not because they were considered unfounded, but because the Court, pursuant to the CPA, considered the ruling of lack of jurisdiction to be absorbent and exhaustive.

##### **ARERA DELIBERA ARG/GAS 570/2019 and DELIBERA 117/2021/R/gas (as well as the related access to documents procedure)**

An appeal to the Regional Administrative Court for Lombardy - Milan, promoted against ARERA by Ascopiave S.p.A. and AP Reti Gas S.p.A. (together with other leading gas distribution service operators), for the annulment of Resolution 570/2019/R/gas, concerning the "*tariff regulation of gas distribution and metering services for the period 2020-2025*".

The new regulatory discipline provides for a strong and unjustified reduction of tariff items to cover the operating costs recognised to distributors. The appeal was filed on 25 February 2020.

By means of an appeal on additional grounds, filed within the terms of the appeal (24 May 2021), an appeal was also

lodged against ARERA Resolution No. 117/2021/R/gas published on 23 March 2021, bearing the "Determination of the definitive reference tariffs for gas distribution and metering services for the year 2020". In fact, the Companies considered that the measure, being part of the determinations resulting from the tariff regulation set forth in Resolution No. 570/2019, could be further detrimental to the Group's distribution companies.

Following the appeal by Italgas Reti, the Lombardy Regional Administrative Court, with Sentence No. 1517 of 4 August 2020, partially granted the petition, ordering ARERA to produce the documents used to determine the rate of return on invested capital (beta parameter).

Subsequently, Italgas itself, first started "compliance" proceedings, aimed at enforcing the ruling, then appealed the same (evidently, for the parts not upheld). The appeal was, however, abandoned by Italgas on 16 February 2022, due to a supervening lack of interest.

Both measures were notified to AP Reti Gas, as a mere counter-interested party. The Company, in order to protect its own legitimate interests, which are only partly congruent with those of Italgas Reti, decided to intervene in the two proceedings. At present, only the judgment of compliance remains.

#### **REGIONE VENETO - EXCLUSION FROM SELECTION FOR PNRR CONTRIBUTION FOR HYDROGEN PRODUCTION**

An action before the Regional Administrative Court of Veneto (R.G. 612/2023) brought by Green Factory S.R.L. against the Veneto Region and the Ministry of the Environment and Energy Security and against Sapio Produzione Idrogeno Ossigeno S.R.L, for the annulment, subject to suspension of the effectiveness, of Decree No 28 dated 29 March 2023 of the Director of the Veneto Region's Research, Innovation and Energy Competitiveness Directorate, and of all subsequent acts, by which the Region excluded Green Factory from the procedure for the allocation of the grant (PNRR) provided for the production of hydrogen in disused industrial areas.

The company, in particular, considers the exclusion from the aforementioned procedure to be unlawful in several respects, since it considers that it meets the requirements.

The hearing for the discussion of the interlocutory application took place on 28 June 2023. Following this, the hearing on the merits took place on 13 July 2023.

#### **CIVIL LITIGATION - NOT RELATED TO CONCESSIONS**

As at 30 June 2023, the following cases are pending:

##### **CLAIM FOR DAMAGES FOR SUPPLY INTERRUPTION VS AP RETI GAS VICENZA**

A lawsuit, pending before the Court of Vicenza, brought against AP Reti Gas Vicenza, for compensation for damages resulting from the temporary interruption of the supply (which occurred during the performance of 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 a friendly solution, duly entered an appearance and, in the exercise of its negotiating indemnity, sued the contractor.

The hearing for closing arguments took place on 11 May 2023.

##### **INTERNATIONAL FACTORS ITALIA S.P.A.**

A lawsuit c/o the Court of Appeal of Milan, for the annulment of Judgment No. 1945/20 of 2 March 2020, by which the Court of Milan rejected the claim 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 a sum of approximately Euro 260,000 as a result of a factoring contract, previously existing between Epiù and IFI, under which Epiù had assigned to IFI certain credit positions of former customers (with respect to gas and electricity supply relationships).

Eusebio Energia challenged the ruling before the Court of Appeal of Milan, considering it flawed in many parts. Among these, also the breach of Article 112 of the Code of Civil Procedure in that the court of first instance decided on the basis of exceptions that could not be raised ex officio and were not raised by the other party (which remained contumacious).

The first hearing was held on 24 March 2021.

With Judgement No. 1900/2022, the Court of Appeal of Milan rejected the appeal, confirming Judgement No. 1945/20 of the Court of Milan. The dispute is therefore concluded and will not be included in the next report.

##### **FIN ENERGY S.A. (Capital increase of Asco EG)**

A lawsuit before the Court of Enterprises of Venice (R.G. 5768/22), initiated by Fin Energy S.A., a minority shareholder of Asco EG, against the same company, with a petition notified on 03 August 2022, challenging the capital increase resolved by the shareholders' meeting of Asco EG on 27 May 2022, by means of an appeal against the relevant resolution. The Company, considering the claim unfounded, entered an appearance within the time limit. The first hearing took place on 21 December 2022, and a second one on 19 July 2023.

#### **EXTRA PROFITS (Revenue Agency and other Entities)**

A lawsuit before the Regional Administrative Court of Lazio (R.G. 10986/22), brought by Asco EG (notified on 16/09/2022), against the measures of the Inland Revenue Agency (and other Entities) implementing the provisions of Article 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, the questions of constitutionality and conformity with European law of the primary legislation were raised.

The public hearing for the discussion of the appeal on the merits took place on 04 April 2023. The TAR ordered the postponement to 18 July 2023.

#### **AID DECREE (ARERA Resolution no. 266/2022 and GSE Notice of 07/07/202)**

A lawsuit before the Regional Administrative Court of Lombardy in Milan (R.G. 1770/22), brought by Asco EG (notified on 08 September 2022), against ARERA Resolution No. 266/2022 and the GSE Communiqué of 07 July 2022, implementing Article 15 bis of Law Decree 4/2022, converted by Law 25/2022, and amended by Law Decree 115/2022, converted with amendments by Law 142/2022.

As part of the appeal, the questions of constitutionality and conformity with European law of the primary legislation were raised.

With Sentence No. 2676/2022 of 23 November 2022, the Regional Administrative Court upheld the appeal and consequently annulled ARERA Resolution 266/2022 and the consequent acts of the GSE. The reasons for the ruling were published on 09 February 2023.

As a precautionary measure, pending the aforementioned reasons, on 05 December 2022, the Company, together with the other plaintiffs, filed a further appeal on additional grounds, as a result of the supervening force of EU Regulation 2022/1854, for the annulment of all the measures resulting from Resolution No. 266/2022, as well as to ascertain the lack of the prerequisites for the application of Article 15-bis of Legislative Decree No. 4/2022 and the consequent nullity of all the application measures issued by ARERA and the GSE. The issues of constitutionality and compliance with European law of the primary regulation were also raised.

The TAR ruling was appealed by ARERA to the Council of State (RG 10025/22), with a request for suspension of the first instance ruling. By order of 17 January 2023, the Council of State granted the precautionary petition and therefore suspended the enforceability of the contested ruling. Following the aforementioned publication of the grounds of the first instance ruling, on 21 March 2023, the application to revoke the precautionary order was discussed. The Council of State, however, confirmed the suspension of the execution of the Judgment and set the public hearing on the merits for 5 December 2023.

#### **PROVINCE OF VERBANO CUSIO OSSOLA (Appeal sanctions)**

A civil action commenced with the notification of an appeal pursuant to Article 22 of Law 689/1981 c/o the Court of Verbania, by Sangineto Energie S.R.L., against the Province of Verbano Cusio Ossola, for the annulment and/or declaration of nullity and/or revocation, subject to suspension, of the same Province's injunction order of 10 January 2023, prot. no. 299, Rep. no. 1/2023, by which the Authority claims that Sangineto Energie (as assignee of Sant'Anna S.r.l.) and Fusio S.r.l., EVA Renewables Assets S.p.a. and Ing. S. B., jointly and severally, the payment of the amount of € 1,248,000.00, as the sum deriving from the penalty of € 1,600.00 (equal to the minimum amount) multiplied by 780 violations (of which 778 reports have been served) allegedly ascertained by the Carabinieri forestry officers (between 23 September 2015 and 5 April 2016), relating to the storage of material resulting from the construction of a diversion tunnel serving the hydroelectric plant in the municipalities of Falmenta, Gurro and Cavaglio Spocchia.

The Company disputes both the inclusion in the perimeter of debtors, the *quantum* claimed, and the very legitimacy of the procedure adopted to impose the penalty.

The Court of Verbania set the hearing for discussion on 23 May 2023, then postponed to 21 June 2023.



It must be emphasised that, with regard to the same matter, the parent company Ascopiave, having a negotiated guarantee in the context of the sale and purchase of the shares in Sanginetto Energie, at the same time as Sanginetto Energie was notified of the appeal, sent the guarantor company a specific enforcement notice for the entire amount claimed by the Province (conditional upon Sanginetto Energie's possible loss).

#### **NOTICES OF PAYMENT OF STATE FEES FOR LARGE HYDROELECTRIC DERIVATIONS YEAR 2023**

A case before the Superior Court of Public Waters, brought by ASCO EG S.p.A. with an appeal dated 16/06/2023, against Regione Lombardia, for the annulment of the Lombardy Region Council Resolution no. XII/136 of 12 April 2023 "Determinations regarding the updating of the fixed component of the fee due from large hydroelectric derivations for the year 2023 in application of Article 20, paragraph 2, of Regional Law no. 5 of 8 April 2020, as amended and supplemented", published in the Official Gazette of Regione Lombardia, S.O. no. 16 dated 18 April 2023 and of the consequent acts (e.g. Notice of expiry of the public water user fee 2023).

In a nutshell, the company disputes the manner in which the inflation rate was adjusted and consequently the amount of the fee charged.

At present, there are no other court documents.

#### **FORCED ACCESS - DEFAULT SERVICE**

The distribution companies of the Ascopiave Group, in fulfilment of their regulatory obligation to do so (with particular reference to Article 40.2a TIVG), take action, as a rule pursuant to Article 700 of the Italian Code of Criminal Procedure, in order to obtain forced access to property and be able to disconnect the utilities served under the Default Service Directive (SDD) delinquency regime.

Appeals are directed against end customers (or de facto users).

For this purpose (and in order to comply with regulatory requirements), a management procedure has been defined that starts with the activation of the SDD and ends with its termination (for one of the various hypotheses envisaged).

It provides for the carrying out of closure attempts in the ordinary forms, the retrieval of information, the carrying out of registry checks and/or attempts to contact the end customers involved, the transmission of notices and warnings and, lastly, where these initiatives are unsuccessful (and limited to users with AC > 500 smc/year), the commencement of emergency legal actions.

Currently, they are:

- n. 1 dossiers filed (hearings already scheduled and/or already under consideration);
- n. 4 files under enforcement;
- n. 1 file with critical procedural issues (e.g. with appeal and/or complaint rejected);
- n. 4 files under management (for which an appeal may therefore have to be filed).

The annual number of cases for which legal action is likely to be required in 2023, for all Group companies (including the latest, Romeo Gas and Serenissima Gas), can now be roughly estimated at between 10 and 20 actions.

### **Relations with the Internal Revenue Service**

#### **ROBIN TAX**

The companies Ascopiave, Ap Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas, Unigas Distribuzione (merged into Ascopiave) and Asco Energy (ex. Veritas Energia) starting from the year 2008 were subject to the additional IRES (Robin Tax) introduced by Article 81 DL. 112/2008. Subsequently, in the course of 2015, the Constitutional Court declared the constitutional illegitimacy of the aforementioned tax and following this ruling, the companies requested the refund of the tax unduly paid, filing the various appeals on the basis of a retroactive interpretation of the aforementioned ruling, also supported by an opinion formulated by a constitutional lawyer.

After negative rulings by the respective Regional Tax Commissions, the companies appealed to the Supreme Court of Cassation.

In March 2022, the first negative orders were announced, with the Constitutional Court rejecting the appeal filed by AP Reti Gas Rovigo and Edigas Esercizio Distribuzione Gas, which proceeded with the filing of the appeal with the European Court of Human Rights. The appeals filed by the other companies are still pending.

#### **VENETO REGIONAL DIRECTORATE AUDIT**

In the month of September 2019, a short access began against the companies Ascopiave S.p.A. and Ascotrade S.p.A. (the latter merged into EstEnergy S.p.A. with effect from 1 October 2022) by the Veneto Regional Directorate of the Inland Revenue Service (Agenzia delle Entrate) in relation to Ires, Irap and Iva with respect to the years ranging from 2013 until the date of access.

The first phase of the audit activities led to the issuance on 29 October 2019 of a Formal Notice of Findings against Ascotrade S.p.A., a company sold the following 19 December 2019 to the Hera Group and subject to a specific guarantee, containing findings regarding direct and indirect taxes related to the years 2013 and 2014; this act was followed, following the presentation of specific pleadings by the company, by the issuance by the Inland Revenue Service of the notices of assessment related to the contested matters, for which the company filed an appeal before the Provincial Tax Commission of Venice, which was accepted with the ruling of 21 April 2021, which provided for the annulment of the related contested acts. On 15 November 2021, the Inland Revenue Service appealed against the first instance judge's ruling before the Venice Regional Tax Commission; the company appeared on 30 December 2021 with a counter-argument and a contextual cross-appeal. The discussion of the appeal took place on 13.02.2023, and on 19.06.2023 the second instance Tax Court of the Veneto Region filed ruling no. 577/2023 in which it rejected the appeal brought by the Inland Revenue Service, condemning it to pay the costs of the litigation and the flat-rate reimbursement of general expenses.

With reference to subsequent years, the audit activities continued with the issuance on 29 September 2020, against Ascotrade S.p.A., of the Formal Notice of Assessment referring to the year 2015, after which, after the presentation of specific pleadings, the Inland Revenue issued the notices of assessment on 23 December 2020, which were subsequently appealed by the company before the Venice Provincial Tax Commission, which was accepted with the sentence of 23 February 2022, which provided for the annulment of the relative contested acts. On 27 October 2022, the Inland Revenue Service filed an appeal, which has not yet been discussed.

Lastly, on 23 December 2021, the company was served notices of assessment relating to Ires for the years 2016 and 2017, as well as Irap and VAT for the years 2016, 2017 and 2018, for which an appeal was filed on 18 February 2022. On 04.07.2023 the Tax Court of First Instance of Venice filed judgment no. 315/2023 in which it accepted the appeal condemning the Inland Revenue to pay the litigation costs and the flat-rate reimbursement of general expenses.

The company, with the support of its tax advisor, considers the risk as 'possible' or 'remote' and therefore has not made any provision.

## Territorial areas

In 2011, with the issuance of several ministerial decrees, the regulatory framework of the sector was further defined, with particular reference to area tenders.

In particular:

1. With the Decree of the Ministry of Economic Development dated 19 January 2011, issued in agreement with the Ministry for Relations with the Regions and Territorial Cohesion, the Minimum Territorial Areas (ATEMs) were identified for the carrying out of tenders for the entrusting of the gas distribution service, and with the subsequent Decree dated 18 December 2011, the municipalities belonging to each area were identified (the so-called Area Decrees);
2. With the Decree of the Ministry of Economic Development and the Ministry of Labour and Social Policies of 21 April 2011, provisions were dictated to govern the social effects connected to the new assignments of gas distribution concessions in implementation of Paragraph 6 of Article 28 of Legislative Decree No. 164 of 23 May 2000 (the so-called Employment Protection Decree);
3. The Decree of the Ministry for Economic Development No. 226 of 12 November 2011 approved the regulation for the tender benchmarks and the evaluation of the offer for the entrusting of the gas distribution service (the so-called Benchmarks Decree).

The issuance of the Ministerial Decrees has helped to give certainty to the competitive environment within which operators will move in the coming years, laying the foundations so that the market opening process, initiated with the transposition of the European directives, can concretely produce the desired benefits.



The Ascopiave Group - like many other operators - has substantially welcomed the new regulatory framework, believing that it can create important investment and development opportunities for qualified medium-sized operators, moving in the direction of a positive rationalisation of supply.

At the end of 2013, the Government issued Decree-Law No. 145 of 23.12.2013, making changes to the rules governing the determination of the redemption value of 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.

The law converting the Decree (Law No. 9/2014) amended the content of Article 15 of Legislative Decree No. 164/2000, providing that, to the holders of the entrustments and concessions existing in the transitional period, a reimbursement shall be recognised at the expense of the new operator, calculated in compliance with the provisions set forth in the conventions and contracts and, for what cannot be deduced from the will of the parties as well as for the aspects not governed by the same conventions or contracts, according to the guidelines on benchmarks and operating methods for the evaluation of the reimbursement value referred to in Article 4, paragraph 6, of Decree-Law No. 69, converted, with amendments, by Law No. 98 of 9 August 2013. In any case, private contributions relating to locational assets, valued according to the methodology of the tariff regulation in force, are deducted from the reimbursement value. If the reimbursement value is greater than ten per cent of the value of the net locality fixed assets calculated in the tariff regulation, net of the public capital contributions and the private contributions related to the locality assets, the granting local authority shall transmit the relevant detailed assessments of the reimbursement value to ARERA, gas and water system for verification prior to the publication of the call for tenders.

Law No. 9/2014 also provided that the deadlines set forth in paragraph 3 of Article 4 of Decree-Law No. 69 of 21 June 2013, converted, with amendments, by Law No. 98 of 9 August 2013, be extended by a further four months and that the deadlines set forth in Annex 1 to the regulation referred to in the Decree of the Minister of Economic Development of 12 November 2011, No. 226 of 12 November 2011 (the so-called Benchmarks Decree), relating to the areas falling within the third grouping of the same annex 1, as well as the relevant deadlines referred to in Article 3 of the same regulation, are extended by four months.

On 6 June 2014, the Decree of the Minister of Economic Development dated 22 May 2014 was published in the Official Gazette, approving the "Guidelines on benchmarks and application methods for the valuation of the reimbursement value of natural gas distribution plants" pursuant to Article 4, paragraph 6, of Decree-Law no. 69/2013, converted, with amendments by Law no. 98/2013 and Article 1, paragraph 16, of Decree-Law no. 145/2013, converted, with amendments, into Law no. 9/2014. Pursuant to Law No. 9/2014, the "Guidelines on Benchmarks and Application Procedures for Assessing the Reimbursement Value of Natural Gas Distribution Facilities" define the benchmarks to be applied for assessing the reimbursement value of facilities in addition to those aspects that are not already provided for in the agreements or contracts and to the extent that they cannot be inferred from the will of the parties.

The 'Guidelines' have several critical aspects, not only in terms of the resulting enhancements, but also in terms of their scope of application, which the Ministry has extremely broadened, to the point of deeming all the plant valorisation agreements entered into between operators and municipalities after 12 February 2012 (the effective date of Ministerial Decree 226/2011). Moreover, the same Guidelines are in contrast with the provisions of Article 5 of the same Ministerial Decree 226/2011. This is contrary to the regulatory provision that refers to Article 4, paragraph 6 of Decree Law 69/2013, which, in turn, makes explicit reference to Article 5 of Ministerial Decree 226/2011.

In consideration of the aforesaid illegitimacy profiles, Ascopiave S.p.A. challenged the Ministerial Decree of 21 May 2014 (hence the Guidelines) before the administrative court (TAR Lazio). As part of the aforesaid suit, a question of constitutional legitimacy was raised with respect to the (substantially retroactive) interpretation of the new rules on the deduction of private contributions set forth in Law No. 9/2014.

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

This provision provides that the granting Local Authority shall send the documentation with the detailed calculation of the reimbursement value (RAB) to the Authority for verification, if this value is more than 10% higher than the RAB of the locality. The Authority performs the verifications provided for in Article 1, paragraph 16 of Decree-Law No. 145/13 within the ordinary term of 90 days from the date of receipt of the documentation by the Contracting Stations, guaranteeing priority according to the deadlines set for the publication of calls for tenders.

With Law No. 116/2014 of 11 August 2014 (conversion with amendments of Decree-Law No. 91 dated 24 June 2014), the legislature provided for a further extension of the maximum deadlines for the publication of calls for tenders. Specifically, for the areas belonging to the first grouping in Annex 1 of Ministerial Decree 226/2011, the maximum deadline was postponed by eight months, for the areas belonging to the second, third and fourth groupings, the deadline was postponed by six months, and lastly, for the areas belonging to the fifth and sixth groupings, the extension is four months.

On the other hand, these extensions do not apply to the areas that, although falling within the first six groupings, fall within the areas considered "earthquake-affected" because more than 15% of the redelivery points in the area fall within the municipalities affected by the earthquakes of 20 and 29 May 2012, in accordance with the provisions set forth in the annex to the Decree of the Minister of Economy and Finance of 1 June 2012.

Lastly, the same law, making a further amendment to Article 15 paragraph 5 of Legislative Decree No. 2000, established that the reimbursement value must be calculated in accordance with the provisions of the agreements or contracts, provided that the latter were entered into prior to the effective date of Ministerial Decree No. 226 of 12 November 2011, i.e. prior to the date of 12 February 2012, thereby affirming a principle of retroactivity of the application of the Guidelines, which had already been challenged in the judicial appeal filed against the Guidelines.

On 14 July 2015, the Decree of the Minister of Economic Development and the Minister of Regional Affairs and Autonomies No. 106 of 20 May 2015 was published in the Official Gazette, containing amendments to Decree No. 226 of 12 November 2011 concerning the tender benchmarks for the entrusting of the gas distribution service.

Among the most significant changes are:

1. the provisions concerning the valorisation of the reimbursement of the plants to be applied in the event of the absence of specific agreements between the parties entered into prior to the entry into force of Decree No. 226/2011, which largely reproduce what was already provided for in the "Guidelines".
2. an increase in the maximum threshold of the amount of annual fees that can be offered in tenders to local authorities, a threshold that has been raised from the previous 5% of the share of the tariff revenue constraint to cover the capital costs of localities, to the current 10%;
3. the regulation of some important technical-economic aspects related to energy efficiency investments on offer, concerning the valorisation of the amounts to be recognised to local authorities and the recognition of the coverage of costs to the operator that carries out the interventions and accrues the related energy efficiency certificates.

Lastly, the conversion law of the so-called 'Decreto Mille Proroghe' (Law No. 21 dated 25/02/2016), the annual law extending the life of various government measures, envisaged another extension of the deadline for the publication of calls for tenders. Specifically, for the areas belonging to the first grouping in Annex 1 of Ministerial Decree 226/2011, the deadline was further extended by 12 months; for the areas belonging to the second grouping, 14 months; for those in the third, fourth and fifth groupings, 13 months; for the areas in the sixth and seventh lots, 9 months; and 5 months for the areas in the eighth grouping.

The same rule, regulated the timing of substitutive interventions by the regions, or, as a last resort, by the Mi.SE, and repealed the penalties for delay that had previously been imposed on municipalities.

During the two-year period 2015-2016, a number of calls for tenders were published to entrust the service with the Area procedure. Many of them did not follow the procedure envisaged by the regulations, which envisage, among other things, the prior examination by the Authority both of the reimbursement values of the plants due to the outgoing operators and of the overall contents of the notice and its annexes before publication. Most of the tenders, moreover, deviate, even significantly, from the indications contained in the ministerial regulations, also with regard to the benchmarks for evaluating the offers; according to the current regulation, these deviations should be the subject of a specific justification by the Contracting Stations.

In the situation that is now emerging, the standardisation of the tendering process required by the legislation is encountering serious difficulties in imposing itself, realising the risk that procedures may become blocked due to the effect of extensive litigation.

Law No 124 of 4 August 2017 (Annual Market and Competition Law) introduced innovations concerning the natural gas distribution sector.

In particular, Article 1(93) amends the provisions of Article 15(5) of Legislative Decree 164/00, exempting Local Authorities from the obligation to send detailed assessments to the Authority if all the following conditions are jointly met:

- the grantor local authority may also certify through an appropriate third party that the reimbursement value has been determined by applying the provisions of the Guidelines dated 7 April 2014;

- the aggregate VIR-RAB deviation does not exceed 8 per cent;
- the VIR-RAB deviation of the individual municipality does not exceed 20 per cent;

Article 1(93) provides that, in the event of a value of net fixed assets misaligned with respect to the sector averages as defined by the Authority, the value of the net fixed assets relevant for the calculation of the deviation shall be determined by applying the parametric valuation benchmarks defined by the Authority (see, to date, Article 23(1) of the RTDG);

Lastly, Article 1.94 stipulates that the Authority, by means of its own provisions, shall define simplified procedures for the evaluation of tender notices, applicable in cases where such notices have been drawn up in compliance with the standard contract notice, the standard specifications and the standard service contract, specifying that in any case, the tender documents may not deviate from the maximum scores provided for the tender benchmarks and sub-criteria by Articles 13, 14 and 15 of the aforementioned Decree No. 226/11, l except within the limits envisaged by the same articles with regard to certain sub-criteria.

The Authority implemented the provisions of Law No. 124/2017 with Resolution 905/2017/R/gas of 27 December 2017. The Municipality of Belluno, the client of the Belluno Minimum Territorial Area, after having followed the procedure required by the regulations, published the call for tenders for the concession of the service in December 2016. In September 2017, the AP Reti Gas S.p.A. Group company participated in the tender, submitting its offer.

The tender acts were challenged by an operator participating in the tender. With Sentence No. 886/2017, the Veneto Regional Administrative Court rejected the appeal. Against the decision, the appellant appealed to the Council of State, submitting an application for suspension of the first instance measure. The Council of State, with a ruling published on 22 January 2019, rejected the appeal.

In December 2018, the Municipality of Schio, client of the Minimum Territorial Area Vicenza 3 - Valli Astico Leogra and Timonchio, issued the call for tenders for the concession of the gas distribution service. The Ascopiave Group currently manages the service in 28 municipalities of the Area, for a total of approximately 80,000 users. The Group's companies, AP Reti Gas S.p.A. AP Reti Gas Vicenza S.p.A., holders of concessions in the Area, challenged the call for tenders due to irregularities, appealing to the Veneto Regional Administrative Court.

A hearing on the merits was held on 8 May 2019; however, there is no further evidence to date.

## Dividend distribution

On 18 April 2023, the Shareholders' Meeting approved the financial statements and resolved to distribute an ordinary dividend of EUR 0.13 per share with an ex-dividend date of 2 May 2023, record date 3 May 2023 and payment on 4 May 2023.

## Own shares

Pursuant to Article 40 of Legislative Decree 127, paragraph 2 d), it is acknowledged that as of 30 June 2023, the company held 17,701,578 treasury shares for a value of Euro 55,423 thousand, which are accounted for as a reduction of other reserves as can be seen in the statement of changes in shareholders' equity.

## Foreseeable development of operations

As far as gas distribution activities are concerned, in 2023 the Group will continue to be engaged in the normal management and running of the service and in carrying out preparatory activities for the next tenders for the awarding of concessions. In the event that in 2023 the process of the tenders relative to the Areas of interest to the Ascopiave Group should progress, given the time normally foreseen for the presentation of the offers and those required for their evaluation and for the adoption of the award decisions by the contracting stations, it is believed that the possible start-up of the new management could take place after the end of the 2023 financial year and therefore will not be able to change the perimeter of the activities currently managed. It should be noted that some concessions held by the company

Serenissima Gas are terminated effective 1 April 2023, following the awarding of the related Area tender (Udine 2) to another operator.

With regard to economic results, given the substantial stability of the regulatory framework, results are expected to be in line with those of the previous year.

With regard to energy efficiency obligations, the Decree of 21 May 2021 of the Minister of Ecological Transition determined the national energy saving targets for the years 2021-2024. The estimated targets for 2023 for the Group's distribution companies are higher than the planned annual obligations for the year 2022.

With regard to the production and sale of electricity from renewable sources, it should be noted that as of 1 July, the effects of the decrees issued on energy price containment ceased to apply.

As far as gas and electricity sales activities are concerned, Ascopiave will benefit from the consolidation of its share of the result of the minority shareholding held in Est Energy and of the dividends distributed by Hera Comm, both companies controlled by the Hera Group. Ascopiave holds put options on these shareholdings and it is not excluded that they may be exercised, in whole or in part, with a consequent impact on the Group's economic results and financial structure.

It should be noted that actual results in 2023 may differ from those indicatively projected above due to various factors including: general macroeconomic conditions, the impact of energy and environmental regulations, success in the development and application of new technologies, changes in stakeholder expectations and other changes in business conditions.

## Inflationary trends and interest rates

The first half of 2023 was characterised by the factors that also influenced the previous financial year. In fact, the financial year 2022 was strongly affected by a significant inflationary spiral that had already started in 2021 due to misalignments generated between supply and demand, when the pandemic began to fade, and to worsen in 2022 with the start of the Russian-Ukrainian conflict, which is still ongoing, and which significantly influenced the trend in energy commodity prices. The increase in natural gas commodity prices has consequently affected energy commodity prices, the effects of which have rapidly spilled over to other consumer goods that, for manufacturing or transportation purposes, require energy consumption. In particular, among the most sensitive to commodity trends, foodstuffs, a sector already partly affected by the contraction of Ukrainian production and reduced Russian exports, reacted.

Inflation in Italy averaged an increase of 8.1% at the end of the financial year 2022, mainly driven by the trend in the prices of energy goods. Net of these, consumer price growth amounted to 4.1%.

In 2022, the Federal Reserve and the European Central Bank, like other central banks around the world, started a process of raising interest rates in order to curb the run-up in inflation and, at the same time, try to prevent an excessively violent slowdown that would lead to a recession in their respective countries.

In view of the inflationary trend in the first six months of the year, which showed a significant deceleration compared to the previous year, but still significant growth rates, the FED and ECB declared that they are ready for further interest rate increases in the coming months.

In June 2023, according to preliminary estimates by Istat, the consumer price index stood at 6.4 per cent year-on-year, a further reduction compared to the previous month's figure (+7.6 per cent).

In its June economic outlook, the OECD forecast weak growth in the world economy for the two-year period 2023-2024, with the current year possibly at 2.7 per cent and 2024 at 2.9 per cent.

Inflation in the OECD area will fall to 4.3% in 2024, passing through an expected 6.6% in 2023. This impact is mainly related to the restrictive monetary policies implemented by central banks, the development of the energy price basket and the fading out of some of the economic conditions that had driven growth in 2021.

For Italy, growth is expected to slow from 3.8% in 2022 to 1.2% this year and 1% next year, growth rates in line with ISTAT forecasts.

The scenarios, although some indicators are improving, consequently remain uncertain due to both the continuation of the Russian-Ukrainian conflict and the variables that it may trigger, and the modest growth expected in 2023 that could quickly turn into recession if some variables do not react as expected.

The Group's management continues to monitor, through the use of external indicators and internally developed values, the impacts in terms of performance so as to be able to intervene with any corrective measures aimed at mitigating the effects that might be reflected in the performance of the business.

## Group objectives and policies and description of risks

### Credit and liquidity risk

The main financial instruments used by the Group are cash and cash equivalents, bank debt and other forms of financing. It is believed that the Group is not exposed to a credit risk higher than the sector average, considering that it provides its business services to a limited number of operators in the gas sector, whose rules for access to the services offered are established by the Regulatory Authority for Energy, Networks and Environment and are set forth in the Network Codes, which dictate contractual clauses that reduce the risk of non-compliance by customers. The Codes provide, in particular, for the issuance of suitable guarantees to partially cover the obligations undertaken if the customer does not have a credit rating issued by leading international bodies.

To cover residual possible risks on receivables, an allowance for doubtful accounts was allocated, which at the end of the first half of the year amounted to approximately 24.6% (20.8% at 31 December 2022) of the gross amount of receivables from third parties for invoices issued. Significant commercial transactions take place in Italy.

With regard to the company's financial management, the directors assess the generation of liquidity, deriving from operations, to be adequate to cover its needs.

### Risks related to tenders for the award of new natural gas distribution concessions

As of 30 June 2023, the Ascopiave Group holds 304 natural gas distribution concessions (306 as of 31 December 2022). In accordance with the provisions of the regulations in force applicable to the concessions it holds, tenders for new assignments of the gas distribution service will no longer be called for each individual municipality, but exclusively for the territorial areas determined by the Ministerial Decrees dated 19 January 2011 and 18 October 2011, and according to the timeframes indicated in Attachment 1 to the Ministerial Decree on the benchmarks for tenders and evaluation of offers, issued on 12 November 2011, as subsequently amended. As the tenders progress, the Group may not be awarded one or more of the new concessions, or it may be awarded on less favourable terms than the current ones, with possible negative impacts on operations and on the Group's economic and financial position, without prejudice, in the case of non-tender, to the collection of the redemption value envisaged in favour of the outgoing operator for the municipalities currently managed by the company.

### Risks related to the quantification of the reimbursement to be paid by the new operator

With regard to gas distribution concessions for which the Group is also the owner of the networks and plants, Law no. 9 / 2014 establishes that the reimbursement recognised at the expense of the incoming operator shall be calculated in compliance with what is established in the conventions and contracts and, for what cannot be deduced from the will of the parties as well as for aspects not governed by the same conventions or contracts, according to the guidelines on benchmarks and operating methods for the evaluation of the reimbursement value referred to in Article 4, paragraph 6, of Decree-Law No. 69 of 21 June 2013, converted, with amendments, by Law No. 98 of 9 August 2013. In any case, private contributions relating to locational assets, valued according to the methodology of the tariff regulation in force, are deducted from the reimbursement value. Furthermore, if the reimbursement value is greater than ten per cent of the value of the net fixed assets of the locality calculated in the tariff regulation, net of the public capital contributions and the private contributions relating to the locality assets, the granting local authority shall forward the relevant detailed assessments of the reimbursement value to the Regulatory Authority for Energy Networks and Environment for verification prior to the publication of the call for tenders.

Decree No. 266 of the Minister of Economic Development of 12 November 2011 establishes that the incoming operator acquires ownership of the plant with the payment of the redemption value to the outgoing operator, with the exception of any portions of the plant owned by the municipality.

When fully operational, i.e. in the periods subsequent to the first, the reimbursement to the outgoing operator will in any case be equal to the value of the net fixed assets of the locality, net of public capital contributions and private contributions relative to the locality assets, calculated with reference to the benchmarks used by the Authority to



determine the distribution tariffs (RAB). On this point, it should be noted that the Authority intervened with Resolution 367/2014/R/gas, providing that, the reimbursement value, pursuant to Article 14, paragraph 8, of Legislative Decree no. 164/00, at the end of the first period of entrustment of the area is determined as the sum of: a) residual value of the stock existing at the beginning of the entrustment period, assessed for all the assets subject to transfer for consideration to the incoming operator in the second period of entrustment according to the redemption value, referred to in Article 5 of Decree No. 226/11, recognised to the outgoing operator at the time of the first entrustment per area, taking into account the depreciation and divestments recognised for tariff purposes during the period of entrustment b) residual value of new investments made during the period of entrustment and existing at the end of the period, valued on the basis of the revalued historical cost criterion for the period in which the investments are recognised for tariff purposes, as provided for in Article 56 of the Regulation of Tariffs for Gas Distribution and Metering Services (RTDG), and as the average between the net value determined on the basis of the revalued historical cost criterion and the net value determined on the basis of the standard cost valuation methodologies, in accordance with the provisions of paragraph 3.1 of Resolution 573/2013/R/GAS, for the subsequent period.

## OPERATIONAL RISKS

Ascopiave oversees the company's processes and activities with respect for the health and safety of workers, environmental protection, quality and energy saving in the services offered and anti-corruption.

### Risks of malfunctioning and/or interruption of the distribution service

Accidental unforeseen events such as accidents, failure of equipment or control systems, drop in plant performance, and exceptional events such as explosions, fires, or other similar events, lead to risks of infrastructure malfunctioning up to the possible unforeseen interruption of the distribution service. Such events could lead to a reduction in revenues and cause significant damage to people, property or the environment. The Group has stipulated specific insurance contracts to cover the risks described. Although the insurance lines activated are in line with the best policies, they may be insufficient to cover all the losses that the Group may incur due to possible increases in expenses and/or compensation to be paid.

### Risks related to environmental protection, health and safety

The Group conducts its business in compliance with Italian and European Union regulations on environmental protection, observing the laws that regulate and govern environmental and safety issues. Despite the attention paid to this matter, it cannot be excluded with certainty that the Group may incur costs or liabilities, even of a significant entity. In fact, it is difficult to foresee the economic and financial repercussions of any past environmental damage, also considering the possible effects of new laws and regulations for the protection of the environment, the impact of any technological innovations for environmental remediation, the possibility of disputes arising and the difficulty of determining their possible consequences, also in relation to the liability of other parties. The Group is engaged in activities for the remediation of contaminated sites substantially due to the removal and disposal of waste (mainly for the demolition of obsolete plant structures).

### Risk associated with the installation of Smart Meters

For years, the Group has been implementing a plan to replace traditional meters with smart meters, initially involving meters of class higher than G6 and subsequently also those of lower classes. In the first phase of replacement, the new remote meters represented a technology that was still evolving. The construction characteristics set by the Authority meant that manufacturers had to design and produce a product dedicated solely to the Italian market in a time frame consistent with the obligations set by ARERA. Moreover, it should be noted that the reference technical standards drawn up by the CIG (Comitato Italiano Gas, a standard-setting body affiliated with UNI) have only been fully available since 2015. The Group has started the installation of these devices according to the timetable defined by ARERA (only the Group company AP Reti Gas Nord Est is behind schedule); therefore, there is a risk that levels of malfunctioning will be higher than the historical performance recorded for traditional meters and that greater maintenance costs will be generated for the company.

### Risks associated with energy efficiency certificates

Article 16.4 of Legislative Decree No. 164/2000 provides that natural gas distribution companies pursue energy saving objectives in end-use and in the development of renewable sources; in return for the results achieved, distributors are assigned the so-called Energy Efficiency Certificates, the cancellation of which entails a reimbursement by the Energy and Environmental Services Fund (Cassa per i Servizi Energetici e Ambientali) financed by through the RE (Energy Saving) component of distribution tariffs. ARERA determines the specific energy saving targets for electricity and natural gas distributors taking into account the annual national savings quantities to be pursued through the white certificates mechanism. There is a potential risk of economic loss for the Group due to the possible negative difference between the average purchase value of the certificates and the recognised tariff contribution and/or the possible failure to achieve the assigned targets.

#### **Risk related to the execution of the investment plan under the concessions**

Natural gas distribution concessions provide for commitments on the part of the concessionaire, including commitments related to investments to be made in the cost of the period of the concession. It cannot be ruled out that, also due to delays in obtaining authorisations and permits, these investments may be carried out beyond the foreseen time limits, with the risk that charges may be incurred by the Group.

#### **Regulatory risk**

The Group operates in a regulated sector. The directives and regulatory measures issued on this matter by the European Union and the Italian Government, the decisions of ARERA and, more generally, changes in the reference regulatory context may have an impact on the Group's operations, economic results and financial balance.

Of particular importance is the evolution of the benchmarks for determining the reference tariffs. Future changes in the regulations adopted by the European Union or at a national level cannot be excluded, which could have unforeseen repercussions on the reference regulatory framework and, consequently, on the Group's business and results.

#### **Legal and non-compliance risk**

The legal and non-compliance risk consists of the failure to comply, in whole or in part, with the European, national, regional and local regulations with which the Group must comply in carrying out its activities. Violation of the rules may result in criminal, civil and/or administrative penalties as well as financial, economic and/or reputational damage. With reference to specific cases, inter alia, the violation of regulations to protect the health and safety of workers and the environment and the violation of regulations to fight corruption may lead to sanctions, even significant ones, against the Group under the regulations on the administrative liability of entities (Legislative Decree no. 231/01).

### **CLIMATE CHANGE RISK MANAGEMENT**

Operating in the energy sector, the Ascopiave Group has a synergic relationship with the phenomenon of "climate change" and its business operations contribute in an immediate form to the various climate scenarios dictated by international literature such as the IPCC (International Panel for Climate Change) and NGFS (Network for Greening the Financial System). Following the acquisitions made in 2021 and 2022 in the renewable energy sector, and with the development of new projects and investments underway, the Ascopiave Group, with its updated Strategic Plan 2022-2026, continues its commitment to the climate change mitigation activities defined by the European Green Deal, to create a "carbon neutral" economy by 2050, and, to reduce emissions by 55% by 2030.

In this regard, the Ascopiave Group, aware that it works in a sector that is extremely influenced by climate change, has carried out an initial analysis useful for adjusting the framework of risks and opportunities within its corporate perimeter. The analysis was conducted taking as a reference the TCFD (Task Force on Climate-related Financial Disclosure) guidelines implemented by the European Commission in the 'Guidelines on the Disclosure of Non-Financial Information: Integration Concerning the Disclosure of Climate-related Information'. The project, resulting in preliminary 'disclosure', analysed the 4 pillars recommended by the document: Governance, Strategy, Risk Management, Metrics & Targets.

#### **Governance**

The strategic management of "climate change" issues, as well as the governance of all aspects of sustainability, is the responsibility of the Board of Directors, in compliance with applicable regulations. In 2021, Ascopiave S.p.A. placed the

pursuit of the objective of "sustainable success" at the centre of its corporate culture and corporate governance system. Also to this end, on 15 January 2021, the Board of Directors of Ascopiave S.p.A. formally adhered to the new Corporate Governance Code which, in Principle I, promotes "sustainable success". In 2021, the Ascopiave Group also established the Sustainability Committee with investigative, propositional and advisory functions in the parent company's assessments and decisions on environmental sustainability and the so-called "energy transition". In addition to the Sustainability Committee, the Board of Directors also relies on the support of the Control and Risk Committee in evaluations and decisions relating to the internal control and risk management system.

### Strategy

The Group's strategy aims to pursue sustainable success and is oriented towards the goal of stable value creation for shareholders, aware of the potentially significant impacts that the climate can have on customers, stakeholders and the business. Moreover, on the production and distribution process front, the constant effort to improve energy efficiency is bringing benefits in terms of less energy used for the same activity, resulting in lower costs and emissions. The 2022-2026 Strategic Plan, approved by the Board of Directors on 9 February 2023, confirms the strategic guidelines indicated in the strategic plans published in the previous two years, outlining a path of sustainable growth in the core businesses of gas distribution and renewable energies and in new areas of activity. As part of the process of energy transition and business diversification, the Ascopiave Group aims, through growth based on the enhancement of the skills possessed, to identify one or more useful strategies to mitigate the negative effects of possible scenarios arising from climate change. Part of the planned investments in diversification in the renewable energy sector are destined for energy transition by focusing on gases defined as "green", as well as the development of new wind power plants.

Diversification within its business perimeter, besides making the Group more profitable and resilient to exogenous events, has pervasive effects on the Group's consciousness and responsibility. Growth in diversified areas can take place through the development of in-house expertise, participation in competitive processes, company acquisitions or, lastly, through the establishment of partnerships with experienced players. The phenomenon of climate change forces companies to promote innovation and find solutions to increase energy efficiency within their business. In this regard, Ascopiave has achieved appreciable results on the energy efficiency front, implementing organisational and technological solutions functional both to improving the quality and reliability of the service and to containing costs.

### Risk Management

With particular reference to risks and opportunities related to climate change, the Ascopiave Group relies on the support of the governance committees Sustainability Committee and Control and Risk Committee, and, starting from October 2022, on the figure of the Risk Manager. In line with the recommendations of the TCFD, risk management involves the following steps: identification and assessment of risks/opportunities, definition of the response, periodic review and continuity/improvement of safeguards.

### Metrics & Targets

As far as the metrics used by the Group are concerned, to date reference can be made to the chapter 'Energy management and emissions' in the previous year's annual financial report, where the indicators relating to energy consumption, atmospheric emissions, water use and waste production and management are described in detail. The metrics used for reporting the indicators follow the GRI Standards published by the Global Reporting Initiative.

The "Sustainable Development Goals" identified by Ascopiave through dialogue with Stakeholders are the elements on which the Group will base its sustainable growth path. The sustainability path undertaken by Ascopiave is inspired by the Sustainable Development Goals (SDGs) connected on the one hand to its own business activities (SDGs 6, 7, 8 and 9) and on the other to the impact and effects the Group has on the territories in which it operates (SDGs 11, 12 and 13). In this context, Ascopiave's strategy acknowledges the concept of assuming responsibility that the 2030 Agenda requires of every reality, not only for what it carries out at business level, but also as an activator of change with a view to creating sustainable systems both locally and globally.

In line with the recommendations of the TCFD, a preliminary analysis of general and specific risks-opportunities of the Group was carried out based on purely qualitative considerations. The identification of risks, and their attributability, could be difficult due to a limited knowledge of climate-related issues and/or the tendency to focus mainly on short-term risks. Therefore, an initial macro-distinction between physical and transition risk has been made:

- physical risk, i.e. the risk arising from progressively changing climatic conditions, linked to long-term variations (chronic risk) and extreme weather events (acute risk). These risks expose the Group to damage or destruction



- of 'tangible capital' such as industrial buildings, plant and infrastructure, potential disruptions to essential supplies, and potential contraction of production and distribution capacity;
- Transition risk is related to legislative, regulatory and technological changes associated with the fight against climate change and the transition to a low-emission economy.

## Research and Development

### Information systems

The main project realised in the first half of 2023 was the completion of the new distribution company called Romeo 2 S.r.l.. The company, operational since 1 February, took over some concessions managed by the Ascopiave Group in the North-West.

The period also saw the continuation of the fine-tuning of the works management process for all the Group's Distribution companies, a project that in the last two years has entailed the modification of the processes for estimating, assigning, reporting works and creating new assets, understood as new realisations and extraordinary maintenance of the gas networks, introducing significant automation to make the entire management of activities more effective and efficient. The objectives were pursued by integrating the main software and in particular the RetiNext software that supports the user management processes, the Infor EAM software that supports the maintenance processes, the Geocall WFM that was also extended to the work assignment part, and the SAP accounting system. The solution was then enriched with a construction site management module, designed to monitor, verify and validate construction site activities assigned to external contractors. This application allows the client and the contractor to interact in real time, optimising the control and validation activities of the works.

An analysis was completed for the development of a system to support the definition of the technical budget for works to be carried out on gas distribution networks; the system will also allow the entire process of requesting and managing work permits to be managed.

The first half of the year also saw the completion of the tender for the assignment of the support service for the design and implementation of the transition to Utility Network for the cartographic system used for the Gas Distribution and Integrated Water System services. The project, which will take place over a time horizon of about 26 months, represents an important evolution of the mapping system and will allow a complete re-engineering of the related processes.

During the period, activities continued on the pilot project of a software capable of simulating the fluid-dynamic behaviour of networks in real time. The project, which is currently operational on a part of the network in on-demand mode, has the objectives of enabling the monitoring of networks and plants in real time, the validation of fluid-dynamic models by means of calibration graphs, and the profiling of consumption by main users.

Work continued on the development and expansion of the remote control system for monitoring pressures upstream and downstream of the GRFs, installing the relevant peripherals.

During the first half of the year, the new management system, launched in the final months of 2022, was consolidated to support the main processes for the management of an integrated water system. This system represents an important element of investment in the digitisation of processes related to the water service, allowing support for all management activities ranging from the management of the counter and activities requested by customers, to the management of readings and activities in the field, through to invoicing.

As part of investments in digital innovation, the RPA (Robotic Process Automation) technology experimentation project continued, with the aim of automating and simplifying some IT processes that required repetitive and low added-value activities from users. The project allowed the automation of a series of processes such as those related to the sending of SM1 (suspension for delinquency), A02 (activation of supply following suspension for potential danger) and IGMG (readings on meter change activities) flows, the WKR coefficient acquisition process, and the photo-label acquisition process.

The implementation of a project to renew the operational reporting production system continued, automating and simplifying its production and usability. Integrations between the different feeding systems and the production of the main operational reports (investments, hours worked, operational activities performed, installation of reduction groups, etc.) were carried out.

In collaboration with the HR and ICT Corporate structures, the tender was completed to choose the supplier with whom to carry out the next two-year cycle of Security Awareness for users of the Group's information systems. The project aims to continue to raise the level of attention to cybersecurity risks by information system users and to measure the results achieved through the implementation of targeted phishing campaigns

Activities also continued during the period to enable the necessary adjustments and changes to systems to meet regulatory updates and internal process improvement requirements.

## Human Resources

As at 30 June 2023, the Ascopiave Group had 508 employees, distributed among the various companies as shown below:

Companies	30.06.2023	30.06.2022	Variation
Ascopiave S.p.A.	79	84	(5)
AP Reti Gas S.p.A.	188	173	15
AP Reti Gas Rovigo S.r.l.	14	15	(1)
Edigas Esercizio Distribuzione Gas S.p.A.	53	61	(8)
AP Reti Gas Vicenza S.p.A.	34	37	(3)
AP Reti Gas Nord Est S.p.A.	91	97	(6)
Cart Acqua S.r.l.	3	3	0
Romeo Gas S.p.A.	12	6	6
Serenissima Gas S.p.A.	23	26	(3)
Asco EG S.p.A.	11	11	0
<b>Total Group</b>	<b>508</b>	<b>513</b>	<b>(5)</b>

Compared to 30 June 2022, the personnel of the Ascopiave Group decreased by 5 units; the changes are attributable to the following companies:

- ✓ Ascopiave: -5 employees, due to 3 hirings and 8 terminations;
- ✓ AP Reti Gas: +15 employees, due to 21 hirings and 6 terminations;
- ✓ AP Reti Gas Rovigo: -1 employee, due to 1 hiring and 2 terminations;
- ✓ Edigas Esercizio Distribuzione Gas: -8 employees, due to 5 hirings and 13 terminations;
- ✓ AP Reti Gas Vicenza: -3 employees, due to 3 terminations;
- ✓ AP Reti Gas Nord Est: -6 employees, due to 6 terminations;
- ✓ Romeo Gas: +6 employees, due to 7 hirings and 1 termination;
- ✓ Serenissima Gas: -3 employees, due to 3 terminations.

The following table shows the breakdown of the workforce by qualification:

Description	30.06.2023	30.06.2022	Variation
Managers	13	14	(1)
Office workers	322	323	(1)
Manual workers	173	176	(3)
<b>Total Group</b>	<b>508</b>	<b>513</b>	<b>(5)</b>

## Other information

### Seasonal characteristic of the activity

The natural gas distribution business managed by the Ascopiave Group is not significantly affected by seasonality; in fact, it is less influenced by the thermal trend recorded during the year, except for some minor items. With the recent acquisitions made in the sector of electric energy production from renewable sources, the Group is instead exposed to environmental factors that characterise the seasons, such as rainfall/dryness, solar radiation and windiness.

The Group is significantly exposed to the effects of seasonality in relation to investments in associated companies, active in the sale of natural gas and electricity, which will be valued using the equity method. Gas consumption varies considerably on a seasonal basis, with greater demand in the winter period, in relation to higher consumption for heating use. Seasonality influences the trend of gas sales revenues and supply costs, while other operating costs are fixed and incurred by the Group in a homogeneous manner throughout the year. Therefore, the data and information, relative to these companies, contained in the interim financial statements do not allow for immediate representative indications of the overall trend for the year.

## List of company locations

### Property Locations

Company	Intended use	Province	Municipality	Adress
AP Reti Gas Rovigo S.r.l.	AP RETI GAS ROVIGO Operational Headquarters in Rovigo Viale del Lavoro, 24	RO	Rovigo	Viale del Lavoro, 24
AP Reti Gas Vicenza S.p.A.	AP RETI GAS VICENZA SPA operational headquarters in Schio Via Cementi, 37	VI	Schio	Via Cementi, 37
Asco EG S.p.A.	ASCO EG SPA operational headquarters in Recoaro Terme Via Bruni	VI	Recoaro Terme	Via Bruni
Ascopiave S.p.A.	AP RETI GAS operational headquarters in Castel San Giovanni Via Borgonovo, 44 / A	PC	Castel San Giovanni	Via Borgonovo, 44/A
Ascopiave S.p.A.	AP RETI GAS operational headquarters in Cordovado Via Teglio, 101 - Shed	PN	Cordovado	Via Teglio, 101
Ascopiave S.p.A.	ASCOPIAVE Representative Office Milan Office Via Turati, 8 - 5th floor	MI	Milano	Via Turati, 8
Ascopiave S.p.A.	Milan office Via Turati, 6 - 3rd floor - In active lease	MI	Milano	Via Turati, 6
Ascopiave S.p.A.	ASCOPIAVE GROUP headquarters in Pieve di Soligo	TV	Pieve di Soligo	Via Verizzo, 1030
Ascopiave S.p.A.	ASCOTLC San Vendemiano Operational Headquarters Via Friuli, 11	TV	San Vendemiano	Via Friuli
Ascopiave S.p.A.	AP RETI GAS operational headquarters in Sandrigo Viale Galileo Galilei, 25-27	VI	Sandrigo	Viale Galileo Galilei, 25-27
Ascopiave S.p.A.	AP RETI GAS Operational Headquarters in Treviso, Appiani Area	TV	Treviso	Piazza delle Istituzioni, 34/A
Edigas S.p.A.	EDIGAS operational headquarters in Nembro Via Lombardia, 27	BG	Nembro	Via Lombardia, 27
Edigas S.p.A.	Shed owned by EDIGAS in Salussola via Stazione, 38	BI	Salussola	Via Stazione, 38
Serenissima Gas S.p.A.	SERENISSIMA Operational Headquarters in Basiliano	UD	Basiliano	Via Giuseppe Verdi, 12
Serenissima Gas S.p.A.	SERENISSIMA operational headquarters in San Donà di Piave	VE	San Donà di Piave	Via Monte Popera, 24

### Leased Locations

Company	Intended use	Province	Municipality	Adress
AP Reti Gas S.p.A.	AP RETI GAS Operational Headquarters of Castelfranco Via della Cooperazione, 8	TV	Castelfranco V.to	Via della Cooperazione, 8
AP Reti Gas S.p.A.	AP RETI GAS Operational Headquarters in Marchirolo Via Cavalier Busetti, 7H	VA	Marchirolo	Via Cavalier Busetti, 7H
AP Reti Gas Nord Est S.r.l.	AP RETI GAS NORD EST Operational Headquarters of Padua Via J.Corrado	PD	Padova	Via Jacopo Corrado,1
AP Reti Gas Nord Est S.r.l.	AP RETI GAS NORD EST operational headquarters in San Giorgio di Nogaro Via Ronchi, 53	UD	San Giorgio di Nogaro	Via Ronchi, 53
AP Reti Gas Nord Est S.r.l.	AP RETI GAS NORD EST Operational Headquarters of Udine Via del Cotonificio, 60	UD	Udine	Via del Cotonificio, 60
Ascopiave S.p.A.	Ascopiave Apartment - Mosnigo di Moriago Piazza Albertini 60/5 int 6	TV	Moriago della Battaglia	Piazza Albertini 60/5 int 6
Cart Acqua S.r.l.	CART Acqua apartment - Orio al Serio via Colombo 2	BG	Orio al Serio	Via Colombo, 2
Edigas S.p.A.	EDIGAS Headquarters in Marcaria Viale Mons. Benedini	MN	Marcaria	Viale Mons. Benedini, 28-30
Edigas S.p.A.	EDIGAS Nembro warehouse Via Lombardia, 29 - Sub. 1	BG	Nembro	Via Lombardia Sub.1
Edigas S.p.A.	EDIGAS Nembro warehouse Via Lombardia, 29 - Sub. 2	BG	Nembro	Via Lombardia Sub.2
Edigas S.p.A.	EDIGAS headquarters in Salussola via Stazione, 38	BI	Salussola	Via Stazione, 38
Romeo Gas S.p.A.	ROMEO GAS Bagnaria warehouse	PC	Bagnaria	Location Lazzuola
Romeo Gas S.p.A.	ROMEO GAS operational headquarters in Buccinasco Via Lazio, 89	MI	Buccinasco	Via Lazio, 89
Romeo Gas S.p.A.	ROMEO GAS operational headquarters in Marcheno	BS	Marcheno	Via Zanardelli, 40
Romeo Gas S.p.A.	ROMEO GAS operational headquarters in Marcheno Via Martiri dell'Indipendenza, 76	BS	Marcheno	Via Martiri dell'Indipendenza, 76
Romeo Gas S.p.A.	ROMEO GAS operational headquarters office and warehouse in Mortara Viale Vecellio	PV	Mortara	Viale Vecellio
Romeo Gas S.p.A.	ROMEO GAS operational headquarters in Varzi	PC	Varzi	Via Mazza, 131

## Commentary on the economic and financial results for the first half of the financial year 2023

### Performance Indicators

Pursuant to the provisions of Consob communication DEM 6064293 of 28 July 2006 and recommendation CESR/05-178b on alternative performance indicators, it should be noted that the Group considers other performance indicators useful for monitoring its business, in addition to the normal performance indicators established by the IAS/IFRS international accounting standards, which, although not specifically established by the aforementioned standards, are of particular relevance. In particular, the following indicators should be noted:

- **EBITDA:** is defined by the Group as the result before depreciation, amortisation, bad debts, financial management and taxes.
- **Operating profit:** this indicator is also required by the relevant accounting standards and is defined as the operating margin (EBIT) minus the balance of non-recurring costs and income. It should be noted that this last item includes contingent assets and liabilities, capital gains and losses from asset disposals, insurance reimbursements, contributions and other minor positive and negative items.
- **Gas distribution tariff revenues:** defined by the Group as the amount of revenues earned by the Group's distribution companies for the application of natural gas distribution and metering tariffs to their end customers, net of equalisation amounts managed by the Energy and Environmental Services Fund (Cassa per i Servizi Energetici e Ambientali).

## Operating Performance - Key Operational Indicators

NATURAL GAS DISTRIBUTION	First half		Var.	Var. %
	2023	2022		
<b>Ascopiave Group</b>				
Number of Concessions	304	306	-2	-0.7%
Length of distribution network (km)	14,662	14,588	73	0.5%
Total active meters (no.)	874,497	890,662	-16,165	-1.8%
Volumes of gas distributed (scm/mln)	813.5	885.5	-72.0	-8.1%

PRODUCTION OF ENERGY FROM RENEWABLES SOURCES	First half		Var.	Var. %
	2023	2022		
<b>Ascopiave Group</b>				
Number of plants	28	28	0	0.0%
Installed power (MW)	62.5	62.5	0.0	0.0%
Volumes of electricity produced (GWh)	71.2	43.1	28.1	65.1%

Below we comment on the performance of the main operating indicators of the Group's activities.

Please note that the value of each indicator is obtained by summing the values of the indicators of each consolidated company.

As regards gas distribution activities, during the first half of the year the volumes supplied through the networks managed by the companies of the Group amounted to 813.5 million cubic metres, a decrease of 8.1% compared to the same period of the previous year. This decrease is mainly attributable to the continuation of relatively mild temperatures in the first half of the year.

As at 30 June 2023, the number of redelivery points (PDR) operated by Group companies was 874,497.

The 28 plants producing electricity from renewable energy sources, with a total installed capacity of 62.5 MW, produced 71.2 GWh during the first half of the year, showing an increase of 65.1% over the same period of the previous year. The volume of GWh produced, in spite of the improvement shown with respect to the six-month period under comparison, was significantly affected by the weather that characterised the period, and in particular by the persistent drought.

## Operating Performance - The Group's Economic Results

(Thousands of Euro)	First half			
	2023	% of revenues	2022	% of revenues
Revenues	83,897	100.0%	81,420	100.0%
Total operating costs	45,715	(54.5%)	45,457	(55.8%)
<b>Gross operative margin</b>	<b>38,182</b>	<b>45.5%</b>	<b>35,963</b>	<b>44.2%</b>
Amortization and depreciation	23,431	(27.9%)	21,561	(26.5%)
Provision for risks on credits	253	(0.3%)	10	0.0%
<b>Operating result</b>	<b>14,498</b>	<b>17.3%</b>	<b>14,392</b>	<b>17.7%</b>
Financial income	5,783	6.9%	4,474	5.5%
Financial charges	5,293	(6.3%)	2,177	(2.7%)
Evaluation of subsidiary companies with the net equity method	794	0.9%	11,362	14.0%
<b>Earnings before tax</b>	<b>15,781</b>	<b>18.8%</b>	<b>28,051</b>	<b>34.5%</b>
Taxes for the period	(2,309)	0.0%	(5,456)	0.0%
<b>Result for the period</b>	<b>13,473</b>	<b>16.1%</b>	<b>22,595</b>	<b>27.8%</b>
Net result from transfer/disposal of assets	56	0.1%	588	0.7%
<b>Net result for the period</b>	<b>13,529</b>	<b>16.1%</b>	<b>23,153</b>	<b>28.4%</b>
Group's Net Result	12,071	14.4%	23,275	28.6%
Third parties Net Result	1,458	1.7%	(122)	(0.1%)

Pursuant to Consob Communication No. DEM/6064293 dated 28 July 2006, it should be noted that the alternative performance indicators are defined in the 'Performance Indicators' section of this document.

In the first half of the financial year 2023, the Group realised revenues of Euro 83,897 thousand, an increase of 3.0% compared to the same period of the previous year. The following table provides a breakdown of revenues.

(Thousands of Euro)	First half	
	2023	2022
Revenues from gas transportation	60,848	55,655
Revenues from electricity sale	105	207
Revenues from connections	467	347
Revenues from heat supply	4	0
Revenues from distribution services	2,421	2,189
Revenues from services supplied to Group companies	2,360	9,891
Revenues from ARERA contributions	7,917	4,853
Revenues from hydro-electric plants	7,635	5,251
Other revenues	2,139	3,026
<b>Revenues</b>	<b>83,897</b>	<b>81,420</b>

**Tariff revenues on gas distribution activities** (which go from Euro 54,876 thousand to Euro 60,039 thousand) show a positive change equal to Euro 5,162 thousand as compared to the first half of the previous year. The change is mainly explained by the enlargement of the consolidation perimeter, which determined the inscription of the revenues from the companies acquired on 1 April 2022 for Euro 3,462 thousand.

The differential between tariff revenues and the item "gas transportation revenues" shown in the table (as of 30 June 2023 equal to 809 thousand and as of 30 June 2022 equal to 779 thousand) is explained by the revenues recognised due to the chargeback of licensing fees related to Art. 46-bis. It should be noted that these revenues contribute to the formation of the other cost and revenue items described in the following disclosure.

At the end of the first half of the year, revenues from **wind-hydroelectric power plants amounted to Euro 8,041 thousand** and showed an increase of Euro 2,776 thousand compared to the same period of the previous year. The increase

is mainly explained by the greater quantities of energy produced in the first half of the year. Despite the increase in production, it should be noted that both periods under comparison were significantly affected by the persistent drought.

**Revenues from energy efficiency certificates** (which increased from Euro 4,853 thousand to Euro 7,917 thousand) show a positive change of Euro 3,064 thousand compared to the first half of the previous year. The change is mainly explained by the inscription of the contributions accrued by the subsidiary AP Reti Gas Nord Est S.r.l. and by the increase of the energy saving objectives expected for the financial year 2023.

**Operating profit** for the first half of 2023 amounted to Euro 14,498 thousand, an increase of Euro 106 thousand (+1%) compared to the same period of the previous year.

The increase in the operating result is due to the following factors:

- positive change related to the enlargement of the scope of consolidation to the amount of Euro 115 thousand;
- increase in tariff revenues on gas distribution activity for Euro 1,701 thousand;
- increase in revenues from the production of energy from renewable sources for Euro 2,384,000;
- lower margin on energy efficiency bonds to the amount of Euro 323 thousand;
- negative change in other cost and revenue items of €3,297,000.

The negative change in other cost and revenue items, amounting to Euro 3,297,000, was due to

- lower revenues of Euro 5,507 thousand;
- lower costs for materials, services and miscellaneous charges of Euro 7,124,000;
- higher personnel costs of Euro 844,000;
- higher depreciation on fixed assets and provisions of €3,055,000.

Consolidated net profit for the first half of 2023 amounted to Euro 13,529 thousand, a decrease of Euro 9,624 thousand (-42%) compared to the same period of the previous year.

The change in profit is due to the following factors:

- higher operating income, as previously mentioned, to the amount of Euro 106 thousand;
- an increase in financial income of Euro 106,000;
- increase in financial expenses for Euro 3,117 thousand;
- lower result of the companies consolidated with the net equity method for Euro 10,568 thousand; this item is representative of Ascopiave's 40% shareholding in the EstEnergy Group and the 18.33% shareholding in Cogeide;
- lower taxes to the amount of €3,148,000;
- lower net result from assets held for sale to the amount of Euro 502,000.

The tax rate, calculated by normalising the pre-tax result of the consolidation effects of the consolidated company using the equity method, from the capital gain realised as part of the rationalisation of gas distribution concessions and the related tax effects, increased from 31.8% in the first half of 2022 to the current 32.0%.



## Operating Performance - The Financial Situation

The following table shows the composition of net financial debt as required by Consob Communication No. DEM/6064293 of 28 July 2006. The table and disclosures shown have been adjusted to reflect the updates reported in ESMA document 32-382-1138 of 4 March 2021:

(Thousands of Euro)	30.06.2023	31.12.2022
A Cash and cash equivalents	14,739	76,917
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	5,370	6,493
- of which related parties	0	0
<b>D Liquid assets (A) + (B) + (C)</b>	<b>20,109</b>	<b>83,410</b>
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(169,658)	(98,917)
- of which related parties	0	0
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(116,874)	(119,280)
- of which related parties	0	0
<b>G Current financial indebtedness (E) + (F)</b>	<b>(286,532)</b>	<b>(218,196)</b>
<b>H Net current financial indebtedness (D) + (G)</b>	<b>(266,423)</b>	<b>(134,787)</b>
I Non-current financial debt (excluding the current portion and debt instruments)	(237,037)	(279,939)
J Debt instruments	0	0
K Trade payables and other non current payables	0	0
<b>L Non-current financial indebtedness (I) + (J) + (K)</b>	<b>(237,037)</b>	<b>(279,939)</b>
<b>M Net financial indebtedness (H) + (L)</b>	<b>(503,459)</b>	<b>(414,726)</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with Related Parties' of this half-yearly financial report.

Net financial debt increased from Euro 414,726 thousand at 31 December 2022 to Euro 503,459 thousand at 30 June 2023, an increase of Euro 88,733 thousand.

The net financial position monitored by the Group, which also includes non-current financial receivables, increased by Euro 88,712 thousand, from Euro 411,857 thousand at 31 December 2022 to Euro 500,569 thousand at 30 June 2023.

The table below shows the reconciliation between the ESMA net financial position and the Group's monitored financial position:

(Thousands of Euro)	30.06.2023	31.12.2022
ESMA Net financial position	(503,459)	(414,726)
Non current financial assets	2,890	2,868
<b>Net financial position monitored by the Group</b>	<b>(500,569)</b>	<b>(411,857)</b>

Some data on the Group's cash flows are presented below:

(Thousands of Euro)	First half	
	2023	2022*
Net Income	13,529	23,153
Capital gains	(4,046)	
Gains on shareholdings	(4,228)	(4,307)
Evaluation of subsidiary companies with the net equity method	(794)	(11,362)
Depreciations and amortizations	23,684	21,649
<b>(a) Self financing</b>	<b>28,145</b>	<b>29,133</b>
<b>(b) Adjustments to reconcile net profit of changes in financial position generated by operating activities</b>	<b>(68,748)</b>	<b>6,009</b>
<b>(c) Change in financial position generated by operating activities = (a) + (b)</b>	<b>(40,603)</b>	<b>35,142</b>
<b>(d) Change in financial position generated by investing activities</b>	<b>(43,863)</b>	<b>(139,338)</b>
<b>(e) Other financial position changes</b>	<b>(4,246)</b>	<b>(49,592)</b>
<b>Net financial position changes = (c) + (d) + (e)</b>	<b>(88,712)</b>	<b>(153,787)</b>

\*Having changed the presentation structure of cash flows from 30.06.2023 for the purposes of comparability, the comparative data have been restated

The cash flow absorbed by operations (c), to the amount of €40,603 thousand, was determined by self-financing to the amount of €28,145 thousand and other negative financial changes to the amount of €68,748 thousand, related to net working capital management.

Net working capital management, which committed financial resources to the amount of Euro 68,748 thousand, was influenced by the change in net operating working capital, which absorbed financial resources to the amount of Euro 48,990 thousand, by the negative change in the position with the tax authorities for the accrual of IRES and IRAP taxes to the amount of Euro 93 thousand, and by the negative change in the VAT position to the amount of Euro 25,428 thousand.

The following table shows the changes in net working capital that occurred in the first half of the year:

(Thousands of Euro)	First half	
	2023	2022*
Inventories	(2,772)	(29)
Trade receivables and payables	(113,338)	(574)
Operating receivables and payables	67,120	7,554
Write-down of fixed assets and losses	1,562	598
Severance pay and other funds	196	(1,962)
Change in equity investments in subsidiaries companies	2,162	
Current taxes	2,309	5,456
Taxes paid	0	(5,034)
Tax receivables and payables	(25,986)	
<b>Change in net working capital</b>	<b>(68,748)</b>	<b>6,009</b>

\*Having changed the presentation structure of cash flows from 30.06.2023 for the purposes of comparability, the comparative data have been restated

The investment activity has generated a cash requirement of Euro 43,863 thousand, and has interested investments in intangible and tangible assets, mainly for interventions and development of infrastructures suitable for the distribution

of natural gas and for the development of plants in the renewable energy sector (wind and photovoltaic), for a total of Euro 34,532 thousand and investments in shareholdings for Euro 38,477 thousand. With the completion of the rationalisation of natural gas distribution concessions carried out with the Iren Group, tangible and intangible fixed assets were sold for a total of Euro 19,794 thousand. In addition, the reimbursement value of the plants acquired by the successor operator for the termination of some municipal gas distribution concessions was realised for a total of Euro 9,352,000.

The other changes in the Net Financial Position, equal to Euro 4,246 thousand, are mainly represented by dividends for a total of Euro 5,838 million, determined by the balance between dividends distributed (Euro -29,063 thousand) and dividends collected from affiliated companies (Euro +23,225 thousand). The enlargement of the consolidation perimeter to include the company Asco TLC S.p.A. determined the decrease in the Group's net financial position for Euro 1,592 thousand.

The following table shows the other changes in the financial position that occurred in the first half of the year:

(Thousands of Euro)	First half	
	2023	2022*
Dividends distributed to Ascopiave S.p.A. shareholders'	(28,172)	(35,757)
Dividends distributed to third party shareholders	(890)	
Dividends collected from investee companies	23,225	25,276
Enlargement of the consolidation perimeter	1,592	(39,111)
<b>Other changes in financial position</b>	<b>(4,246)</b>	<b>(49,592)</b>

*\*Having changed the presentation structure of cash flows from 30.06.2023 for the purposes of comparability, the comparative data have been restated*

## Operating Performance - Investments

During the first half of the year, the Group realised investments in intangible and tangible fixed assets for Euro 34,174 thousand, an increase of Euro 7,413 thousand compared to the same period of the previous year. The increase is mainly explained by investments made during the first half of the year by companies active in the renewable energy sector (+Euro 5,685 thousand).

Investments in infrastructures for the distribution of natural gas amounted to Euro 25,112 thousand at the end of the financial year. They relate to the installation and maintenance of the natural gas distribution network and plants for Euro 10,556 thousand, to the realisation of connections to the same for Euro 8,089 thousand and to the installation of measuring equipment for Euro 6,467 thousand.

Investments in renewable energy amounted to Euro 8,379,000 and related to the construction, not yet completed, of a wind farm, the construction of photovoltaic plants, and the purchase of land by the company Green Factory.

Other investments amounted to Euro 684,000 and mainly related to the purchase of hardware and software licences for Euro 285,000 as well as the purchase of company vehicles for Euro 152,000.

(Thousands of Euro)	First half	
	2023	2022
Connecting a gas users	8,089	6,869
Expansions, reclamations and network upgrades	9,371	9,776
Flowmeters	6,467	5,307
Maintenance	1,185	699
<b>Raw material (gas) investments</b>	<b>25,112</b>	<b>22,651</b>
Hydroelectric energy production plants	131	60
Wind farms	2,560	2,624
Solar energy production plants	688	0
Other green energy plants	5,000	0
<b>Investments in renewable energies</b>	<b>8,379</b>	<b>2,684</b>
Land and buildings	122	34
Industrial and commercial equipment	115	59
Forniture	3	5
Vehicles	152	117
Hardware e Software	285	1,211
Other assets	7	0
<b>Other investments</b>	<b>684</b>	<b>1,427</b>
<b>Investments</b>	<b>34,174</b>	<b>26,761</b>

# Ascopiave Group

Condensed Consolidated Financial Statements

as of 30 June 2023

## Consolidated Statement of Financial Position

(Thousands of Euro)	30.06.2023	31.12.2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	(1) 61,346	61,346
Other intangible assets	(2) 693,924	698,397
Tangible assets	(3) 143,116	138,432
Shareholdings in controlled companies	(4) 329,266	358,029
Shareholdings in other companies	(4) 78,257	78,257
Other non-current assets	(5) 3,751	4,625
Non current financial assets	(6) 2,890	2,868
Advance tax receivables	(7) 39,485	39,252
<b>Non-current assets</b>	<b>1,352,036</b>	<b>1,381,206</b>
<b>Current assets</b>		
Inventories	(8) 10,109	7,336
Trade receivables	(9) 19,932	20,104
Other current assets	(10) 88,817	133,880
Current financial assets	(11) 814	820
Tax receivables	(12) 10,263	4,100
Cash and cash equivalents	(13) 14,739	76,917
Current assets from derivative financial instruments	(14) 6,501	6,661
<b>Current assets</b>	<b>151,175</b>	<b>249,818</b>
Non-current assets disposal of assets	(39) 30,432	16,592
<b>ASSETS</b>	<b>1,533,643</b>	<b>1,647,616</b>
<b>Net equity and liabilities</b>		
<b>Total Net equity</b>		
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	649,116	687,291
<b>Net equity of the Group</b>	<b>828,104</b>	<b>866,280</b>
Net equity of Others	22,465	20,123
<b>Total Net equity</b>	<b>(15) 850,569</b>	<b>886,403</b>
<b>Non-current liabilities</b>		
Provisions for risks and charges	(16) 1,153	996
Severance indemnity	(17) 5,050	5,011
Outstanding medium- and long-term bonds	(18) 86,282	94,033
Medium- and long-term bank loans	(19) 143,531	178,538
Other non-current liabilities	(20) 38,327	37,458
Non-current financial liabilities	(21) 7,224	7,368
Deferred tax payables	(22) 19,278	19,608
<b>Non-current liabilities</b>	<b>300,844</b>	<b>343,012</b>
<b>Current liabilities</b>		
Outstanding short-term bonds	(23) 7,902	0
Payables due to banks and financing institutions	(24) 274,579	183,285
Trade payables	(25) 66,939	180,195
Tax payables	(26) 2,536	1,336
Other current liabilities	(27) 22,779	17,507
Current financial liabilities	(28) 4,051	34,911
Current liabilities from derivative financial instruments	(29) 162	164
<b>Current liabilities</b>	<b>378,948</b>	<b>417,398</b>
Liabilities held for sale	(39) 3,282	803
<b>Liabilities</b>	<b>683,074</b>	<b>761,213</b>
<b>Net equity and liabilities</b>	<b>1,533,643</b>	<b>1,647,616</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with Related Parties' of this half-yearly financial report.

## Consolidated Statement of Comprehensive Income

(Thousands of Euro)		First half	
		2023	2022
<b>Revenues</b>	(30)	<b>83,897</b>	<b>81,420</b>
<b>Total operating income and costs</b>		<b>45,968</b>	<b>45,467</b>
Purchase costs for other raw materials	(31)	989	1,339
Costs for services	(32)	24,848	25,294
Costs for personnel	(33)	11,216	10,034
Other management costs	(34)	13,046	8,851
Other income	(35)	4,130	51
<b>Amortization and depreciation</b>	(36)	<b>23,431</b>	<b>21,561</b>
<b>Operating result</b>		<b>14,498</b>	<b>14,392</b>
Financial income	(37)	5,783	4,474
Financial charges	(37)	5,293	2,177
Evaluation of subsidiary companies with the net equity method	(37)	794	11,362
<b>Earnings before tax</b>		<b>15,781</b>	<b>28,051</b>
Taxes for the period	(38)	(2,309)	(5,456)
<b>Result for the period</b>		<b>13,473</b>	<b>22,595</b>
Net result from transfer / disposal assets	(39)	56	558
<b>Net result for the period</b>		<b>13,529</b>	<b>23,153</b>
Group's Net Result		12,071	23,275
Third parties Net Result		1,458	(122)
<b>Consolidated statement of comprehensive income</b>			
1. Components that can be reclassified to the income statement			
- Fair value of derivatives, changes in the period net of tax		(2,390)	2,761
- Fair value of derivatives relating to associated companies, changes in the period net of tax		(10,561)	16,569
2. Components that can not be reclassified to the income statement			
- Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax		7	442
- Fair value valuation of investment in other companies			
<b>Total comprehensive income</b>		<b>585</b>	<b>42,924</b>
Group's overall net result		942	43,145
Third parties' overall net result		1,527	(221)
Base income per share		0.056	0.107
Diluted net income per share		0.056	0.107

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with Related Parties' of this half-yearly financial report.



## Statements of Changes in Consolidated Shareholders' Equity

	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
<b>Balance as of 1<sup>st</sup> January 2023</b>	<b>234,412</b>	<b>46,882</b>	<b>(55,424)</b>	<b>(162)</b>	<b>454,997</b>	<b>152,910</b>	<b>32,664</b>	<b>866,280</b>	<b>20,123</b>	<b>886,403</b>
Result for the period							12,071	12,071	1,458	13,529
Other operations					(2,401)			(2,401)	11	(2,390)
Fair value of derivatives relating to associated companies					(10,561)			(10,561)		(10,561)
Severance indemnity IAS 19 discounting of the period				(52)				(52)	58	7
<b>Total result of overall income statement</b>				<b>(52)</b>	<b>(12,961)</b>	<b>(0)</b>	<b>12,071</b>	<b>(942)</b>	<b>1,527</b>	<b>585</b>
Allocation of 2022 result						32,664	(32,664)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders					(28,172)			(28,172)		(28,172)
Dividends distributed to third party shareholders								(0)	(890)	(890)
Other movements					(90)			(90)	1	(89)
Change in equity investments in subsidiaries companies					(8,974)			(8,974)	1,705	(7,268)
<b>Balance as of 30<sup>th</sup> June 2023</b>	<b>234,412</b>	<b>46,882</b>	<b>(55,424)</b>	<b>(214)</b>	<b>404,800</b>	<b>185,574</b>	<b>12,071</b>	<b>828,104</b>	<b>22,465</b>	<b>850,569</b>

	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
<b>Balance as of 1<sup>st</sup> January 2022</b>	<b>234,412</b>	<b>46,882</b>	<b>(55,424)</b>	<b>(443)</b>	<b>436,955</b>	<b>160,836</b>	<b>45,326</b>	<b>868,544</b>	<b>(39)</b>	<b>868,505</b>
Result for the period							23,275	23,275	(122)	23,153
Other operations					2,761			2,761		2,761
Fair value of derivatives relating to associated companies					16,569			16,569		16,569
Severance indemnity IAS 19 discounting of the period				442				442		442
<b>Total result of overall income statement</b>				<b>442</b>	<b>19,329</b>	<b>(0)</b>	<b>23,275</b>	<b>43,046</b>	<b>(122)</b>	<b>42,924</b>
Allocation of 2021 result						45,326	(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)	42,888	42,888
Other operations					61			61	(30)	31
<b>Balance as of 30<sup>th</sup> June 2022</b>	<b>234,412</b>	<b>46,882</b>	<b>(55,424)</b>	<b>(1)</b>	<b>456,344</b>	<b>170,405</b>	<b>23,275</b>	<b>875,893</b>	<b>42,697</b>	<b>918,590</b>

## Consolidated Cash Flow Statement

(Thousands of Euro)	First half	
	2023	2022
<b>Total comprehensive income</b>	<b>(942)</b>	<b>16,593</b>
<b>Cash flows generated (used) by operating activities</b>		
<b>Adjustments to reconcile net income to net cash</b>		
Third-parties operating result	1,527	(122)
Fair value of derivatives relating to associated companies, changes in the period net of tax	(15)	10,561
Changes in HA reserves for MTM derivatives	(15)	2,390
Variations in severance indemnity reserves	(15)	(7)
Amortization	(36)	23,431
Bad debt provisions	(34)	253
Depreciation of fixed assets	(33)	1,562
Variations in severance indemnity	(17)	39
Current assets / liabilities on financial instruments	(14 ; 29)	(2,233)
Net variation of other funds	(16)	157
Evaluation of subsidiaries with the net equity method	(37)	(794)
Loss / (Gains) on disposal of fixed assets	(35)	(3,154)
Gains on disposal of investments	(35)	(892)
Income from shareholdings	(37)	(4,228)
Interests paid	(37)	(6,182)
Taxes paid	(12 ; 26)	0
Interest expense for the period	(37)	5,212
Taxes for the period	(38)	2,309
<b>Total adjustments</b>	<b>29,951</b>	<b>(14,689)</b>
<b>Variations in assets and liabilities</b>		
Inventories	(8)	(2,772)
Accounts payable	(9)	(82)
Other current assets	(10)	45,063
Trade payables	(25)	(113,256)
Other current liabilities	(27)	(1,864)
Other non-current assets	(5)	874
Other non-current liabilities	(20)	1,085
Operating flows from discontinued assets / liabilities	(39)	203
<b>Total adjustments and variations</b>	<b>(70,749)</b>	<b>922</b>
<b>Cash flows generated (used) by operating activities</b>	<b>(41,740)</b>	<b>29,279</b>
<b>Cash flows generated (used) by investments</b>		
Investments in intangible assets	(2)	(25,213)
Realisable value of intangible assets	(2)	9,412
Investments in tangible assets	(3)	(9,319)
Realisable value of tangible assets	(3)	64
Acquisitions in shareholdings and advances	(4)	(36,714)
Disposal in shareholdings and advances	(4)	19,794
Dividends collected from subsidiaries companies	(4)	23,225
Payments in cash by minorities in subsidiaries	(15)	2,162
Investment flows from discontinued assets / liabilities	(39)	(125)
<b>Cash flows generated/(used) by investments</b>	<b>(16,714)</b>	<b>(103,918)</b>
<b>Cash flows generated (used) by financial activities</b>		
Changes in non-current financial liabilities	(21)	(459)
Net changes in short-term bank borrowings	(24)	(37,263)
Ignitions medium- and long-term bonds	(18 ; 23)	0
Net variation in current financial assets and liabilities	(11 ; 28)	(30,561)
Ignitions loans and mortgages	(19)	387,300
Redemptions loans and mortgages	(19)	(293,600)
Dividends distributed to Ascopiave S.p.A. shareholders'	(15)	(28,172)
Dividends distributed to third party shareholders	(15)	(890)
Cash flows from discontinued assets / liabilities	(39)	(78)
<b>Cash flows generated (used) by financial activities</b>	<b>(3,264)</b>	<b>42,780</b>
<b>Variations in cash</b>	<b>(62,178)</b>	<b>(31,859)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>76,917</b>	<b>42,539</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>14,739</b>	<b>10,680</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with Related Parties' of this half-yearly financial report.

## EXPLANATORY NOTES

### Corporate information

Ascopiave S.p.A. (hereinafter referred to as 'Ascopiave', the 'Company' or the 'Parent Company' and, together 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 30 June 2023, the Company's share capital, equal to Euro 234,411,575, was held for the majority by Asco Holding S.p.A., the remainder was distributed among other private shareholders. Ascopiave S.p.A. has been listed since December 2006 on the Electronic Stock Market - Mercato Telematico Azionario - STAR Segment - organised and managed by Borsa Italiana S.p.A.. The Company's registered office is in Pieve di Soligo (TV), Via Verizzo, 1030.

The publication of the Ascopiave Group's Half-Yearly Financial Report as at 30 June 2023 was authorised by resolution of the Board of Directors on 27 July 2023.

#### The activities of the Ascopiave Group

The Ascopiave Group operates mainly in the natural gas distribution sector, as well as in other sectors related to its core business, such as heat management and cogeneration.

Currently, the Group holds concessions and direct assignments for the management of gas distribution in 304 municipalities (306 municipalities as of 31 December 2022), operating a distribution network that extends over 14,660 kilometres (14,600 kilometres as of 31 December 2022) and providing service to a catchment area of over one million inhabitants.

The Ascopiave Group holds 40% of the share capital of EstEnergy S.p.A., a company that sells natural gas and electric energy, and 18% of the share capital of Cogeide S.p.A., a company that operates in the field of water services in the Lombardy region.

The Group also operates in the renewable energy sector, in particular, in the hydroelectric, wind and photovoltaic sectors. Currently, the Group operates 28 power generation plants from renewable sources with a total installed capacity of 62.5 MW.

### General preparation benchmarks and expression of compliance with IFRS

The Ascopiave Group's economic-financial results are prepared in accordance with IFRS, meaning all "International Financial Reporting Standards", all "International Accounting Standards" (IAS), all interpretations of the "International Financial Reporting Committee" (IFRIC), formerly known as the "Standing Interpretations Committee" (SIC) that, as of the closing date of the Half-Yearly Financial Report as of 30 June 2023, have been endorsed by the European Union in accordance with the procedure set forth in Regulation (EC) No. 1606/2002 by the European Parliament and the European Council dated 19 July 2002.

In preparing this Half-Yearly Financial Report, the same accounting principles were applied as in the preparation of the Consolidated Financial Statements as at 31 December 2022.

This Half-Yearly Financial Report is drawn up in Euro, the currency of the economy in which the Group operates, and consists of the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement and the Notes to the Financial Statements. All amounts reported in the above tables and notes are expressed in thousands of Euro, unless otherwise indicated.

The values used for consolidation are taken from the financial statements prepared by the Directors of the individual subsidiaries. These figures have been suitably modified and reclassified, where necessary, to bring them into line with international accounting standards and the uniform classification benchmarks within the Group. This Half-Yearly Financial Report as of 30 June 2023 was approved by the Company's Board of Directors on 27 July 2023.

## Budget Schemes

With regard to the way the financial statements are presented, the 'current/non-current' distinction has been adopted for the Consolidated Statement of Financial Position, and the 'step-by-step' format has been adopted for the Consolidated Statement of Comprehensive Income, with costs classified by nature.

The statement of changes in equity items adopted presents the opening and closing balances of each equity item by reconciling them through profit or loss for the year, any transactions with shareholders and other changes in equity.

The Statement of Cash Flows is defined according to the 'indirect' method, adjusting the profit for the year for non-monetary items. It is considered that these statements adequately represent the economic and financial situation.

## Evaluation Benchmarks

### Use of estimates

The preparation of the condensed consolidated financial statements for the first half of the financial year 2023 requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, other comprehensive income and the disclosure of contingent assets and liabilities at the interim reporting date.

If in the future these estimates and assumptions, which are based on management's best judgement, should differ from the actual circumstances, they would be adjusted appropriately in the period in which the circumstances arise. For a more extensive description of the valuation processes most relevant to the Group, please refer to the section "Use of Estimates" in the Consolidated Financial Statements as at 31 December 2022.

Furthermore, it should be noted that certain valuation processes, particularly the more complex ones such as the determination of any impairment of non-current assets, are generally only carried out in full during the preparation of the annual financial statements, when all the information that may be necessary is available, except in cases where there are impairment indicators that require an immediate assessment of any impairment.

Income taxes are recognised on the basis of the best estimate of the effective tax rate expected for the entire year by each company included in the scope of consolidation.

## Business Combinations

### Completed the closing of the rationalisation of gas distribution concessions between Ascopiave and Iren

On 31 January 2023, Ascopiave and Iren finalised the transaction for the rationalisation of certain assets within the natural gas distribution service (see press release of 25 November 2022), following the fulfilment of the contractual conditions precedent.

In particular, the operation provided for:

- vi) the transfer by the Ascopiave Group to the Iren Group of the entire share capital of Romeo 2 S.r.l., a company newly incorporated by the Ascopiave Group, into which the branches of business related to the management of the concessions of the Savona 1 and Vercelli ATEMs owned by Edigas S.p.A., a company of the Ascopiave Group, for about 19,000 PDR were previously transferred;
- vii) the sale by the Iren Group in favour of Ascopiave of its 19.7% stake in the capital of Romeo Gas S.p.A., a company that holds, directly and through its subsidiary Serenissima Gas S.r.l., concessions in Northern Italy for a total of 126,000 PDR;
- viii) the waiver by the Iren Group to acquire from Romeo Gas S.p.A. the business units related to the management of the concessions in the Piacenza 1 and Pavia 4 ATEMs;
- ix) the sale by Romeo Gas S.p.A. in favour of the Iren Group of the business units related to the management of the concessions of the Parma and Piacenza 2 ATEMs with about 3,200 RDCs;
- x) the waiver of the right to acquire from the A2A Group the business unit related to the management of the gas transportation network located in the province of Pavia currently held by Retragas, the latter upon the fulfilment

of the condition for the acquisition (i.e. the prior reclassification from transportation network to distribution network); the acquisition from Retragas will therefore be completed by the Ascopiave Group.

Overall, the asset rationalisation transaction entailed the recognition of a monetary adjustment of €3.6 million in favour of the Ascopiave Group based on the different expected profitability. The transaction highlights the desire of the two companies to rationalise their gas distribution concessions by pursuing their strategic plan based on the territorial continuity of the assets.

#### **Ascopiave and the Hera Group finalise the acquisition of 92% of Asco TLC**

On 14 March 2023, Ascopiave S.p.A. and the Hera Group, through its subsidiary Acantho, finalised the acquisition of 92% of the shares of Asco TLC, with 55.2% and 36.8% respectively.

The closing follows the award, at the end of November 2022, of the public tender procedure called by Asco Holding for the sale of 92% of the shares of Asco TLC, held by Asco Holding itself and the Treviso-Belluno Chamber of Commerce, and the subsequent signing on 29 December 2022 of the related contractual documentation between the Hera Group and the Ascopiave Group. The acquisition price, settled in cash, is €37.2 million.

Asco TLC, a company that has been active since 2001 in the provision of ICT services mainly to corporate customers and public administrations, has a significant proprietary territorial network, located in the Veneto and Friuli-Venezia Giulia regions for more than 2,200 km of fibre optic backbones, 56 radio links and 24 xDSL exchanges in unbundling, and provides its services to more than 2,700 customers.

#### **Change of shareholding in Morina S.r.l.**

On 14 April 2023, the shareholders' meeting of the subsidiary Morina S.r.l. resolved to cover the losses accrued during the financial year 2022 and the first quarter of 2023. The coverage of the losses required the use of the company's entire shareholders' equity as well as the payment by the shareholders of the remaining portion. The shareholders' meeting also resolved to reconstitute the share capital by subscription of the Shareholders in proportion to their shareholding. The majority shareholder Asco Renewables S.p.A., a company of the Ascopiave Group, also offered to underwrite the shares of shareholders who were not interested.

On 17 May, after the term established by the Shareholders' Meeting had expired and there were no subscriptions by the other entitled Shareholders, Asco Renewables S.p.A. took over the subscription of the remaining shares, becoming the sole Shareholder of Morina S.r.l..

## **Consolidation Area and Benchmarks**

The financial statements of all subsidiaries are included in the Half-Year Financial Report. The Group controls an entity when the Group is exposed, or has the right, to the variability of results from that entity and has the ability to influence those results through the exercise of power over the entity. The financial statements of subsidiaries are included in the consolidated report from the date control is assumed until such control ceases to exist. Costs incurred in the acquisition process are expensed in the period in which they are incurred. The assets and liabilities, expenses and income of companies consolidated on a line-by-line basis are recognised in full in the consolidated financial statements; the carrying amount of equity investments is eliminated against the shareholders' equity of the investee companies. Receivables and payables, as well as costs and revenues arising from transactions between companies included in the scope of consolidation, are fully eliminated; capital losses and gains arising from transfers of fixed assets between consolidated companies, losses and gains arising from transactions between consolidated companies relating to the sale of assets that remain as inventories with the acquiring company, write-downs and reversals of write-downs of investments in consolidated companies, and intragroup dividends are also eliminated.

At the date control is acquired, the equity of the investee companies is determined by assigning their current value to the individual assets and liabilities. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recorded under the asset item 'Goodwill'; if negative, it is recognised in the income statement.

The portions of shareholders' equity and profit attributable to non-controlling interests are recognised in the appropriate items of shareholders' equity and the income statement. In the case of non-controlling interests, the portion of shareholders' equity attributable to non-controlling interests is determined on the basis of the current values attributed to the assets and liabilities at the date control is assumed, excluding any goodwill attributable to them (the *partial*

*goodwill method*). In relation to this, non-controlling interests are expressed at their full fair value, thus including any goodwill attributable to them. The method of determining goodwill is applied selectively for each business combination. In the case of equity investments acquired subsequent to the acquisition of control (acquisition of minority interests), any positive difference between the acquisition cost and the corresponding fraction of shareholders' equity acquired is recognised in shareholders' equity; similarly, the effects of the sale of minority interests without loss of control are recognised in shareholders' equity. If the acquisition value of the investments is higher than the pro-rata value of the investee's equity, the positive difference is allocated, where possible, to the net assets acquired on the basis of their fair value, while the remainder is recognised in an asset item called 'Goodwill'.

The value of goodwill is not amortised but is subject, at least annually, to impairment testing and adjustment when events or changes in circumstances indicate that the carrying value cannot be realised. Goodwill is recognised at cost less impairment losses. If the carrying value of the investments is less than the pro-rata value of the investees' equity, the negative difference is credited to the income statement. Acquisition costs are expensed in the income statement. Associated companies are those over which significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights or, if lower, there is evidence of significant influence. Investments in associates are initially recognised at cost and subsequently valued using the equity method. The carrying value of these investments is aligned with shareholders' equity and includes the recognition of the higher values attributed to assets and liabilities and any goodwill identified at the time of acquisition. Unrealised gains and losses generated on transactions between the Parent Company/Subsidiaries and the investee company accounted for under the equity method are eliminated in accordance with the value of the Group's interest in the investee company; unrealised losses are eliminated, except where they represent impairment.

The financial statements of the Subsidiaries used to prepare the Annual Financial Report are those approved by their respective Boards of Directors. The figures of the companies consolidated on a line-by-line basis or using the equity method are adjusted, where necessary, to homogenise 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 scope of consolidation as at 30 June 2023 and consolidated on a line-by-line basis or using the equity method are as follows:

Company name	Registered offices	Paid-up capital	Group interest	Direct controlling interest	Indirect controlling interest
<b>Parent company</b>					
Ascopiave S.p.A.	Pieve di Soligo (TV)	234,411,575			
<b>100% consolidated companies</b>					
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%
Romeo Gas S.p.A.	Pieve di Soligo (TV)	39,593,746	100.00%	100.00%	0.00%
Serenissima Gas S.p.A.	(3) Pieve di Soligo (TV)	9,250,000	78.44%	0.00%	78.44%
Asco TLC S.p.A.	Pieve di Soligo (TV)	3,912,177	55.20%	55.20%	0.00%
Asco EG S.p.A.	Pieve di Soligo (TV)	57,000,000	84.17%	84.17%	0.00%
Asco Renewables S.p.A.	Pieve di Soligo (TV)	100,000	100.00%	100.00%	0.00%
Salinella Eolico S.r.l.	(1) Pieve di Soligo (TV)	10,000	60.00%	0.00%	60.00%
Green Factory S.r.l.	(1) Pieve di Soligo (TV)	10,000	90.00%	0.00%	90.00%
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	100.00%	0.00%	100.00%
Eosforo S.r.l.	(1) Gavardo (BS)	95,000	100.00%	0.00%	100.00%
<b>Affiliated Companies</b>					
Estenergy S.p.A.	Trieste (TS)	299,925,761	40.00%	40.00%	0.00%
Cogeide S.p.A.	(2) Mozzanica (BG)	16,945,026	18.33%	0.00%	18.33%

- (1) Equity investments through Asco Renewables S.p.A.
- (2) Shareholdings through Cart Acqua S.r.l.
- (3) Holdings through Romeo Gas S.p.A.

On 31 January 2023, Ascopiave and Iren today finalised the transaction for the rationalisation of certain assets within the natural gas distribution service the transaction envisaged:

- the transfer by the Ascopiave Group to the Iren Group of the entire share capital of Romeo 2 S.r.l., a company newly incorporated by the Ascopiave Group, into which the branches of business related to the management of the concessions of the Savona 1 and Vercelli ATEMs owned by Edigas S.p.A., a company of the Ascopiave Group, for about 19,000 PDR were previously transferred;
- the sale by the Iren Group in favour of Ascopiave of its 19.7% stake in the capital of Romeo Gas S.p.A., a company that holds, directly and through its subsidiary Serenissima Gas S.r.l., concessions in Northern Italy for a total of 126,000 PDR

On 14 March 2023, the Hera Group, through its subsidiary Acantho, and the Ascopiave Group today finalised the acquisition of 92% of the shares of Asco TLC at the headquarters of Asco Holding in Pieve di Soligo (TV), with stakes of 36.8% and 55.2% respectively. Asco TLC, a company active since 2001 in the provision of ICT services mainly to corporate customers and public administrations, has a significant proprietary territorial network, located in Veneto and Friuli-Venezia Giulia for over 2,200 km of fibre optic backbones, 56 radio broadcasting bridges and 24 xDSL exchanges in unbundling and provides its services to over 2,700 customers.



## Summaries 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
<b>Parent company</b>					
Ascopiave S.p.A.	49,333	38,772	846,319	282,640	IFRS
<b>100% consolidated companies</b>					
AP Reti Gas Nord Est S.r.l.	15,672	3,138	132,937	21,432	IFRS
AP Reti Gas S.p.A.	33,938	5,127	303,926	27,774	IFRS
Edigas Esercizio Distribuzione Gas S.p.A.	9,103	4,756	65,193	9,431	Ita Gaap
AP Reti Gas Vicenza S.p.A.	7,452	(515)	15,106	31,209	Ita Gaap
AP Reti Gas Rovigo S.r.l.	2,838	611	19,587	11,245	Ita Gaap
Asco Energy S.p.A.	6,662	(169)	381	1,443	Ita Gaap
Cart Acqua S.r.l.	266	(37)	3,791	(63)	Ita Gaap
Asco Renewables S.p.A.	0	(221)	62	(3,234)	Ita Gaap
Morina S.r.l.	125	(26)	43	2,244	Ita Gaap
Sangineto Energie S.r.l.	319	(247)	290	883	Ita Gaap
Eosforo S.r.l.	343	(60)	5,406	3,179	Ita Gaap
Green Factory S.r.l.	0	(38)	(7)	5,415	Ita Gaap
Asco EG S.p.A.	7,682	1,016	57,869	(11,361)	Ita Gaap
Salinella Eolico S.r.l.		(170)	(108)	14,302	Ita Gaap
Romeo Gas S.p.A.	6,630	1,649	66,073	5,792	Ita Gaap
Serenissima Gas S.p.A.	3,471	4,513	18,384	3,830	IFRS
Asco TLC S.p.A.	4,895	614	14,282	(1,046)	IFRS

### Information on consolidated subsidiaries with minority interests

The company Ascopiave S.p.A. holds shareholdings in consolidated subsidiaries that are owned by third parties. Please refer to the information table contained in the previous paragraph for an indication of the controlling share pertaining to each consolidated company. The interest that non-controlling interests have in the Ascopiave Group's assets and cash flows is considered by management to be insignificant.

## NOTES TO THE ITEMS IN THE CONSOLIDATED BALANCE SHEET

### Non-current assets

#### 1. Start-up

Goodwill, which amounted to €61,346,000 at 30 June 2023, did not change from 31 December 2022.

The amount refers in part to the surplus value resulting from the contribution of gas distribution networks made by member municipalities in the financial years between 1996 and 1999, and in part to the surplus value paid during the acquisition of some branches of the company related to natural gas distribution. These include the goodwill recognised following the merger of Unigas Distribuzione S.r.l. into Ascopiave S.p.A, for Euro 9,368 thousands, to the purchase of the entire share capital of the newly established company AP Reti Gas Nord Est S.r.l. for Euro 14,149 thousands, to the purchase of shares of Romeo Gas S.p.A. for Euro 4,853 thousands, a company operating in the distribution of natural gas, and lastly to the purchase of shares of Eusebio Energia S.r.l. for Euro 7,220 thousands, a company operating in the production of energy from renewable sources.

For the purposes of determining recoverable value, goodwill is allocated to the Cash Generating Units consisting of the natural gas distribution business (Gas Distribution CGU) and the renewable energy generation business (Power Generation CGU).

The following table shows the balance of goodwill recorded at the end of the periods examined:

(Thousands of Euro)	31.12.2022	30.06.2023
Distribution of natural gas	54,125	54,125
Energy production from renewable sources	7,220	7,220
<b>Total goodwill</b>	<b>61,346</b>	<b>61,346</b>

The first half of 2023 is still characterised by an inflationary trend that is slowing down compared to the previous year, but still shows significant growth rates. Moreover, the inflation curve has not yet significantly bent, and the central banks' action on interest rates, which have been significantly raised since the last months of 2022, is continuing, but could undergo further upward adjustments in the current year as well.

As at 30 June 2023, the directors evaluated the Group's financial performance, assessed the macroeconomic environment and verified any changes in the external indicators and internal values used in the impairment tests performed when preparing the financial statements as at 31 December 2022. In view of the results achieved during the period of reference, the effects of the interventions made and the results of the impairment tests performed when preparing the financial statements as of 31 December 2022, the directors assessed the changes found in the external indicators and internal values, at the time used to estimate the recoverable values of the individual cash-generating units, as not significant; consequently, they did not deem it necessary to perform a new impairment test on the carrying value of goodwill.

## 2. Other intangible fixed assets

The following table shows the evolution of the historical cost and accumulated amortisation of other intangible assets at the end of the periods examined:

	30.06.2023			31.12.2022		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
<b>(Thousands of Euro)</b>						
Industrial patent and intellectual property rights	12,369	(6,890)	5,479	12,136	(6,454)	5,682
Concessions, licences, trademarks and similar rights	19,075	(16,064)	3,011	19,075	(15,701)	3,374
Other intangible assets	12,175	(4,940)	7,235	12,175	(4,905)	7,270
Tangible assets under IFRIC 12 concession	1,270,700	(625,224)	645,476	1,251,319	(615,411)	635,907
Tangible assets in progress under IFRIC 12 concession	32,536	0	32,536	45,934	0	45,934
Intangible assets in progress and advances payments	187	0	187	229	0	229
<b>Other intangible assets</b>	<b>1,347,468</b>	<b>(653,544)</b>	<b>693,924</b>	<b>1,340,867</b>	<b>(642,470)</b>	<b>698,397</b>

The following table shows the changes in intangible assets in the half-year under review and in the previous year:

	31.12.2022				30.06.2023		
	Net value	Change for the period	Decrease	Delivery of Atem Udine 2 systems	Amortizations during the period	Depreciations of accumulated depreciation	Net value
<b>(Thousands of Euro)</b>							
Industrial patent and intellectual property rights	5,682	183			401		5,479
Concessions, licences, trademarks and similar rights	3,374	(0)			363		3,011
Other intangible assets	7,270	0	(3)		33	0	7,235
Tangible assets under IFRIC 12 concession	635,907	37,034	(2,255)	(6,225)	18,095	891	645,476
Tangible assets in progress under IFRIC 12 concession	45,934	(13,348)	(6)	(44)	0		32,536
Intangible assets in progress and advances payments	229	(41)			0		187
<b>Other intangible assets</b>	<b>698,397</b>	<b>23,843</b>	<b>(2,264)</b>	<b>(6,269)</b>	<b>18,892</b>	<b>891</b>	<b>693,924</b>

	31.12.2021				30.06.2022		
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Amortizations during the period	Depreciations	Net value
<b>(Thousands of Euro)</b>							
Industrial patent and intellectual property rights	3,370	0	8		220		3,155
Concessions, licences, trademarks and similar rights	3,296	910	3,914		470		7,651
Other intangible assets	5,537	0	1,834		117		7,231
Tangible assets under IFRIC 12 concession	550,367	31,064	56,277	1,293	16,522	(523)	620,416
Tangible assets in progress under IFRIC 12 concession	34,701	(7,255)	975	92	0		28,329
Intangible assets in progress and advances payments	735	814	0		0		1,549
<b>Other intangible assets</b>	<b>598,007</b>	<b>25,533</b>	<b>63,009</b>	<b>1,413</b>	<b>17,329</b>	<b>(523)</b>	<b>668,330</b>

At the end of the first half of the year, intangible assets amounted to Euro 697,169 thousand, a decrease from Euro 1,228 thousand at 31 December 2022.

We report that on 1 April the handover of the natural gas distribution plants included in Atem Udine 2 was finalised, the related fixed assets were consequently disposed of, involving fixed assets under IFRIC 12 concession, and fixed assets in progress under IFRIC 12 concession, for a total of Euro 6,269 thousand.

### Industrial Patent and Intellectual Property Rights

During the first half of the year, the item 'industrial patents and intellectual property rights' recorded investments of Euro 198,000 and amortisation charges of Euro 401,000. Capital expenditure mainly related to the purchase of software licences.

### Concessions, licences, trademarks and similar rights

The item mainly includes the costs recognised to the conceding bodies (municipalities) and/or outgoing operators

following the award and/or renewal of the relative tenders for the entrusting of the natural gas distribution service, rather than costs for the acquisition of user licences.

During the first half of the year, this item did not record any investments, and amortisation for the period amounted to Euro 363 thousand. As a result of the implementation of Legislative Decree No. 164/00 (Letta Decree), the concessions obtained are amortised over a useful life of 12 years in accordance with the duration of the concession provided for by the decree.

#### Other intangible fixed assets

Other intangible assets' did not record any investments during the period and amortisation recorded amounted to Euro 33 thousand.

#### Plant and machinery under concession

The item includes costs incurred for the construction of plants and the natural gas distribution network, connections to the same, as well as for the installation of reduction units and meters. At the end of the first half of the financial year the item recorded an overall positive change equal to Euro 9,568 thousand. Following the completion of the delivery of the natural gas distribution plants included in the Udine 2 Atem completed on 1 April 2023, the fixed assets related to them were disposed of for Euro 6,225 thousand.

Net of the change described above, the item showed an increase mainly explained by the investments made in the first half of the year and the reclassification of investments made in the previous year but which came into operation during the reporting period. Capital expenditure, including reclassifications of assets under construction, amounted to €37,034 thousand. The increase was partially offset by depreciation for the period and decreases recorded during the period, particularly related to the replacement of meters.

The infrastructures located in municipalities in which the concession for natural gas distribution was not put out to tender are depreciated by applying the lower of the technical life of the plants and the useful life indicated by ARERA in the tariff framework. The technical life of the plants was subject to an external assessment by an independent expert who determined the technical obsolescence of the assets built.

#### Intangible assets under concession

The item includes the costs incurred for the construction of the natural gas distribution plants and network partially carried out on a time and materials basis and not completed at the end of the reference period. The item recorded a decrease equal to Euro 13,398,000 during the first half of the year, mainly related to the reclassifications made to investments in gas distribution plants realised during previous financial years and whose commissioning took place during the first half of 2023.

It should be noted that, following the completion of the delivery of the plants located in the Udine 2 Atem described in the previous paragraph, the item recorded a reduction of Euro 34 thousand.

#### Intangible fixed assets in progress

The item includes costs incurred for the purchase and development of management software not completed at the end of the first half of the year and related to the core business of natural gas distribution. The decrease recorded is mainly explained by the reclassification of investments made in previous years but which came into operation during the period of reference.

### 3. Tangible fixed assets

The following table shows the development of the historical cost and accumulated depreciation of tangible fixed assets at the end of each period considered:

(Thousands of Euro)	30.06.2023				31.12.2022			
	Historic cost	Accumulated depreciation	Provision for impairment	Net value	Historic cost	Accumulated depreciation	Provision for impairment	Net value
Lands and buildings	51,121	(20,578)	(265)	30,278	51,292	(20,061)	(265)	30,966
Plant and machinery	161,414	(96,924)	(1,132)	63,358	161,419	(93,917)	(1,132)	66,371
Industrial and commercial equipment	5,364	(4,477)	0	887	5,250	(4,411)		838
Other tangible assets	23,921	(20,840)	0	3,081	23,715	(20,396)		3,319
Tangible assets in progress and advance payments	33,540	0	(55)	33,485	24,674	0	(55)	24,620
Rights of use	14,844	(2,818)		12,026	14,616	(2,297)		12,319
<b>Other tangible assets</b>	<b>290,204</b>	<b>(145,637)</b>	<b>(1,451)</b>	<b>143,116</b>	<b>280,965</b>	<b>(141,082)</b>	<b>(1,451)</b>	<b>138,432</b>

The following table shows the changes in tangible assets in the first half of the year under review and in the previous year:

(Thousands of Euro)	31.12.2022				30.06.2023
	Net value	Change for the period	Delivery of Atem Udine 2 systems	Amortizations during the period	Net value
Lands and buildings	30,966	2	(64)	626	30,278
Plant and machinery	66,371	0		3,012	63,358
Industrial and commercial equipment	838	115		66	887
Other tangible assets	3,319	2		240	3,081
Tangible assets in progress and advance payments	24,620	8,866		0	33,485
Rights of use	12,319	292		585	12,026
<b>Other tangible assets</b>	<b>138,432</b>	<b>9,276</b>	<b>(64)</b>	<b>4,528</b>	<b>143,116</b>

(Thousands of Euro)	31.12.2021				30.06.2022
	Net value	Change for the period	Enlargement of the consolidation perimeter	Amortizations during the period	Net value
Lands and buildings	27,856	206	4,407	617	31,852
Plant and machinery	14,512	1,286	58,398	2,855	71,342
Industrial and commercial equipment	649	57	48	66	689
Other tangible assets	2,646	83	254	180	2,803
Tangible assets in progress and advance payments	297	1,258	23	0	1,578
Rights of use	12,051	127	0	514	11,664
<b>Tangible assets</b>	<b>58,012</b>	<b>3,017</b>	<b>63,130</b>	<b>4,232</b>	<b>119,928</b>

Tangible fixed assets increased from Euro 138,432 thousand at 31 December 2022 to Euro 143,116 thousand at 30 June 2023, an increase of Euro 4,684 thousand. The increase is mainly related to investments made for the construction of plants for the production of electricity from renewable sources not completed at the date of publication of this half-year financial report.

#### Land and buildings

This item mainly includes buildings owned by the company headquarters, offices, and peripheral warehouses. During the first half of the year, the item did not record any significant investments and depreciation charges amounted to Euro 626 thousand.

#### Plant and machinery

This item mainly includes the book values of power generation plants from renewable sources operated by the Group, in particular hydroelectric and wind power.

At the end of the period considered, no new plant construction works were completed and consequently, the item did not record any increases. Depreciation for the period amounted to Euro 3,012 thousand.

#### Industrial and commercial equipment

The item 'Industrial and commercial equipment' recorded investments for Euro 115 thousand. The item includes costs sustained for the purchase of instruments necessary for the maintenance service of distribution plants and measurement activities. The amortisation quotas for the period are equal to Euro 66 thousand.

#### Other Assets

Capital expenditure in the first half of the year amounted to Euro 2 thousand and was mainly explained by costs incurred for the purchase of hardware. Depreciation for the period amounted to Euro 240,000.

#### Tangible fixed assets under construction and advances

The item essentially includes costs incurred for the construction of plants for the production of energy from renewable sources, as well as, to a lesser extent, extraordinary maintenance work on company premises and/or peripheral warehouses, not completed at the end of the period. During the first half of the year, the item recorded a change of Euro 8,866 thousand, mainly related to the construction of a wind farm and the construction of a photovoltaic park.

#### Rights of Use

This item includes rights of use related to the application of IFRS 16. The application of the standard mainly concerned operating leases relating to property, plant and equipment, such as the lease of buildings and the rental of motor vehicles and trucks.

During the first half of the year, the item increased by Euro 292 thousand and depreciation charges amounted to Euro 585 thousand.

## 4. Participations

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

(Thousands of Euro)	31.12.2022	Decrease	Measurement with the equity method	30.06.2023
Shareholdings in associated companies	358,029	(29,557)	794	329,266
Shareholdings in other companies	78,257	0	0	78,257
<b>Shareholdings</b>	<b>436,287</b>	<b>(29,557)</b>	<b>794</b>	<b>407,523</b>

During the first half of the year, the items related to participations showed a net decrease of Euro 28,764,000 related to participations in affiliated companies.

The table below shows the details of the participations recorded at the end of the periods examined:

(Thousands of Euro)	30.06.2023	31.12.2022
Shareholdings in Estenergy S.p.A.	321,199	349,534
Shareholdings in Cogeide S.p.A.	8,068	8,496
<b>Shareholdings in associated companies</b>	<b>329,266</b>	<b>358,029</b>
Shareholdings in Hera Comm S.p.A.	53,331	53,331
Shareholdings in Acinque 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 BCC Busto Garolfo e Buguggiate S.C.	1	1
Shareholdings AZA SECURITY	1	1
<b>Shareholdings in other companies</b>	<b>78,257</b>	<b>78,257</b>
<b>Shareholdings</b>	<b>407,523</b>	<b>436,286</b>

#### Investments in subsidiaries and associates

At the end of the first half of the financial year 2023, investments in associated companies amounted to €329,266 thousand, an amount related to the 40% stake held in EstEnergy S.p.A. and the 18.33% stake held in Cogeide S.p.A..

The investment in Estenergy, equal to Euro 321,199 thousand, recorded a decrease of Euro 28,335 thousand. The change recorded during the period is explained by the collection of dividends for Euro 18,997 thousand, by the decrease in the associate's hedge accounting reserves for Euro 10,561 thousand, and by the evaluation with the equity method for Euro 11,783 thousand.

Concerning the equity investment in Cogeide, amounting to Euro 8,496 thousand, there was a change of Euro 428 thousand explained by the valuation using the equity method.

The table below shows the financial and economic situation of the Estenergy Group at the end of the reporting year and the previous year:

(Values inclusive of consolidation entries and expressed in millions of Euro)	First half 2023 pro rata	First half 2023	First half 2022 pro rata	First half 2022
Non-current assets	261.8	654.5	320.0	666.6
Current assets	62.8	157.1	221.5	461.4
Net equity of the Group	252.1	630.2	358.0	745.8
Net equity of Others	0.4	1.0	0.4	0.8
Non-current liabilities	25.4	63.5	38.2	79.5
Current liabilities	44.8	117.0	144.9	301.8
Revenues	249.2	519.2	400.3	834.0
Costs	237.2	494.1	377.5	786.5
Gross operative margin	12.1	25.1	22.8	47.5
Amortization and depreciation	7.9	16.4	8.5	17.7
Operating result	4.2	8.7	14.3	29.9
Group's Net Result	0.6	1.3	11.4	23.7
Third parties Net Result	0.1	0.1	0.1	0.3
NFP	(1.1)	(2.7)	(16.7)	(34.7)

#### Holdings in other companies



At the end of the first half of FY2023, equity investments in other companies amounted to Euro 78,257 thousand. The item includes equity investments consisting for Euro 53,331 thousand of 3% of the share capital of Hera Comm, acquired following the signing of the commercial partnership with the Hera Group, finalised on 19 December 2019, for Euro 24,923 thousand of 5.00% of the share capital of Acinque S.p.A, the value of which was reduced by Euro 1,806 thousand in the 2020 financial year, as well as the residual equity investments amounting to Euro 4 thousand relating to the shares in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop. for Euro 1 thousand, in Banca Alto Vicentino S.p.A. for Euro 1 thousand, in BCC Busto Garolfo e Buguggiate for Euro 1 thousand and in A2A SECURITY for Euro 1 thousand. We point out that Ascopiave S.p.A. holds put options on the equity investment held in the associated company EstEnergy and on the equity investment held in Hera Comm, which, at the end of the first half of the year, showed a zero fair value.

## 5. Other non-current assets

The following table shows the balances of other non-current assets at the end of each period considered:

(Thousands of Euro)	30.06.2023	31.12.2022
Security deposits	1,624	2,457
Other receivables	2,127	2,169
<b>Other non-current assets</b>	<b>3,751</b>	<b>4,625</b>

At the end of the first half of the financial year 2023, non-current assets showed an overall decrease of Euro 874,000 compared to the previous year.

The decrease is mainly explained by the decrease in security deposits to the amount of Euro 833 thousand.

## 6. Non-current financial assets

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

(Thousands of Euro)	30.06.2023	31.12.2022
Other receivables of a financial nature over 12 months	2,890	2,868
<b>Non-current financial assets</b>	<b>2,890</b>	<b>2,868</b>

Non-current financial assets go from Euro 2,868 thousands for the financial year 2022 to Euro 2,890 thousands for the reference period, showing an increase equal to Euro 22 thousands. The item includes financial receivables inscribed against local authorities and deriving from settlement agreements signed in previous years with them for the valorisation of natural gas distribution infrastructures. The value posted under non-current financial assets represents the amounts due beyond 12 months from the closing date of this interim report, and due to the duration of the agreed instalment plan, the item has been discounted to present value.

The claim is in addition to the one against the Costabissara municipality, with which a settlement agreement had been signed for the enhancement of the natural gas distribution infrastructure.

## 7. Deferred Tax Assets

The table below shows the balance of deferred tax assets at the end of each period considered:

(Thousands of Euro)	30.06.2023	31.12.2022
Advance tax receivables	39,485	39,252
<b>Advance tax receivables</b>	<b>39,485</b>	<b>39,252</b>

Deferred tax assets increased by Euro 233 thousand from Euro 39,252 thousand in 2022 to Euro 39,485 thousand in the reporting period. In determining taxes, reference was made to the IRES rate and, where applicable, the IRAP rate in force, in relation to the tax period that includes the date of 30 June 2023 and the time when any temporary differences are estimated to be reversed.

## Current Assets

### 8. Inventories

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

(Thousands of Euro)	30.06.2023			31.12.2022		
	Gross value	Provision for obsolete inventory	Net value	Gross value	Provision for obsolete inventory	Net value
Fuels and warehouse materials	9,700	(39)	9,661	7,371	(39)	7,332
Energy efficiency certificates	447	0	447	4	0	4
<b>Inventories</b>	<b>10,148</b>	<b>(39)</b>	<b>10,109</b>	<b>7,375</b>	<b>(39)</b>	<b>7,336</b>

At the end of the first half of 2023 inventories are equal to Euro 10,109 thousands recording an increase equal to Euro 2,773 thousands compared to 31 December 2022. The increase is mainly explained by the increase in stocks of materials for gas distribution for Euro 2,329 thousand and by the purchase of energy efficiency certificates for Euro 443 thousand. Stock materials are used for maintenance work or for the construction of distribution systems. In the latter case, the material is reclassified under tangible assets following installation.

Inventories are shown net of the inventory write-down provision of Euro 39,000 in order to adjust their value to their possibility of realisation or use.

### 9. Trade receivables

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

(Thousands of Euro)	30.06.2023	31.12.2022
Receivables from customers	9,572	11,500
Receivables for invoices to be issued	12,719	10,994
Bad debt provisions	(2,360)	(2,396)
<b>Trade receivables</b>	<b>19,932</b>	<b>20,098</b>

Trade receivables decreased from Euro 20,104 thousand in the year 2022 to Euro 19,932 thousand in the reporting period, a decrease of Euro 172 thousand. It should be noted that, in both periods under comparison, the negative balances recorded at the end of the period with customers due to credit notes issued to them were reclassified under trade payables. The significant amount of credit notes is mainly explained by the effects of the successive Aid Law Decrees, which provided for the application of discounts to mitigate bill increases. The regulation included the applied discount among the tariff components and, consequently, it was regularised with them both with respect to sales companies operating in the territory where the Group's distribution company network is located and with respect to CSEA. The discount sanctioned and applied, being higher than the transportation tariff, resulted in the issuance of credit notes to the sales companies, in particular, in the last quarter of 2022 and in the first quarter of 2023, a period in which consumption by end customers begins to intensify. As of 30 June 2023, the effects of the decree had reached their

natural expiry date and, consequently, the reclassified balances only involved accrued debit balances for invoices issued and not yet reimbursed at the closing date of this report.

Trade receivables are shown net of invoice advances and are all due within the next 12 months.

The provision for bad debts, equal to Euro 2,360,000, mainly represents the risks of the companies in the renewable energy sector (Euro 1,661,000) and the Group's distribution companies; the change is due to the utilisation of the provision for Euro 290,000 and new provisions for Euro 253,000.

Changes in the provision for bad debts during the half-year are shown in the table below:

(Thousands of Euro)	30.06.2023	31.12.2022
Initial bad debt provision	2,396	698
Provisions	253	44
Change in the scope of consolidation	0	1,661
Use	290	(6)
<b>Final bad debt provision</b>	<b>2,360</b>	<b>2,396</b>

The following table shows the breakdown of receivables from customers for invoices issued based on seniority, highlighting the allowance for doubtful accounts in relation to the seniority of the receivable:

(Thousands of Euro)	30.06.2023	31.12.2022
Gross trade receivable invoices issued	9,572	11,500
- allowance for doubtful accounts	(2,360)	(2,396)
<b>Net trade receivables for invoices issued</b>	<b>7,212</b>	<b>9,104</b>
<b>Aging of trade receivables for invoices issued</b>		
- to expire	7,393	9,591
- expired within 6 months	1,275	700
- overdue by 6 to 12 months	119	465
- expired more than 12 months	785	745

## 10. Other current assets

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

(Thousands of Euro)	30.06.2023	31.12.2022
Tax consolidation receivables	186	289
Annual pre-paid expenses	3,574	1,185
Advance payments to suppliers	1,622	562
Annual accrued income	117	19
Receivables due from CSEA	39,223	113,586
VAT Receivables	41,022	15,315
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	3,033	2,884
<b>Other current assets</b>	<b>88,817</b>	<b>133,880</b>

Other current assets decreased from Euro 133,880,000 in 2022 to Euro 88,817,000 in the reporting period, a decrease of Euro 45,063,000.

The decrease is mainly explained by lower receivables from Cassa Servizi Energetici ed Ambientali to the amount of

Euro 74,363 thousand, partially offset by higher VAT receivables to the amount of Euro 25,707 thousand. Both changes are mainly related to the issuance in the last quarter of 2022, and in the first quarter of 2023, of credit notes of significant amounts. These are explained by the effects, already described in the 'trade receivables' section of this half-yearly financial report, of the Law Decrees Aids assisted by the intensification of natural gas consumption that characterises the winter season.

The increase in other current assets is also explained by the increase in annual prepayments of €2,389,000 and advances to suppliers of €1,060,000.

At the end of the first half of the financial year, the receivables from the Cassa Servizi Energetici e Ambientali (CSEA) amounted to Euro 39,223 thousand and were mainly made up of receivables related to the achievement of energy saving objectives for Euro 21,366 thousand, to receivables for tariff components applied to the natural gas distribution service for Euro 12,791 thousand, and to equalisation balances for the remainder. The former are counted by valuing the quantity of energy efficiency certificates delivered, net of the advances collected in relation to the same, as well as the quantity of certificates accrued as of 30 June 2023 but not yet delivered at the same date. It should be noted that the unit contribution used for the economic quantification of compliance is equal to the final contribution set for the targets related to closed regulatory periods, while it is equal to the fair value of the projected contribution for the contributions accruing as of 30 June 2023, equal to €250 (€250 as of 31 December 2022).

## 11. Current financial assets

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

(Thousands of Euro)	30.06.2023	31.12.2022
Other financial current assets	814	820
<b>Current financial assets</b>	<b>814</b>	<b>820</b>

Current financial assets decreased by Euro 6 thousand, from Euro 820 thousand as of 31 December 2022 to Euro 814 thousand in the reporting period.

It should be noted that at the end of the period the item also includes the short-term portion of the receivable recognised from Hera S.p.A. relative to the settlement agreement on excise duties for €400 thousand, the receivable from the municipality of Creazzo for €138 thousand and the receivable recognised from the municipality of Costabissara for €165 thousand, arising from the settlement agreement reached with the local authority during the 2019 financial year.

## 12. Tax Credits

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

(Thousands of Euro)	30.06.2023	31.12.2022
Receivables related to IRAP	1,456	1,021
Receivables related to IRES	3,725	2,745
Other tax receivables	5,082	333
<b>Tax receivables</b>	<b>10,263</b>	<b>4,100</b>

Tax receivables increased from Euro 4,100 thousand in the year 2022 to Euro 10,263 thousand in the reporting period, an increase of Euro 6,163 thousand.

During the first six months of the year, some companies of the Ascopiave Group purchased tax credits generated by the so-called Superbonus 110% Decree for a total of Euro 10,000 thousand. As of the closing date of this financial report, the tax credits posted as assets amounted to Euro 4,785 thousand and consequently caused a variation of the same amount.

The item includes the remaining credit, of IRAP advances paid and IRES advances.

### 13. Cash and cash equivalents

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

(Thousands of Euro)	30.06.2023	31.12.2022
Bank and post office deposits	14,723	76,900
Cash and cash equivalents on hand	16	17
<b>Cash and cash equivalents</b>	<b>14,739</b>	<b>76,917</b>

Cash and cash equivalents decreased from Euro 76,917,000 in the year 2022 to Euro 14,739,000 in the reporting period, a decrease of Euro 62,178,000.

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

#### Net financial position

The Group's net financial debt at the end of the reporting periods was as follows:

(Thousands of Euro)	30.06.2023	31.12.2022
Cash and cash equivalents	14,739	76,917
Current financial assets	5,370	6,493
Current financial liabilities	(11,953)	(34,911)
Payables due to banks and financing institutions	(274,579)	(183,285)
<b>Net short-term financial position</b>	<b>(266,423)</b>	<b>(134,786)</b>
Non current financial assets	2,890	2,868
Medium- and long-term bank loans	(143,531)	(178,538)
Outstanding medium- and long-term bonds	(86,282)	(94,033)
Non-current financial liabilities	(7,224)	(7,368)
<b>Net medium and long-term financial position</b>	<b>(234,146)</b>	<b>(277,071)</b>
<b>Net financial position</b>	<b>(500,569)</b>	<b>(411,857)</b>

For comments on the main dynamics that led to the change in the net financial position, please refer to the analysis of the Group's financial data reported in the section "Comments on the economic and financial results of the first half of the year 2023" and in the section "Medium- and long-term financing" of this Half-Yearly Financial Report.

### 14. Current assets on derivative financial instruments

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

(Thousands of Euro)	30.06.2023	31.12.2022
Assets on commodity derivatives	1,945	988
Assets on interest rates derivatives	4,556	5,673
<b>Current assets from derivative financial instruments</b>	<b>6,501</b>	<b>6,661</b>

Current assets on derivative financial instruments mainly refer to interest rate hedging contracts underwritten by the parent company Ascopiave S.p.A., whose fair value at the end of the first half of the year was equal to Euro 4,556 thousand. The item also includes Euro 1,945 thousand representing the fair value of derivatives underwritten to hedge the price of electricity produced by the hydroelectric plants of the company Asco EG. As regards the assets and liabilities correlated to derivative activities, please refer to the section "Risk and uncertainty factors" of this Interim Report on Operations in which the related effects are highlighted.

It should be noted that at the end of the first half of the year, the item included receivables, to the amount of €544 thousand, related to financial instruments that matured as of 30 June 2023 but had not been collected by the same date.

Derivative assets are represented by the fair value of the following derivatives outstanding as at 30 June 2023, the financial manifestation of which will be spread over the term of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	BNL	Interest Rate Swap	Euribor 6M	09-Aug-19	09-Feb-20	09-Feb-25	Vanilla: Fixed - Float	12,000,000 €	552
2	Credit Agricole	Interest Rate Swap	Euribor 6M	31-Mar-22	31-Mar-22	31-Mar-27	Vanilla: Fixed - Float	8,000,000 €	452
3	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	01-Oct-19	27-Sep-24	Vanilla: Fixed - Float	4,500,000 €	172
4	Intesa Sanpaolo	Interest Rate Swap	Euribor 6M	30-Nov-20	30-Nov-20	30-Nov-23	Vanilla: Fixed - Float	50,000,000 €	1,048
5	Intesa Sanpaolo	Interest Rate Swap	Euribor 1M	06-Mar-15	06-Mar-15	27-Dec-29	Vanilla: Fixed - Float	2,663,971 €	221
6	Mediobanca	Interest Rate Swap	Euribor 3M	02-Dec-20	02-Dec-20	02-Dec-25	Vanilla: Fixed - Float	16,666,667 €	1,000
7	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-Dec-26	Vanilla: Fixed - Float	15,555,556 €	1,112
8	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Apr-23	30-Jun-23	Sell/Short	2,160 Mwh	472
9	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Oct-23	31-Dec-23	Sell/Short	2,209 Mwh	452
10	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	01-Jan-23	31-Dec-23	Sell/Short	5,137 Mwh	396
11	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Oct-24	31-Dec-24	Sell/Short	4,418 Mwh	57
12	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Dec-24	Sell/Short	8,784 Mwh	22
13	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Mar-24	Sell/Short	2,183 Mwh	2
<b>Total</b>									<b>5,957</b>

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

## Consolidated shareholders' equity

### 15. Shareholders' Equity

As of 30 June 2023, Ascopiave S.p.A.'s share capital consisted of 234,411,575 ordinary shares, fully subscribed and paid-up, with a nominal value of Euro 1 each.

The following table shows the composition of consolidated shareholders' equity at the end of the periods examined:

(Thousands of Euro)	30.06.2023	31.12.2022
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,423)
Reserves and profit carried forward	590,161	607,746
Group's Net Result	12,071	32,665
<b>Net equity of the Group</b>	<b>828,104</b>	<b>866,280</b>
<b>Net equity of Others</b>	<b>22,465</b>	<b>20,123</b>
<b>Total Net equity</b>	<b>850,569</b>	<b>886,403</b>

Consolidated shareholders' equity as of 30 June 2023 is equal to Euro 850,569 thousand and shows a decrease of Euro 35,834 thousand compared to financial year 2022. Changes in consolidated shareholders' equity during the year, excluding the result achieved, are mainly explained by the distribution of dividends for Euro 28,172 thousand, by the

exit of the minority shareholders of Romeo Gas S.p.A. for Euro 12,819 thousand, by the entrance of the minority shareholders of ASCO TLC S.p.A. for Euro 6,745 thousand, by the movement of the reserves on *hedge accounting* related to derivative instruments for Euro 2,380 thousand.

As of 30 June 2023, Ascopiave S.p.A. held 17,701,578 treasury shares, equal to 7.551% of the share capital, for a total value of Euro 55,423 thousand.

The *hedge accounting* reserve posted at the end of the first half of the year 2023 represents the current value of derivative financial instruments subscribed by Ascopiave S.p.A. and by the recently acquired companies active in the hydroelectric sector, to hedge possible fluctuations in interest rates related to the loans subscribed and in electricity prices. The same, as of 30 June 2023, showed a positive balance of €2,767 thousand.

With regard to assets and liabilities related to derivative assets, please refer to the section "Risk and Uncertainty Factors" of this report in which the related effects are highlighted.

The Group's shareholders' equity also recorded a decrease of Euro 10,560,000 related to changes in the shareholders' equity of associated companies, in particular to the trend of the *hedge accounting* reserve recorded in relation to derivative contracts entered into to hedge commodity price fluctuations.

## Non-current liabilities

### 16. Provisions for risks and charges

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

(Thousands of Euro)	30.06.2023	31.12.2022
Provisions for pension for gas sector employees	1,100	974
Other reserves for risks and charges	53	22
<b>Provisions for risks and charges</b>	<b>1,153</b>	<b>996</b>

Provisions for risks and charges increased from Euro 996,000 in the previous year to Euro 1,153,000 in the year under review, an increase of Euro 157,000. The change is mainly explained by new allocations to the fund.

The following table shows the changes during the year:

(Thousands of Euro)	
Reserves for risks and charges as of 1 <sup>st</sup> January 2023	996
Other variations	157
Provisions for risks and charges	0
<b>Provisions for risks and charges as of 30<sup>th</sup> June 2023</b>	<b>1,153</b>

The following table shows the breakdown of risk provisions by type:

(Thousands of Euro)	30.06.2023	31.12.2022
Provisions for retirement fund and similar obligations	1,153	877
Expansion of the consolidation perimeter	0	119
<b>Provisions for risks and charges as of 30<sup>th</sup> June 2023</b>	<b>1,153</b>	<b>996</b>

The provision for pensions and similar obligations also includes commitments to employees and directors relating to long-term incentive plans for the cash portion.

## 17. Severance pay

Employee severance indemnities increased from Euro 5,011 thousand at 1 January 2023 to Euro 5,050 thousand at 30 June 2023, an increase of Euro 39 thousand.

The table below summarises the changes in the fund during the period under review:

<b>(Thousands of Euro)</b>	
Severance indemnity as of 1 <sup>st</sup> January 2023	5,011
Retirement allowance	(907)
Payments for current services and work	711
Actuarial loss/(profits) of the period (*)	235
<b>Severance indemnity as of 30<sup>th</sup> June 2023</b>	<b>5,050</b>

\*including the portion of *interest cost* recognised in the profit and loss account.

## 18. Long-Term Outstanding Bonds

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

<b>(Thousands of Euro)</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
Pricoa bond loan	86,262	94,033
<b>Outstanding medium- and long-term bonds</b>	<b>86,282</b>	<b>94,033</b>

As part of the private placement 'Shelf' programme with Pricoa Capital Group, a company of the US group Prudential Financial Inc., the parent company Ascopiave S.p.A., as of 30 June 2023, has in place a first placement of ordinary non-convertible and unsecured bonds for €25 million, with a maturity of 10 years and an average duration of 8 years, and a second for €70 million, with a maturity of 10 years and an average duration of 6 years.

The bonds issued are unrated and are not listed on regulated markets. The issue is not backed by collateral. Ascopiave is required to comply with certain financial covenants, as per normal market practice, to be verified every six months. The change from 31 December 2022 is explained by the short-term reclassification of units that will be redeemed in the following 12 months.



## 19. Medium- and long-term financing

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

(Thousands of Euro)	30.06.2023	31.12.2022
Loans from Banca Prealpi SanBiagio	4,996	5,412
Loans from European Investment Bank	1,875	2,500
Loans from INTESA SAN PAOLO S.P.A.	8,348	19,043
Loans from BPER	19,283	22,384
Loans from BANCO BPM	18,072	21,009
Loans from BNL	21,000	25,250
Loans from Cassa Centrale Banca-Credito Coop. It	23,746	25,525
Loans from CREDIT AGRICOLE FRIULADRIA	7,519	10,025
Loans from MEDIOBANCA	21,111	26,667
Loans from ICCREA	17,581	20,722
<b>Medium- and long-term bank loans</b>	<b>143,531</b>	<b>178,538</b>
Current portion of medium and long-term bank loans	116,874	119,280
<b>Medium and long-term bank loans</b>	<b>260,405</b>	<b>297,818</b>

Medium-long term loans, represented at 30 June 2023 mainly by the Parent Company's debts to Intesa Sanpaolo for Euro 65,000 thousand, to Mediobanca for Euro 32,222 thousand, to BNL for Euro 29,500 thousand, to Cassa Centrale Banca for Euro 27,372 thousand, to BPER for Euro 25,453 thousand, to Banco BPM for Euro 24,000 thousand, to Iccrea Banca for Euro 23.819 thousand, by Credit Agricole Friuladria for Euro 12,500 thousand, by BCC Prealpi-Sanbiagio for Euro 5,825 thousand and by the subsidiary Asco EG's debt to Intesa Sanpaolo for Euro 9,739 thousand, go from Euro 297,818 thousand as of 31 December 2022 to Euro 260,405 thousand, with a decrease of Euro 37,413 thousand, explained by the payment of the instalments paid.

In particular, details of the nominal outstanding debt of the individual contracts are given below:

- the loan with Intesa Sanpaolo, disbursed in November 2020 for a total of €50,000 thousand, equal to the residual debt as of 30 June 2023, is recognised in full among bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BPER, disbursed in September 2022 for a total of Euro 30,000 thousand, presents a residual debt at 30 June 2023 of Euro 25,453 thousand, with the recognition of Euro 6,171 thousand among bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Cassa Centrale Banca, disbursed in March 2022 for a total of €30,000 thousand, presents a residual debt as of 30 June 2023 of €27,372 thousand, with the recognition of €3,561 thousand among payables to banks and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Banco BPM, disbursed in May 2022 for a total of €30,000 thousand, presents a residual debt at 30 June 2023 equal to €24,000 thousand, with the recognition of €6,000 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Iccrea Banca, disbursed in June 2022 for a total of €30,000 thousand, shows a residual debt at 30 June 2023 of €23,819 thousand, with €6,252 thousand recognised under bank borrowings and short-term loans;
- the loan with Intesa Sanpaolo, disbursed in November 2019 for a total of €50,000 thousand, presents a residual debt as of 30 June 2023 equal to €15,000 thousand, fully recorded under bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;

- the loan with Mediobanca, disbursed in December 2020 for a total of €30,000 thousand, presents a residual debt of €16,667 thousand as of 30 June 2023, with the recognition of €6,667 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Mediobanca, disbursed in December 2021 for a total of €20,000 thousand, presents a residual debt of €15,556 thousand as of 30 June 2023, with the recognition of €4,444 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BNL, disbursed in 2017 to the amount of €30,000 thousand, presents a residual debt as of 30 June 2023 to the amount of €17,500 thousand, with the recognition of €2,500 thousand among bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BNL, disbursed in August 2019 for an amount of €30,000 thousand, has a residual debt as of 30 June 2023 of €12,000 thousand, with an entry of €6,000 thousand under bank borrowings and short-term loans; the contract provides for compliance with certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in October 2019 for an amount equal to €30,000 thousand, presents a residual debt at 30 June 2023 equal to €4,500 thousand, with the recognition of €3,000 thousand among payables to banks and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in March 2022 for a total of €10,000 thousand, presents a residual debt at 30 June 2023 of €8,000 thousand, with the recognition of €2,000 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with the European Investment Bank, disbursed in two tranches during 2013 for a total of €45,000 thousand, presents a residual debt as of 30 June 2023 of €4,875 thousand, with the recognition of €3,000 thousand among bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Cassa Centrale Banca, disbursed at the beginning of 2018 to the amount of Euro 10,000 thousand, shows a residual debt as at 30 June 2023 to the amount of Euro 5,825 thousand, with the entry of Euro 829 thousand under bank borrowings and short-term loans;
- the loan with Intesa Sanpaolo underwritten by the subsidiary Asco EG shows a residual debt of €9,739,000 as of 30 June 2023, with the entry of €1,991,000 under bank borrowings and short-term loans.

As a guarantee of the fulfilment of the obligations arising from the loan agreements signed with BNL (only the one disbursed in 2017) and the European Investment Bank- Banca Europea per gli Investimenti, the Parent Company assigned to the lending banks a portion of the future credit deriving from the repayment of the residual value of the assets related to the Gas Distribution Concessions held by the subsidiary AP Reti Gas S.p.A..

The following table shows the maturities of medium- and long-term loans:

(Thousands of Euro)	30.06.2023
Financial Year 2023	91,779
Financial Year 2024	50,254
Financial Year 2025	44,518
Financial Year 2026	33,869
Financial Year 2027	17,483
Beyond 31 <sup>st</sup> December 2027	22,502
<b>Medium- and long-term bank loans</b>	<b>260,405</b>

## 20. Other non-current liabilities

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

(Thousands of Euro)	30.06.2023	31.12.2022
Security deposits	1,671	1,596
Multi-annual passive prepayments	35,264	34,470
Other payables	1,392	1,392
<b>Other non-current liabilities</b>	<b>38,327</b>	<b>37,458</b>

Other non-current liabilities go from Euro 37,458 thousand in the previous financial year to Euro 38,327 thousand in the year of reference, showing an increase of Euro 869 thousand in relation to the trend of multi-year deferred income; these are recognised against revenues for contributions received from the public or private sector for the construction of connections to the gas network, or of the distribution network itself, and linked to the useful life of the distribution plants. The suspension of revenues is explained by the content of Law 9/2014, which provided for the full decoupling of contributions from private parties from the value of technical assets held under concession in the field of gas distribution.

Security deposits recorded at the end of the financial year recorded an increase equal to Euro 75 thousand and refer to deposits received from natural gas sales companies operating in the territory in which the natural gas distribution network managed by the Group is located, for the raw material transportation service.

## 21. Non-current financial liabilities

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

(Thousands of Euro)	30.06.2023	31.12.2022
Debts for rights of use beyond 12 months	7,224	7,368
<b>Non-current financial liabilities</b>	<b>7,224</b>	<b>7,368</b>

Other non-current financial liabilities went from Euro 7,368 thousand in the previous year to Euro 7,224 thousand in the reporting period, showing a decrease of Euro 144 thousand, mainly due to the payment of instalments on operating lease contracts.

## 22. Deferred Taxes Payable

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

(Thousands of Euro)	30.06.2023	31.12.2022
Deferred tax payables	19,278	19,608
<b>Deferred tax payables</b>	<b>19,278</b>	<b>19,608</b>

Deferred tax liabilities increased from Euro 19,608 thousand in the previous year to Euro 19,278 thousand in the reporting period, an increase of Euro 330 thousand.

Deferred tax liabilities mainly include the tax effects arising from the dynamics of depreciation on natural gas distribution networks. In calculating taxes, reference was made to the IRES rate and, where applicable, the IRAP rate in force, in relation to the tax period that includes the date 30 June 2023 and the time when any temporary differences are estimated to be reversed.

## Current liabilities

### 23. Outstanding short-term bonds

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

(Thousands of Euro)	30.06.2023	31.12.2022
Pricoa bond loan	7,902	0
<b>Outstanding short-term bonds</b>	<b>7,902</b>	<b>0</b>

Short-term bonds outstanding represent the portion of the Pricoa Capital Group's bond issue maturing within 12 months, for more details please refer to the section 'Long-term Bonds Outstanding' in this half-year financial report.

### 24. Due to banks and current portion of medium- and long-term loans

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

(Thousands of Euro)	30.06.2023	31.12.2022
Payables due to banks	157,705	64,005
Current portion of medium-long-term loans	116,874	119,280
<b>Payables due to banks and financing institutions</b>	<b>274,579</b>	<b>183,285</b>

Bank payables increased from Euro 183,285 thousand in the previous year to Euro 274,579 thousand in the reporting period, an increase of Euro 91,294 thousand. They consist of account balances due to credit institutions and the short-term portion of loans.

The following table shows the breakdown of the Group's utilised and available credit lines and the relevant rates applied as at 30 June 2023:

Bank	Type of line of credit	Credit line at 30.06.2023	Rate at 30.06.2023	Use of credit line at 30.06.2023
Banca Alto Vicentino	Endorsement loan	1,527	n.a.	1,527
Intesa SanPaolo	Cash loan	50	n.a.	0
Intesa SanPaolo	Endorsement loan	2,457	n.a.	2,457
Intesa SanPaolo	Long-term mortgage	9,739	5.95%	9,739
Cassa centrale BCC Italiano	Long-term mortgage	23,555	1.55%	23,555
Cassa centrale BCC Italiano	Long-term mortgage	7,000	1.50%	7,000
Intesa SanPaolo	Cash loan	150	n.a.	150
Unicredit	Cash loan	200	n.a.	107
European Investment Bank	Long-term mortgage	1,750	4.15%	1,750
European Investment Bank	Long-term mortgage	3,125	3.91%	3,125
Banca Nazionale del Lavoro	Cash loan	19,000	5.00%	19,000
Banca Nazionale del Lavoro	Long-term mortgage	12,000	0.86%	12,000
Banca Nazionale del Lavoro	Long-term mortgage	17,500	1.92%	17,500
Banca Popolare dell'Emilia Romagna	Endorsement loan	5,000	4.50%	5,000
Banca Popolare dell'Emilia Romagna	Long-term mortgage	25,453	4.22%	25,453
Banca Popolare dell'Emilia Romagna	Endorsement loan	107	n.a.	107
Banca Prealpi SanBiagio	Long-term mortgage	5,825	1.83%	5,825
Banca Sella	Endorsement loan	5,000		0
Banco BPM	Endorsement loan	8,000	4.47%	8,000
Banco BPM	Endorsement loan	5,000	n.a.	1,657
Banco BPM	Endorsement loan	24,000	4.26%	24,000
Cassa Centrale Banca	Long-term mortgage	27,372	1.85%	27,372
Cassa Depositi e Prestiti	Endorsement loan	9,943	n.a.	9,943
Crédit Agricole Corporate & Investment Bank	Long-term mortgage	2,250	1.00%	2,250
Crédit Agricole Friuladria	Long-term mortgage	2,250	1.00%	2,250
Crédit Agricole Friuladria	Long-term mortgage	10,000	3.74%	10,000
Crédit Agricole Friuladria	Long-term mortgage	8,000	2.00%	8,000
Credito Emiliano	Cash loan	30,000	3.99%	30,000
ICCREA	Long-term mortgage	23,819	3.70%	23,819
Intesa SanPaolo	Long-term mortgage	55,000	4.45%	55,000
Intesa SanPaolo	Long-term mortgage	15,000	0.41%	15,000
Intesa SanPaolo	Long-term mortgage	50,000	0.49%	50,000
Mediobanca	Long-term mortgage	16,667	0.42%	16,667
Mediobanca	Long-term mortgage	15,556	1.11%	15,556
Pricoa Capital Group	Bond loan	25,000	1.38%	25,000
Pricoa Capital Group	Bond loan	70,000	2.05%	70,000
Unicredit	Endorsement loan	31,600	4.41%	30,700
Unicredit	Endorsement loan	29,210	n.a.	11,822
Unicredit	Endorsement loan	18,000	n.a.	0
Unicredit	Endorsement loan	27,000	n.a.	495
<b>Total</b>		<b>643,105</b>		<b>571,826</b>

## 25. Trade payables

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

(Thousands of Euro)	30.06.2023	31.12.2022
Payables to suppliers	21,348	24,912
Payables to suppliers for invoices not yet received	40,428	32,997
Accounts payable by credit notes	5,163	71,685
Accounts payable for credit notes to be issued	0	50,601
<b>Trade payables</b>	<b>66,939</b>	<b>180,195</b>

Trade payables recorded a decrease of €113,256,000 mainly explained by lower credit notes issued and to be issued to customers. The significant amount of credit notes recognised at year-end is mainly explained by the effects of the successive, Aid Law Decrees that provided for the application of discounts to mitigate bill increases. The regulation included the discount applied among the tariff components and, consequently, it was regularised with them both with

regard to sales companies operating in the territory in which the Group's distribution company network is located and with regard to CSEA. The discount sanctioned and applied, being higher than the transportation tariff, resulted in the issuance of credit notes to the sales companies, in particular, in the last quarter of the year 2022 and in the first quarter of the year 2023, a period in which consumption by end customers is concentrated.

As at 30 June 2023, the effects of the Decree have already expired naturally. It should be noted that the residual payables due to customers amounted to €5,163 thousand.

The item trade payables includes payables recognised for suppliers of materials and services for the extension or maintenance of the natural gas distribution network, for the purchase of energy efficiency certificates for the achievement of assigned targets, and for the use of consulting services received during the reporting period.

Payables related to the purchase of energy efficiency bonds, necessary to achieve the energy saving targets to which the Group's distribution companies are subject, are calculated by valuing the quantity of bonds accrued up to the closing date of this interim report. The unit cost for securities not purchased at the end of the reporting period is equal to the fair value of the prices recorded on the reference market, calculated as of 30 June 2023 as Euro 258.6 (Euro 261.7 as of 31 December 2022).

## 26. Tax payables

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

(Thousands of Euro)	30.06.2023	31.12.2022
IRAP payables	875	89
IRES payables	1,562	1,127
Other tax payables	99	119
<b>Tax payables</b>	<b>2,536</b>	<b>1,336</b>

Taxes payable increased by Euro 1,200 thousand from Euro 1,336 thousand in the previous year to Euro 2,536 thousand in the year under review.

Taxes payable include the liabilities accrued on the results for the year to the tax authorities for IRES and IRAP.

## 27. Other current liabilities

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

(Thousands of Euro)	30.06.2023	31.12.2022
Advance payments from customers	870	1,065
Amounts due to parent companies for tax consolidation	505	505
Amounts due to social security institutions	1,283	1,931
Amounts due to employees	5,653	4,355
VAT payables	782	503
Payables to revenue office for withholding tax	980	1,253
Annual passive prepayments	1,198	1,000
Annual passive accruals	1,531	2,173
Payables due to CSEA	7,076	2,989
Other payables	2,902	1,732
<b>Other current liabilities</b>	<b>22,779</b>	<b>17,507</b>

Other current liabilities increased from Euro 17,507 thousand in 2022 to Euro 22,779 thousand in the reporting period, an increase of Euro 5,272 thousand.

The change is mainly explained by higher payables to the Cassa per i Servizi Energetici e Ambientali (CSEA) for Euro 4,087 thousand in relation to tariff components related to natural gas transmission and by higher payables to BIM Piave Nuove Energie S.r.l. for Euro 699 thousand related to the purchase of tax credits entered under Other payables.

#### Advances from customers

Advances from customers represent the amounts paid by users as contributions for allotment and connection works and the construction of thermal power plants in progress as at 30 June 2023.

#### Social Security Payables

Social security payables include payables related to accrued charges to social security institutions in respect of employees' and directors' employment accrued as at 30 June 2023 and not paid at the same date.

#### Payables to personnel

The item includes payables for untaken holiday days, monthly payments and bonuses accrued as of 30 June 2023 and not paid at the same date, as well as the relevant contribution quota. The item increased by Euro 1,298 thousand from Euro 4,354 thousand in 2022 to Euro 5,653 thousand in the year of reference.

#### VAT debts

VAT payables amounted to Euro 782 thousand and increased by Euro 279 thousand compared to the previous year, mainly due to the dynamics of VAT settlements.

#### Annual deferred income

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

#### Annual accrued expenses

Accrued expenses mainly refer to state fees and fees paid to the granting local authorities, for the extension of methane gas distribution concessions pending the celebration of tenders for allocation by area.

#### Other debts

At the end of the reporting period, this item showed a balance of Euro 2,902 thousand, an increase of Euro 1,170 thousand over the previous year.

## 28. Current financial liabilities

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

(Thousands of Euro)	30.06.2023	31.12.2022
Financial payables within 12 months	(0)	29,744
Payables to shareholders financial account	3,354	4,280
Financial payables related to IFRS 16 within 12 months	698	887
<b>Current financial liabilities</b>	<b>4,051</b>	<b>34,911</b>

Current financial liabilities decreased from Euro 34,911 thousand in the year 2022 to Euro 4,051 thousand in the reporting period, showing a decrease of Euro 30,860 thousand, mainly due to the termination of factoring transactions of receivables with IFIS BANCA carried out in the last month of the year 2022.

Financial payables related to the application of IFRS 16 recorded a change of €187,000 during the year, mainly due to the payment of instalments on operating leases.

These represent financial payables due within twelve months for operating leases entered into for the rental of company premises and vehicles.

## 29. Current liabilities on derivative financial instruments

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

(Thousands of Euro)	30.06.2023	31.12.2022
Liabilities on electric energy derivatives	162	164
<b>Current liabilities from derivative financial instruments</b>	<b>162</b>	<b>164</b>

At the end of the first half of the year, the item included the fair value of hedging contracts on the price of electricity produced by Asco EG's hydroelectric plants. With regard to the assets and liabilities related to derivative activities, please refer to the section "Risk and Uncertainty Factors" of this Interim Report on Operations in which the related effects are highlighted.

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-23	01-Apr-24	30-Jun-24	Sell/Short	6,552 Mwh	79
2	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-23	01-Jan-24	31-Mar-24	Sell/Short	4,366 Mwh	35
3	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-23	01-Jul-24	30-Sep-24	Sell/Short	2,208 Mwh	19
4	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-23	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	16
5	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-23	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	13
<b>Total</b>									<b>162</b>

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

## NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT



## Revenues

### 30. Revenues

The following table shows the breakdown of the item by asset category for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Revenues from gas transportation	60,848	55,655
Revenues from the sale of electricity	105	207
Revenues from connections	467	347
Revenues from heat supply	4	(0)
Revenues from distribution services	2,421	2,189
Revenues from services supplied to Group companies	2,360	9,891
Revenues from ARERA contributions	7,917	4,853
Revenues from hydroelectric - wind power plant	7,635	5,251
Other revenues	2,139	3,026
<b>Revenues</b>	<b>83,897</b>	<b>81,420</b>

Substantially all of the Ascopiave Group's revenues were realised in Italy, and amounted to Euro 83,897 thousand, an increase of Euro 2,477 thousand compared to the same period of the previous year (Euro 81,420 thousand as of 30 June 2022). It is to be noted that the enlargement of the consolidation perimeter, which took place with the acquisitions finalised on 1 April 2022, determined the recording of the revenues achieved by Romeo Gas S.p.A. and Serenissima Gas S.p.A. starting from that date, while the reference financial year includes the revenues achieved in the entire six-month period. The revenues achieved during the first half of 2023 by the acquired companies amounted to Euro 4,485,000. With equal consolidation perimeter, the Group's revenues amounted to Euro 79,412 thousand, showing a decrease of Euro 2,008 thousand compared to the half-year period under comparison. The decrease is mainly explained by lower revenues for services rendered to other Group companies to the amount of Euro 7,904 thousand, which were only partially offset by higher revenues of Euro 3,084 thousand for the achievement of energy saving objectives and by higher sales of energy produced from renewable sources to the amount of Euro 2,384 thousand.

With equal consolidation perimeter, the *natural gas transport* service on the distribution network generated revenues for Euro 57,364 thousands, showing an increase equal to Euro 1,709 thousands compared to the first half of the previous financial year. The enlargement of the consolidation perimeter, specifically the consolidation from 1 April 2022 of Romeo Gas S.p.A. and Serenissima Gas S.p.A., determined the inscription of the revenues achieved by them during the first six months of the financial year 2023, equal to Euro 3,484 thousands. The cap on total revenues is determined, for each year, according to the number of active redelivery points actually served in the year of reference by the company, as well as the reference tariff, whose values are set and published by ARERA.

With equal consolidation perimeter, revenues from *services provided by distributors*, amounting to Euro 1,926 thousand, show a decrease of Euro 263 thousand compared to the same period of the previous year. The enlargement of the consolidation perimeter determined the inscription of the revenues achieved by Romeo Gas S.p.A. and Serenissima Gas S.p.A. during the first six months of 2023, equal to Euro 495 thousands. The total revenues achieved by the Group at the end of the financial year are consequently equal to Euro 2,421,000.

With equal consolidation perimeter, revenues for services rendered to Group companies showed a decrease of Euro 7,904 thousand compared to the first half of the previous year, amounting to Euro 1,988 thousand as of 30 June 2023. The enlargement of the consolidation perimeter determined the posting of revenues for Euro 373 thousand and, consequently, the overall decrease recorded by the item is equal to Euro 7,531 thousand. The change is mainly related to the recognition, in the first half of 2022, of revenues for Euro 6,544 thousand that the associated companies subject to the partnership carried out in the 2019 financial year with the Hera Group paid due to the early termination of some service contracts. The residual difference is partly explained by the termination of some services rendered by the parent company Ascopiave S.p.A. to the associated companies subject to the partnership carried out in financial year 2019 with the Hera Group.

At the end of the first half of the financial year, the *contributions paid by the Regulatory Authority for Energy, Networks and Environment* amounted to Euro 7,917 thousands, showing an increase of Euro 3,064 thousands compared to the first half of the previous year. The increase is mainly explained by the increase in the efficiency and energy saving objectives assigned to the Group's distribution companies compared to the previous year. In addition, during the 2022 financial year, the Authority formally assigned the efficiency and energy saving target also to the subsidiary AP Reti Gas Nord Est S.r.l., determining the recognition of the contributions accrued by the same. This assignment was made in the last months of the year and, consequently, in the period under comparison, the charge that the Company may have suffered was set aside among the provisions for risks and charges. In previous years, in fact, the Company, despite the fact that due to its size and volumes managed it was potentially obliged to achieve energy saving objectives, was not formally included among the obliged companies.

Contributions are recognised for the achievement of the targets set by the Authority itself on energy savings and published by means of a resolution defining the specific primary energy savings obligations for obligated distributors. The contributions recorded as at 30 June 2023 are counted by valuing the quantities of energy efficiency certificates accrued with respect to the 2023 target (regulatory period June 2023 - May 2024). Consequently, the unit contribution used for the economic quantification of the fulfilment is equal to the fair value of the projected contribution for the accruing contributions, as of 30 June 2023 equal to Euro 250, in line with the figure as of 30 June 2022.

During the first half of the year, revenues from the sale of electrical energy produced from renewable sources, in particular hydroelectric and wind power, amounted to Euro 7,635 thousand, an increase of Euro 2,384 thousand compared to the same period of the previous year. The increase in revenues is mainly explained by the significant rainfall recorded in the last two months of the period, and in particular in June. Revenues from sales of electricity produced from renewable sources were significantly impacted by the effects of the Sostegni-ter support decree (DL 4/2022) issued by the Government during the first quarter of the financial year 2022. The decree provides for the substantial establishment of a cap on the selling prices of electricity produced, also incorporating producers of energy from renewable sources. The decree is effective as of 1 February 2022 and will remain in force until 30 June 2023. The revenue adjustment has been quantified according to the provisions of the decree itself to plants that the Gestore Servizi Energetici (GSE) has indicated as being included in the scope of the decree.

*Other revenues* decreased by Euro 886 thousand from Euro 3,026 thousand in the first half of the year 2022 to Euro 2,139 thousand in the first half of the year under review. It should be noted that the enlargement of the consolidation perimeter led to the posting of other revenues to the amount of Euro 85 thousand and therefore, with equal consolidation perimeter, the item recorded a decrease of Euro 967 thousand. This is mainly explained by the lower contributions received, for Euro 1,329 thousand, for activities carried out in the field of safety of natural gas distribution plants. As of the closing date of this half-yearly financial report, ARERA has not in fact deliberated the amount of bonuses and penalties charged to distributors.

### 31. Costs for the purchase of other raw materials

The following table shows the costs related to the purchase of other raw materials for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Purchase of other raw material	989	1,339
<b>Purchase costs for other raw materials</b>	<b>989</b>	<b>1,339</b>

At the end of the first half of the financial year the costs sustained for the purchase of other raw materials amounted to Euro 989 thousand, showing a decrease compared to the same period of the previous financial year equal to Euro 350 thousand. The enlargement of the consolidation perimeter led to the inscription of the costs borne by Romeo Gas S.p.A. and Serenissima Gas S.p.A. during the first three months of 2023, amounting to Euro 614 thousands.

The item mainly includes costs for the purchase of materials used for the maintenance of infrastructures for the distribution of natural gas and its odorization, as well as costs for the purchase of natural gas for the operation of cogeneration and heat supply plants managed by the Group.

### 32. Costs for services

The following table provides a breakdown of the costs for services incurred during the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Costs for counting meters reading	910	470
Maintenance and repairs	1,892	1,794
Consulting services	1,810	4,068
Commercial services and advertisement	84	87
Sundry suppliers	1,656	2,398
Directors' and Statutory Auditors' fees	782	744
Insurances	673	524
Personnel costs	370	388
Other managing expenses	905	893
Costs for use of third-party assets	15,767	13,928
<b>Costs for services</b>	<b>24,848</b>	<b>25,294</b>

With equal consolidation perimeter, the costs for services sustained during the first half of the year amounted to Euro 22,862 thousand, showing a decrease of Euro 2,432 thousand compared to the previous year. The enlargement of the consolidation perimeter determined the entry of the costs for services sustained by the companies acquired on 1 April 2022, amounting to Euro 1,986 thousand for the first three months of the year.

With equal consolidation perimeter, the costs incurred for meter reading, amounting to Euro 854 thousand, showed an increase of Euro 384 thousand compared to the first half of the previous year (Euro 470 thousand as of 30 June 2022). The enlargement of the consolidation perimeter led to the posting of costs amounting to Euro 56 thousand.

With equal consolidation perimeter, the costs for maintenance and repairs decreased from Euro 1,794 thousand in the period under comparison to Euro 1,779 thousand in the first half of the year of reference, showing a decrease of Euro 16 thousand. The enlargement of the perimeter determined the entry of costs for Euro 113 thousand. The item mainly includes costs related to software fees and costs incurred for ordinary plant maintenance.

The enlargement of the consolidation perimeter led to the posting of costs for consulting services to the amount of Euro 361,000. With equal consolidation perimeter, the costs for consulting services amounted to Euro 1,450 thousand, showing a decrease of Euro 2,618 thousand compared to the same period of the previous year. The change is partly explained by the costs incurred in connection with the extraordinary transactions carried out in the previous year.

With equal consolidation perimeter, the costs sustained for supplies amounted to Euro 1,450 thousand at the end of the first half of the financial year, showing a decrease of Euro 948 thousand compared to the first half of the previous year. The change recorded is mainly explained by the trend of natural gas and electricity tariffs, which reached their maximum values during the previous financial year and then decreased in January 2023. It should be noted that the enlargement of the consolidation perimeter led to the posting of costs for utilities equal to Euro 206 thousand.

Costs for the use of third-party assets sustained in the first half of the financial year, with equal consolidation perimeter, amounted to Euro 14,675 thousand, showing an increase of Euro 747 thousand compared to the same period of the previous financial year. The enlargement of the consolidation perimeter determined the posting of costs for the use of third-party assets sustained by the companies acquired on 1 April 2022 for Euro 1,092 thousand. The item mainly includes fees paid to local entities for the management of natural gas distribution concessions and in relation to hydroelectric and wind power plants located in the municipal territories of the same entities.

### 33. Personnel costs

The following table provides a breakdown of personnel costs for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Wages and salaries	11,792	10,930
Social security contributions	3,626	3,532
Severance indemnity	711	861
Other costs	4	34
Capitalized personnel costs	(4,916)	(5,323)
<b>Personnel costs</b>	<b>11,216</b>	<b>10,034</b>

Personnel costs are expressed net of the costs capitalised by the natural gas distribution companies against increases in intangible fixed assets for work carried out in-house; these are directly attributed to the construction of infrastructure suitable for the distribution of natural gas and entered under assets.

The enlargement of the scope of consolidation resulted in the recognition of costs incurred during the first quarter of the year by the companies acquired on 1 April 2022, which amounted to Euro 408,000.

With equal consolidation perimeter, personnel costs increased from Euro 15,357 thousand in the first half of 2022, to Euro 15,724 thousand in the first half of 2023, an increase of Euro 367 thousand.

It should be noted that as of 30 June 2023, costs accrued in the year for long-term incentive plans and short-term incentive plans to the amount of Euro 251 thousand were recognised to the amount of Euro 298 thousand. It should also be noted that, in compliance with IFRS 2, the cost of long-term incentive plans has been set off against equity reserves for €37 thousand for the portion to be paid in shares and against pension funds for €214 thousand for the portion to be paid in cash. The amounts recognised in relation to long-term incentive plans refer to the first year of the three-year period 2021-2023, the period defined by the plans for the vesting of the bonus.

With the same consolidation perimeter, capitalised personnel costs recorded a decrease of Euro 477,000, going from Euro 5,323,000 in the period under comparison to Euro 4,846,000 in the year of reference. Capitalised personnel costs of the companies subject to the enlargement of the consolidation perimeter amounted to Euro 70,000.

As a result, personnel costs increased by a total of Euro 1,182,000.

The table below shows the average number of Group employees by category for the half-year periods under comparison:

Description	30.06.2023	Enlargement of the perimeter	With the same perimeter	30.06.2022
Managers (average)	13	0	13	14
Office workers (average)	324	9	314	326
Manual workers (average)	174	8	167	168
<b>No. of staff employed (average)</b>	<b>511</b>	<b>17</b>	<b>494</b>	<b>508</b>

The enlargement of the consolidation perimeter led to an increase in the Group's workforce of 34 employees. We would like to point out that, in relation to the number of resources related to the enlargement of the consolidation perimeter, the above table represents the personnel of Romeo Gas S.p.A. and Serenissima S.p.A., and in relation to the first quarter of the year only.

#### 34. Other operating costs

The following table details other operating costs for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Provision for risks on credits	253	10
Other provisions		19
Membership and ARERA fees	361	439
Capital losses	1,601	918
Extraordinary losses	317	117
Other taxes	1,022	938
Other costs	540	657
Costs of contracts	870	1,059
Energy efficiency certificates	8,081	4,695
<b>Other management costs</b>	<b>13,046</b>	<b>8,851</b>

With equal consolidation perimeter, other operating costs increased from Euro 8,851,000 in the first half of 2022 to Euro 12,922,000 in the period under review, showing an increase of Euro 4,071,000. The recorded increase is mainly explained by higher costs incurred for the purchase of energy efficiency certificates (Euro +3,407 thousand) related to the higher efficiency and energy saving objectives to which the Group companies are obliged to comply with and by higher capital losses for Euro 839 thousand.

During the financial year 2022, the Authority formally assigned the efficiency and energy saving target for the same year also to the subsidiary AP Reti Gas Nord Est S.r.l., determining the recognition of the relative costs. In previous years, the Company, despite the fact that due to its size and volumes managed it was potentially obliged to achieve energy saving objectives, was not formally included among the obligated companies. The burden that the Company could suffer was consequently set aside in the provisions for risks and charges. The recognition of costs related to the achievement of the 2023 calendar year targets, related to the first half of the year, amounted to €1,956 thousand.

The costs recognised at year-end for the purchase of energy efficiency bonds are calculated by valuing the quantity of bonds accrued with respect to the 2023 target (regulatory period June 2023 - May 2024). The unit cost for the securities not purchased at the closing date of this report is equal to the fair value of the prices recorded in the reference market, calculated as of 30 June 2023 as Euro 258.61 (Euro 261.7 as of 30 June 2022).

Other operating expenses also recorded increases related to higher capital losses generated by the replacement of meters.

The enlargement of the scope of consolidation resulted in the recognition of other operating costs incurred by the companies acquired on 1 April 2022 to the amount of Euro 124,000.

### 35. Other operating income

The following table provides a breakdown of other operating income for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Other income	4,130	51
<b>Other income</b>	<b>4,130</b>	<b>51</b>

At the end of the first half of the year, other operating income, with equal consolidation perimeter, increased by Euro 4,079 thousand, from Euro 51 thousand at 30 June 2022, to Euro 4,130 thousand in the first half of the year.

The recorded increase is mainly explained by the inscription of the surplus value, equal to Euro 3,154,000, generated following the transfer of the gas distribution plants of Atem Udine 2 to the new concessionaire following the awarding of the tender.

The item also includes the capital gain, equal to Euro 892,000, accrued in relation to the sale of Romeo 2 S.r.l., which took place as part of the broader operation of rationalisation of natural gas distribution concessions carried out with

Iren S.p.A., described among the significant events of this half-year financial report.

### 36. Depreciation and Amortisation

The following table shows the details of depreciation for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Intangible fixed assets	18,903	17,329
Tangible fixed assets	3,943	3,717
Amortization of rights of use	585	514
<b>Amortization and depreciation</b>	<b>23,431</b>	<b>21,561</b>

With equal consolidation perimeter, amortisation and depreciation recorded an increase of Euro 611 thousand compared to the first half of the previous year, going from Euro 21,561 thousand in the period under comparison to Euro 22,172 thousand as of 30 June 2023. The enlargement of the consolidation perimeter led to the entry of the amortisation quotas accrued in the first half of the year in the companies acquired on 1 April, equal to Euro 1,221 thousand.

## Financial income and expenses

### 37. Financial Income and Expenses

The following table provides a breakdown of financial income and expenses for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Interest income on bank and post office accounts	96	0
Other interest income	1,431	34
Distribution of dividends from controlled companies	4,228	4,306
Other financial income	28	133
<b>Financial income</b>	<b>5,783</b>	<b>4,474</b>
Interest expense on banks	2,153	288
Interest expense on loans	2,224	1,140
Other financial expenses	917	749
<b>Financial charges</b>	<b>5,293</b>	<b>2,177</b>
Evaluation of subsidiary companies with net equity method	794	11,362
<b>Evaluation of subsidiary companies with the net equity method</b>	<b>794</b>	<b>11,362</b>
<b>Total net financial expenses</b>	<b>1,283</b>	<b>13,659</b>

Financial income and expenses showed a negative balance of Euro 1,283 thousand at the end of the first half of the year, a decrease of Euro 12,376 thousand compared to the same period of the previous year, when it was positive for Euro 13,659 thousand. The decrease is mainly explained by the decrease in the results achieved by the companies accounted for using the equity method, which recorded a decrease of Euro 10,568 thousand.

The enlargement of the scope of consolidation, with the recognition of the net financial expenses accrued by the companies acquired on 1 April 2022, resulted in the recognition of expenses of €44,000.

With equal consolidation perimeter, financial income showed an increase of Euro 1,309 thousand at the end of the first half of the year compared to the same period of the previous year. The increase is mainly explained by the recognition of the discount applied at the time of the acquisition of tax credits from the 110% super bonus, which led to the recognition of financial income totalling Euro 1,300 thousand.

With equal consolidation perimeter, financial expenses amounted to €5,250 thousand at the end of the period considered, an increase of €3,073 thousand compared to the first half of the year under comparison. The increase in financial expenses is mainly explained by higher interest expenses accrued on short-term and medium/long-term variable rate loans, due to the increase in interest rates starting from the last months of 2022, as well as by the increase in indebtedness.

The item share of profit/(loss) of companies accounted for with the net equity method includes the consolidated profits accrued by the affiliate Estenergy S.p.A., a company 40% owned by the Ascopiave Group, as well as by Cogeide S.p.A. 18% owned by the Ascopiave Group. At the end of the first half of the year, the consolidated results of the affiliated companies, amounting to Euro 794 thousands, show a decrease equal to Euro 10,568 thousands as compared to the same period of the previous year.

## Taxes

### 38. Taxes for the financial year

The following table shows the composition of income taxes for the periods examined, distinguishing the current component from the deferred and prepaid component:

(Thousands of Euro)	First half	
	2023	2022
IRES current taxes	(3,782)	(5,935)
IRAP current taxes	(993)	(794)
(Advance)/Deferred taxes	1,989	1,287
Substitute tax	(14)	(15)
<b>Taxes for the period</b>	<b>(2,309)</b>	<b>(5,456)</b>

Taxes accrued, with equal consolidation perimeter, decreased from Euro 5,456 thousand in the first half of the previous year to Euro 3,257 thousand in the first half of the year under review, a decrease of Euro 2,200 thousand. We would like to point out that the decrease is partly explained by the inscription, at the end of the first half of the previous year, of the extraordinary contribution on energy extra-profits, sanctioned by Law Decree 21 of 21 March 2022, that the company Asco EG S.p.A. had to pay to the Treasury. The total amount of the contribution was Euro 1,515 thousand.

The following table shows the incidence of income taxes on the pre-tax result for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Earnings before tax	15,781	28,051
Taxes for the period	(2,309)	(5,456)
<b>Impact on earnings before tax</b>	<b>14.6%</b>	<b>19.5%</b>

The tax rate recorded at 30 June 2023 was 14.6%, whereas it was 19.5% at the end of the first half of the previous year. The tax rate, calculated by normalising the pre-tax result of the effects of the consolidation of the company consolidated using the net equity method, the dividends received, the capital gain realised as part of the rationalisation of the gas distribution concessions and the relative tax effects, increased from 31.8% as of 30 June 2022 to 32.0% as of 30 June 2023.

## Net result from assets held for sale

### 39. Result of discontinued or discontinued operations

The following table details the net result of assets held for sale for the periods examined:

(Thousands of Euro)	First half	
	2023	2022
Result of assets held for sale	56	558
<b>Net result of assets held for sale</b>	<b>56</b>	<b>558</b>

The net result matured during the first half of the year from discontinued operations is equal to Euro 56 thousand. It includes the economic result achieved in January by the branches object of the rationalisation operation of the natural gas distribution concessions finalised with the Iren Group on 31 January 2023, as well as the result accrued during the first quarter of the year by the natural gas distribution concessions that were subject to delivery on 1 April 2023 following the awarding of the tender related to the Udine 2 Atem.

For a better view of the economic and financial performance of the companies reclassified in accordance with IFRS 5, please refer to the section 'Economic and financial performance of companies held for sale'.

### Non-recurring components

Pursuant to CONSOB communication no. 15519/2005, we report that the results for the first half of 2022 included non-recurring revenues totalling Euro 6,544 thousand. During the first half of 2022, the associated companies, controlled by Estenergy S.p.A., and Amgas Blu S.r.l. (subject of the partnership transaction involving the Ascopiave Group and the Hera Group in 2019), communicated, within the contractual terms, the early termination of some service contracts in place between the parent company and the same companies. This termination resulted in the recognition of the fair value of the penalties contractually provided for in favour of Ascopiave S.p.A..

### Transactions resulting from atypical and/or unusual operations

Pursuant to Consob Communication No. DEM/6064296 of 28 July 2006, it should be noted that no atypical and/or unusual transactions took place during the first half of the year.



## Economic, equity and financial performance of companies held for sale

### The economic results of companies held for sale

The table below shows the income statement of the assets reclassified pursuant to IFRS 5 as held for sale. These data represent the result accrued during the month of January on the branches of Romeo Gas S.p.A. and Edigas Distribuzione Gas S.p.A., which were subject to sale as a result of the finalisation of the rationalisation agreement of the natural gas distribution concessions between Ascopiave and Iren on 31 January 2023.

They also represent the result accrued during the first quarter of the year from the natural gas distribution concessions that were subject to delivery on 1 April 2023 following the awarding of the tender related to the Udine 2 Atem.

With respect to the results of Asco TLC S.p.A., the merger project into Acantho S.p.A. is effective as of 1 January 2023 and therefore the economic result has not been consolidated, while the dividend of €689 thousand is shown under financial income.

(Thousands of Euro)	30.06.2023
<b>Revenues</b>	<b>577</b>
<b>Total operating income and costs</b>	<b>381</b>
Purchase costs for other raw materials	70
Costs for services	148
Costs for personnel	68
Other management costs	94
Other income	0
<b>Amortization and depreciation</b>	<b>97</b>
<b>Operating result</b>	<b>99</b>
Financial income	0
Financial charges	4
Share of profit/(loss) companies accounted for	0
<b>Earnings before tax</b>	<b>95</b>
Taxes for the period	39
<b>Result for the period</b>	<b>56</b>

The table below shows the balance sheet figures as of 30 June 2023 of the assets reclassified in accordance with IFRS 5

as held for sale. These figures represent the assets and liabilities of Asco TLC S.p.A. that will be merged into Acantho S.p.A.

(Thousands of Euro)	30.06.2023
<b>Assets</b>	
<b>Non-current assets</b>	
Goodwill	13,989
Other intangible assets	529
Tangible assets	10,731
Other non-current assets	86
Advance tax receivables	171
<b>Non-current assets</b>	<b>25,505</b>
<b>Current assets</b>	
Inventories	1,246
Trade receivables	1,504
Other current assets	1,911
Tax receivables	267
<b>Current assets</b>	<b>4,927</b>
<b>Assets</b>	<b>30,432</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Provisions for risks and charges	14
Severance indemnity	442
Other non-current liabilities	402
Non-current financial liabilities	93
<b>Non-current liabilities</b>	<b>951</b>
<b>Current liabilities</b>	
Trade payables	1,004
Tax payables	130
Other current liabilities	871
Current financial liabilities	326
<b>Current liabilities</b>	<b>2,331</b>
<b>Liabilities</b>	<b>3,282</b>

## Business Combinations

### ASCO TLC S.p.A.

On 14 March 2023, the Hera Group, through its subsidiary Acantho, and the Ascopiave Group finalised the acquisition of 92% of the shares of Asco TLC, with stakes of 36.8% and 55.2% respectively. The closing follows the award, at the end of November 2022, of the public tender procedure called by Asco Holding for the sale of 92% of the shares in Asco TLC, held by Asco Holding itself and the Treviso-Belluno Chamber of Commerce, and the subsequent signing on 29 December 2022 of the related contractual documentation between the Hera Group and the Ascopiave Group. The acquisition price, settled in cash, is Euro 37,168 thousand, of which Euro 22,301 thousand paid by Ascopiave S.p.A..

Asco TLC, a company that has been active since 2001 in the provision of ICT services mainly to corporate customers and public administrations, has a significant proprietary territorial network, located in the Veneto and Friuli-Venezia Giulia regions for more than 2,200 km of fibre optic backbones, 56 radio links and 24 xDSL exchanges in unbundling, and provides its services to more than 2,700 customers.

The higher value paid compared to the book values of equity at the acquisition date was prudentially allocated to goodwill.

The business combination was provisionally accounted for as of 30 June 2023 in accordance with IFRS 3.62.

Specifically, the fair values assigned to the identifiable assets and liabilities in ASCO TLC S.p.A. at the acquisition date are as follows:

(Thousands of Euro)	Pro-quota accounting values	Higher allocated values	Fair values found at acquisition
Other Intangible assets	301		301
Tangible assets	6,083		6,083
Other non-current assets	47		47
Advance tax receivables	121		121
<b>Non-current assets</b>	<b>6,552</b>		<b>6,552</b>
Inventories	520		520
Trade receivables	929		929
Other current assets	823		823
Tax receivables	148		148
Cash and cash equivalents	973		973
<b>Current assets</b>	<b>3,392</b>		<b>3,392</b>
<b>Assets</b>	<b>9,944</b>		<b>9,944</b>
Provisions for risks and charges	8		8
Severance indemnity	319		319
Other non-current liabilities	226		226
Non-current financial liabilities	61		61
<b>Non-current liabilities</b>	<b>614</b>		<b>614</b>
Trade payables	486		486
Other current liabilities	464		464
Current financial liabilities	33		33
<b>Current liabilities</b>	<b>1,019</b>		<b>1,019</b>
<b>Liabilities</b>	<b>1,633</b>		<b>1,633</b>
<b>Total assets / liabilities of the acquired company</b>			<b>8,311</b>
Goodwill arising from the acquisition			13,989
<b>Total cost of the acquisition</b>			<b>22,301</b>
Total net liquidity of the company			1,763
Payments			22,301
<b>Net liquidity absorbed by the acquisition</b>			<b>20,538</b>

For more information on the acquisition, please refer to the section 'Significant events during the first six months of the financial year 2023' of this Half-Yearly Financial Report.

#### Romeo Gas S.p.A.

On 31 January 2023, Ascopiave and Iren finalised the rationalisation transaction of some assets within the natural gas distribution service in particular, with this transaction, the Ascopiave Group acquired the remaining 19.7% shares of Romeo Gas S.p.A., thus holding 100% of the company

The higher value paid with respect to the book values of the shareholders' equity was reflected in the higher value recognised as a reduction of the Group's shareholders' equity.

#### Morina S.r.l.

On 14 April 2023, the shareholders' meeting of the subsidiary Morina S.r.l. resolved to cover the losses accrued during the financial year 2022 and the first quarter of 2023. The coverage of the losses required the use of the company's entire

shareholders' equity as well as the payment by the shareholders of the remaining portion. The shareholders' meeting also resolved to reconstitute the share capital by subscription of the Shareholders in proportion to their shareholding. The majority shareholder Asco Renewables S.p.A., a company of the Ascopiave Group, also offered to underwrite the shares of shareholders who were not interested.

On 17 May, after the term established by the Shareholders' Meeting had expired and there were no subscriptions by the other entitled Shareholders, Asco Renewables S.p.A. took over the subscription of the remaining shares, becoming the sole Shareholder of Morina S.r.l..

## Commitments and risks

### Guarantees given

The Group has provided the following guarantees as at 30 June 2023:

Guarantees held by companies within the scope of consolidation:

(Thousands of Euro)	30.06.2023	31.12.2022
On credit lines	6,307	6,307
On execution of works (letter of comfort)	4,673	6,710
On distribution concession (letter of comfort)	6,507	6,206
On purchase/sale of shares (letter of comfort)	0	4,832
On lease agreements	0	13
On concessions for water derivations for hydroelectric use	53	912
On the sale of energy produced from renewable sources	120	120
On telecommunications activities	231	0
On occupation of public spaces and areas	0	106
On renewable energy production plants	6,053	6,168
<b>Total</b>	<b>23,945</b>	<b>31,374</b>

Load guarantees issued by Ascopiave S.p.A. in favour of associated companies:

(Thousands of Euro)	30.06.2023	31.12.2022
Patronage to cover the obligations deriving from the related relationships	28,375	28,375
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
<b>Total</b>	<b>30,225</b>	<b>30,225</b>

Ascopiave received an active guarantee from Hera S.p.A., equal to Euro 962 thousand, in relation to sureties issued by the affiliate Blue Meta S.p.A. to the technical finance offices and regions for consumption taxes on natural gas.

Load guarantees issued by Ascopiave S.p.A. in favour of transferred companies:

(Thousands of Euro)	30.06.2023
On execution of works (letter of comfort)	293
On distribution concession (letter of comfort)	99
<b>Total</b>	<b>392</b>

Ascopiave still has outstanding guarantees issued in favour of Romeo 2 S.r.l., a company to be sold under the rationalisation of natural gas concessions finalised with the Iren Group in January 2023, for a total of Euro 392 thousand.

## Risk factors and uncertainty

### Information on agreements not shown in the balance sheet

Pursuant to Article 2427, paragraph 1, item 22-ter of the Italian Civil Code, introduced by Legislative Decree 173 on 23 November 2008, we report that the company does not have any agreements that are not reflected in the balance sheet.

### Financial risk management: objectives and benchmarks

The financing of the Group's operating activities is mainly through the use of short and medium/long-term bank loans, the issuance of bonds, hire purchase agreements and on-demand and short-term bank deposits. Recourse to these forms of financing, being partly at variable rates, exposes the Group to the risk of interest rate fluctuations, which then determine possible changes in financial expenses.

Operating activities, on the other hand, expose the Group to possible credit risks with counterparties.

The Group is also subject to liquidity risk, as the available financial resources may not be sufficient to meet its financial obligations on the terms and deadlines envisaged.

The Board of Directors reviews and agrees on policies to manage these risks, described below.

### Interest rate risk

The Group manages its liquidity needs by means of temporary credit lines and short-term loans at variable rates, which, due to their continuous fluctuation, do not allow for easy hedging against interest rate risk, by means of medium/long-term loans with fixed and variable rates and by issuing bonds with fixed rates.

The medium/long-term loans managed by the Group, regulated at both variable and fixed rates, present a residual debt at 30 June 2023 of €260,306 thousand and maturities between 1 July 2023 and 24 March 2032.

The medium/long-term bank loans at variable interest rates have a repayment term between 2023 and 2030, and as of 30 June 2023 had a total residual debt of €194,609 thousand (€219,416 thousand as of 31 December 2022), of which €106,722 thousand was hedged by underwriting financial derivatives, for which the interest rate risk was therefore sterilised.

It should be noted that as of 30 June 2023, the derivative instruments hedging the risk of interest rate fluctuations, relative to the loans underwritten with BNL, Credit Agricole - Friuladria, Intesa Sanpaolo and Mediobanca, detailed in section no. 14 "Current Assets on Derivative Financial Instruments", showed an overall positive mark-to-market of €4,556 thousand and were effective.

The loans signed with BNL, Cassa Centrale Banca and Intesa Sanpaolo with a residual debt at the end of the period of Euro 65,697 thousand, as well as the bond loan with a residual debt at the end of the six-month period of Euro 95,000 thousand, are not exposed to interest rate risk, as they provide for the application of a fixed rate.

The loans represented are subject to financial covenants.

For further details, please refer to section no. 19 "Medium- and long-term loans".

### Sensitivity analysis to interest rate risk

The following table shows the impact on the Group's pre-tax profit of possible changes in interest rates in a reasonably possible range.

(Thousands of Euro)	I qtr 2023	II qtr 2023	
Net Financial Position 2023	(421,040)	(465,890)	
Borrowing rates of interest	0.926%	1.295%	
Lending rates of interest	1.91%	2.56%	
Borrowing rate of interest plus 200 basis points	2.93%	3.29%	
Lending rates of interest plus 200 basis points	3.91%	4.56%	
Borrowing rate of interest reduced of 50 basis points	0.43%	0.79%	
Lending rates of interest reduced of 50 basis points	1.41%	2.06%	
Net Financial Position recalculated with the increase of 200 basis points	(423,116)	(468,213)	
Net Financial Position recalculated with decrease of 50 basis points	(420,521)	(465,309)	<b>Total</b>
Effect on pre-tax result of the increase of 200 basis points	(2,076)	(2,323)	(4,399)
Effect on pre-tax result of the decrease of 50 basis points	519	581	1,100

The sensitivity analysis, obtained by simulating a change in the interest rates applied to the Group's average Net Financial Position for each quarter equal to 50 basis points in decrease and equal to 200 basis points in increase, keeping all other variables constant, leads to an estimate of an effect on the pre-tax result between a worsening of €4,399 thousand and an improvement of €1,100 thousand.

#### Credit risk

In the gas distribution business, the Group provides its business services to a limited number of gas operators, whose non-payment or delayed payment of fees could adversely affect their economic results and financial equilibrium, but credit protection is supported by the application of the guarantee mechanisms provided for by the Network Code.

#### Liquidity risk

Liquidity risk represents the Group's inability to meet its financial obligations, within the terms and deadlines envisaged, with the financial resources available, due to the impossibility of raising new funds or liquidating assets on the market, determining an impact on the economic result if the Group is forced to incur additional costs to meet its commitments, or a situation of insolvency with consequent risk for the business activity.

The Group constantly strives to maintain maximum balance and flexibility between financing sources and uses, minimising this risk. The two main factors influencing the Group's liquidity are, on the one hand, the resources generated or absorbed by operating or investment activities, and on the other, the maturity and renewal characteristics of debt.

#### Risks specific to the business sectors in which the Group operates

##### Regulation

The Ascopiave Group carries out activities in the gas sector that are subject to regulation. The directives and regulatory measures issued on this subject by the European Union and the Italian Government and the decisions of the Authority for Electricity, Gas and the Water System may have a significant impact on operations, economic results and financial equilibrium. Future changes in the regulatory policies adopted by the European Union or at a national level could have unforeseen repercussions on the regulatory framework of reference and, consequently, on the Group's activities and results.

## Capital Management

The primary objective of the Group's capital management is to ensure that a sound credit rating and adequate capital indicator levels are maintained. The Group may adjust dividends paid to shareholders, redeem capital or issue new shares.

The Group verifies its capital by comparing its total net financial position to equity.

The Group's net debt includes interest-bearing loans and other financial liabilities, net of cash and cash equivalents.

(Thousands of Euro)	30.06.2023	31.12.2022
Short-term net financial position	266,423	134,786
Medium / long-term net financial position	234,146	277,071
<b>Net Financial Position</b>	<b>500,569</b>	<b>411,857</b>
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	658,052	674,750
Undistributed net profit	13,529	32,664
<b>Total Net equity</b>	<b>850,569</b>	<b>886,403</b>
<b>Total sources of funding</b>	<b>1,351,138</b>	<b>1,298,260</b>
<b>Net financial position / Net equity ratio</b>	<b>0.59</b>	<b>0.46</b>

The NFP/shareholders' equity ratio as at 30 June 2023 was 0.59, an increase compared to 31 December 2022.

The trend in this indicator is related to the combined effect of the change in Net Financial Position, which worsened by Euro 88,712 thousand during the first half of the year, and in Shareholders' Equity, which decreased by Euro 35,833 thousand, changes due to investments made, the result accrued in the period, and partly due to the normal flow related to ordinary activities.



## Representation of financial assets and liabilities by category

The breakdown of financial assets and liabilities by category and their *fair value* (IFRS 13) as at 30 June 2023 and 31 December 2022 is as follows:

(Thousands of Euro)					30.06.2023	Fair value
	A	B	C	D	Total	
Other non-current assets			2,915		2,915	2,915
Non-current financial assets			2,890		2,890	2,890
Trade receivables and Other current assets			103,553		103,553	103,553
Current financial assets			814		814	814
Cash and cash equivalents			14,739		14,739	14,739
Current assets from derivative financial instruments		6,501			6,501	6,501
Outstanding medium- and long-term bonds				86,282	86,282	86,282
Medium- and long-term bank loans				143,531	143,531	143,531
Other non-current liabilities			3,063		3,063	3,063
Non-current financial liabilities			7,224		7,224	7,224
Outstanding short-term bonds				7,902	7,902	7,902
Payables due to banks and financing institutions				274,579	274,579	274,579
Trade payables and Other current liabilities				87,650	87,650	87,650
Current financial liabilities				4,051	4,051	4,051
Current liabilities from derivative financial instruments		162			162	162

(Thousands of Euro)					31.12.2022	Fair value
	A	B	C	D	Total	
Other non-current assets			3,747		3,747	3,747
Non current financial assets			2,868		2,868	2,868
Trade receivables and Other current assets			152,237		152,237	152,237
Current financial assets			820		820	820
Cash and cash equivalents			76,917		76,917	76,917
Current assets from derivative financial instruments		6,661			6,661	6,661
Outstanding medium- and long-term bonds				94,033	94,033	94,033
Medium- and long-term bank loans				178,538	178,538	178,538
Other non-current liabilities			2,988		2,988	2,988
Non-current financial liabilities			7,368		7,368	7,368
Payables due to banks and financing institutions				181,888	181,888	181,888
Trade payables and Other current liabilities				195,636	195,636	195,636
Current financial liabilities				34,911	34,911	34,911
Current liabilities from derivative financial instruments		164			164	164

### Legend

- A - Assets and liabilities at fair value through profit or loss
- B - Assets and liabilities at fair value through equity (including hedging derivatives)
- C - Loans and receivables (including cash and cash equivalents)
- D - Financial liabilities recognised at amortised cost

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

## Sector information

Segment reporting is provided with reference to the business segments in which the Group operates. The business segments have been identified as primary business segments. The benchmarks applied to identify primary business segments were inspired by the way in which management manages the Group and assigns management responsibilities. For the purposes of the information required by IFRS 8 "Segment Reporting Operating Segments" the company has identified the "gas distribution", "renewable energy" and "other" segments as the business segments subject to disclosure. Specifically, the "other" segment includes the activities of cogeneration, heat supply, water service and the results of the parent company.

Geographical segment reporting is not provided as the Group does not operate any business outside Italy.

The following tables present information regarding the Group's business segments for the first half of the financial year 2023 and the first half of the financial year 2022.

1 <sup>st</sup> Half 2023 (Thousands of Euro)	Gas Distribution	Renewables energies	Other	30.06.2023 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues to third-party customers	71,049	8,470	48	4,330		83,897
Intra-group revenues among the segment	3,089	0	9,929	155	(13,173)	0
<b>Segment revenue</b>	<b>74,138</b>	<b>8,470</b>	<b>9,977</b>	<b>4,485</b>	<b>(13,173)</b>	<b>83,897</b>
<b>Result before taxes</b>	<b>17,269</b>	<b>708</b>	<b>(2,956)</b>	<b>760</b>		<b>15,781</b>

1 <sup>st</sup> Half 2022 (Thousands of Euro)	Gas Distribution	Renewables energies	Other	30.06.2022 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues to third-party customers	62,426	5,356	9,836	3,802		81,420
Intra-group revenues among the segment	2,477	21	5,134	0	(7,632)	0
<b>Segment revenue</b>	<b>64,903</b>	<b>5,377</b>	<b>14,970</b>	<b>3,802</b>	<b>(7,632)</b>	<b>81,420</b>
<b>Result before taxes</b>	<b>13,412</b>	<b>(1,577)</b>	<b>15,223</b>	<b>993</b>		<b>28,051</b>

## Transactions with related parties

Details of transactions with related parties in the period under review are summarised in the following table:

(Thousands of Euro)	Trade		Other		Revenues			Costs		
	receivables	receivables	payables	payables	Goods	Services	Other	Goods	Services	Other
Asco Holding S.p.A.	89	184	34	0	0	89	0	0	34	0
<b>Total parent company</b>	<b>89</b>	<b>184</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>0</b>
Bim Piave Nuove Energie S.r.l.	151	0	9	0	0	151	0	0	9	0
<b>Total affiliated companies</b>	<b>151</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>151</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>0</b>
ASM Set S.r.l.	0	0	0	0	0	(2,005)	0	0	0	0
Etra Energia S.r.l.	0	0	0	0	0	(193)	0	0	0	0
Estenergy S.p.A.	106	0	0	0	0	(41,335)	0	0	0	0
<b>Total subsidiary companies</b>	<b>107</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(43,533)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>347</b>	<b>184</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>(43,293)</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>0</b>

### Relations arising 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 adhered to the consolidation of tax relations in the parent company Asco Holding S.p.A.. The same lapsed due to the change in the latter's financial year, which no longer coincides with 31 December. The current assets and liabilities recorded consequently refer only to past positions

### Concerning parent companies

Revenues recognised in respect of the parent company Asco Holding S.p.A. relate to administrative, treasury management and personnel services.

Concerning affiliated companies:

- towards Estenergy S.p.A.:
  - o Trade receivables refer to the natural gas transportation service on the distribution network registered by AP Reti Gas Nord Est S.r.l. and to facility services provided by Ascopiave S.p.A.;
  - o Costs for goods relate to the purchase of gas and electricity incurred by Ascopiave S.p.A., AP Reti Gas Nord Est S.r.l., AP Reti Gas S.p.A. and Edigas S.p.A.;
  - o Revenues for services refer to revenues from gas transportation and distribution services entered by AP Reti Gas S.p.A. and to facility services provided by Ascopiave S.p.A..
  
- towards Etra Energia S.r.l.:
  - o Trade receivables refer to the natural gas transportation service on the distribution network registered by AP Reti Gas S.p.A.;
  - o Revenues for services refer to revenues from gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A..
  
- towards ASM Set S.r.l.:
  - o Costs for goods relate to the purchase of gas with AP Reti Gas Rovigo S.r.l.;
  - o Revenues for services refer to revenues from gas transportation and distribution services with AP Reti Gas Rovigo S.r.l..
  
- towards Cogeide S.p.A.:
  - o Revenues for technical and engineering services for the management of aqueducts with CART Acqua S.r.l.

It should be noted that:

- economic transactions between Group companies and subsidiaries and affiliated companies take place at market prices and are eliminated in the consolidation process;
- transactions entered into by Group companies with related parties are part of normal business operations and are settled at market prices;
- with reference to the provisions of Article 150, paragraph 1 of Legislative Decree No. 58 dated 24 February 1998, no transactions in potential conflict of interest with Group companies were carried out by members of the board of directors.

On 24 November 2010, the Board of Directors approved the Procedure for Transactions with Related Parties (the 'Procedure'). The Procedure regulates related party transactions carried out by the Company, directly or through subsidiaries, in accordance with the Regulation adopted pursuant to Article 2391-bis of the Italian Civil Code by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution No. 17221 of 12 March 2010, as amended.

The Procedure came into force on 1 January 2011 and replaced the previous regulation on related party transactions, approved by the Company's Board of Directors on 11 September 2006 (subsequently amended).

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

For the purposes of implementing the Procedure, a mapping of the so-called Related Parties is carried out periodically. Related Parties, in relation to which the contents and control measures provided for in the document are applicable. The Directors are also called upon to declare, if any, any conflicting interests with respect to the performance of the transactions in question.

## Financial statements presented in accordance with Consob Resolution 15519/2006

Below are the financial statement schedules showing the effects of related party transactions disclosed in accordance with Consob Resolution No. 15519 of 27 July 2006:

### Consolidated Statement of Financial Position

(Thousands of Euro)	30.06.2023	of which related parties						31.12.2022	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
<b>ASSETS</b>														
<b>Non-current assets</b>														
Goodwill	61,346							61,346						
Other intangible assets	693,924							698,397						
Tangible assets	143,116							138,432						
Shareholdings in controlled company	329,266			329,266		329,266	100.0%	358,029		358,029		358,029	100.0%	
Shareholdings in other company	78,257							78,257						
Other non-current assets	3,751							4,625						
Non current financial assets	2,890							2,868						
Advance tax receivables	39,485							39,252						
<b>Non-current assets</b>	<b>1,352,036</b>			<b>329,266</b>		<b>329,266</b>	<b>24.4%</b>	<b>1,381,206</b>		<b>358,029</b>		<b>358,029</b>	<b>25.9%</b>	
<b>Current assets</b>														
Inventories	10,109							7,336						
Trade receivables	19,932	89	151	107		347	1.7%	20,104	80	214	8,250		8,544	42.5%
Other current assets	88,817	184				184	0.2%	133,880	174				174	0.1%
Current financial assets	814							820						
Tax receivables	10,263							4,100						
Cash and cash equivalents	14,739							76,917						
Current assets from derivative financial instruments	6,501							6,661						
<b>Current assets</b>	<b>151,175</b>	<b>273</b>	<b>151</b>	<b>107</b>		<b>531</b>	<b>0.4%</b>	<b>249,818</b>	<b>254</b>	<b>214</b>	<b>8,250</b>		<b>8,718</b>	<b>3.5%</b>
Non-current assets held for sale	30,432							16,592						
<b>Assets</b>	<b>1,533,643</b>	<b>273</b>	<b>151</b>	<b>329,373</b>		<b>329,797</b>	<b>21.5%</b>	<b>1,647,616</b>	<b>254</b>	<b>214</b>	<b>366,279</b>		<b>366,747</b>	<b>22.3%</b>
<b>NET EQUITY AND LIABILITIES</b>														
<b>Total Net equity</b>														
Share capital	234,412							234,412						
Own shares	(55,423)							(55,423)						
Reserves and result for the period	649,116							687,291						
<b>Net equity of the Group</b>	<b>828,104</b>							<b>866,280</b>						
<b>Net equity of Others</b>	<b>22,465</b>							<b>20,123</b>						
<b>Total Net equity</b>	<b>850,569</b>							<b>886,403</b>						
<b>Non-current liabilities</b>														
Provisions for risks and charges	1,153							996						
Severance indemnity	5,050							5,011						
Outstanding medium- and long-term bonds	86,282							94,033						
Medium- and long-term bank loans	143,531							178,538						
Other non-current liabilities	38,327							37,458						
Non-current financial liabilities	7,224							7,368						
Deferred tax payables	19,278							19,608						
<b>Non-current liabilities</b>	<b>305,844</b>							<b>343,012</b>						
<b>Current liabilities</b>														
Outstanding short-term bonds	7,902							0						
Payables due to banks and financing institutions	274,579							183,285						
Trade payables	66,939	34	9			43	0.1%	180,195	25	66	60,968		61,059	33.9%
Tax payables	2,536							1,336						
Other current liabilities	22,779							17,507						
Current financial liabilities	4,051							34,911						
Current liabilities from derivative financial instruments	162							164						
<b>Current liabilities</b>	<b>373,948</b>	<b>34</b>	<b>9</b>			<b>43</b>	<b>0.0%</b>	<b>417,398</b>	<b>25</b>	<b>66</b>	<b>60,968</b>		<b>61,059</b>	<b>14.6%</b>
Non-current liabilities held for sale	3,282							803						
<b>Liabilities</b>	<b>683,074</b>	<b>34</b>	<b>9</b>			<b>43</b>	<b>0.0%</b>	<b>761,213</b>	<b>25</b>	<b>66</b>	<b>60,968</b>		<b>61,059</b>	<b>8.0%</b>
<b>Net equity and liabilities</b>	<b>1,533,643</b>	<b>34</b>	<b>9</b>			<b>43</b>	<b>0.0%</b>	<b>1,647,616</b>	<b>25</b>	<b>66</b>	<b>60,968</b>		<b>61,059</b>	<b>3.7%</b>

#### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D other related parties*

## Consolidated Statement of Comprehensive Income

(Thousands of Euro)	1 <sup>st</sup> half	of which related parties						1 <sup>st</sup> half	of which related parties					
	2023	A	B	C	D	Total	%	2022	A	B	C	D	Total	%
<b>Revenues</b>	<b>83,897</b>	<b>89</b>	<b>151</b>	<b>(43,533)</b>		<b>(43,293)</b>	<b>(51.6%)</b>	<b>81,420</b>	<b>45</b>	<b>17</b>	<b>14,241</b>		<b>14,303</b>	<b>41.90%</b>
<b>Total operating income and costs</b>	<b>45,968</b>	<b>34</b>	<b>9</b>		<b>310</b>	<b>353</b>	<b>0.8%</b>	<b>45,467</b>	<b>12</b>	<b>187</b>	<b>17</b>	<b>149</b>	<b>365</b>	<b>1.70%</b>
Purchase costs for other raw materials	989							1,339						
Costs for services	24,848	34	9			43	0.2%	25,294	12	187	17	52	268	2.30%
Costs for personnel	11,216				310	310	2.8%	10,034				97		
Other management costs	13,046							8,851						
Other income	4,130							51						
<b>Amortization and depreciation</b>	<b>23,431</b>							<b>21,561</b>						
<b>Operating result</b>	<b>14,498</b>	<b>55</b>	<b>142</b>	<b>(43,533)</b>	<b>(310)</b>	<b>(43,646)</b>	<b>(301.0%)</b>	<b>14,392</b>	<b>33</b>	<b>170</b>	<b>14,224</b>	<b>149</b>	<b>13,938</b>	<b>483.00%</b>
Financial income	5,783							4,474						
Financial charges	5,293							2,177						
Evaluation of subsidiary companies with the net equity method	794			794		794	100.0%	11,362			10,831		10,831	100.00%
<b>Earnings before tax</b>	<b>15,781</b>	<b>55</b>	<b>142</b>	<b>(42,793)</b>	<b>(310)</b>	<b>(42,852)</b>	<b>(271.5%)</b>	<b>28,051</b>			<b>25,055</b>		<b>25,055</b>	<b>194.50%</b>
Taxes for the period	(2,309)							(5,456)						
<b>Result for the period</b>	<b>13,473</b>							<b>22,595</b>						
Net result of assets held for sale	56							558						
<b>Net result for the period</b>	<b>13,529</b>							<b>23,153</b>						
Group's Net Result	12,071							23,275						
Third parties Net Result	1,458							(122)						
<b>Consolidated statement of comprehensive income</b>														
1. Components that can be reclassified to the income statement														
- Fair value of derivatives, changes in the period net of tax	(2,390)							2,761						
- Fair value of derivatives relating to associated companies, changes in the period net of tax	(10,561)							16,569						
2. Components that can not be reclassified to the income statement														
- Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	7							442						
- Fair value valuation of investment in other companies														
<b>Total comprehensive income</b>	<b>585</b>							<b>42,924</b>						
Group's overall net result	(942)							43,145						
Third parties' overall net result	1,527							(221)						
Base income per share	0.056							0.107						
Diluted net income per share	0.056							0.107						

### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D other related parties*

## Consolidated Cash Flow Statement

(Thousands of Euro)	1 <sup>st</sup> half	of which related parties					1 <sup>st</sup> half	of which related parties				
	2023	A	B	C	D	Total	2022	A	B	C	D	Total
<b>Total comprehensive income</b>	<b>(942)</b>						<b>43,046</b>					
<b>Cash flows generated (used) by operating activities</b>												
Adjustments to reconcile net income to net cash												
Third-parties operating result	1,527						(122)					
Fair value of derivatives relating to associated companies, changes in the period net of tax	10,561					0	(16,569)					0
Changes in HA reserves for MTM derivatives	2,390					0	(2,761)					0
Variations in severance indemnity reserves	(7)					0	(442)					0
Amortization	23,431					0	21,639					0
Bad debt provisions	253					0	10					0
Depreciation of fixed assets	1,562					0	598					0
Variations in severance indemnity	39					0	(1,304)					0
Current assets / liabilities on financial instruments	(2,233)					0	(107)					0
Net variation of other funds	157					0	(657)					0
Evaluation of subsidiaries with the net equity method	(794)					(794)	(11,362)			(11,362)		(11,362)
Loss / (Gains) on disposal of fixed assets	(3,154)					0	0					0
Gains on disposal of investments	(892)					0	0					0
Income from shareholdings	(4,228)					0	(4,307)					0
Interests paid	(6,182)					0	(1,826)					0
Taxes paid	0					0	(5,034)					0
Interest expense for the period	5,212					0	2,099					0
Taxes for the period	2,309					0	5,456					0
<b>Total adjustments</b>	<b>29,951</b>	<b>0</b>	<b>0</b>	<b>(794)</b>	<b>0</b>	<b>(794)</b>	<b>(14,689)</b>	<b>0</b>	<b>0</b>	<b>(11,362)</b>	<b>0</b>	<b>(11,362)</b>
<b>Variations in assets and liabilities</b>												
Inventories	(2,772)					0	(29)					0
Accounts payable	(82)	(9)	63	8,143		8,197	(1,228)	(53)	(64)	14,285		14,168
Other current assets	45,063	(10)				(10)	(14,046)	11				11
Trade payables	(113,256)	9	(57)	(60,968)		(61,016)	654	19	12	(1,108)		(1,077)
Other current liabilities	(1,864)					0	17,263					0
Other non-current assets	874					0	(731)					0
Other non-current liabilities	1,085					0	(961)					0
Operating flows from discontinued assets / liabilities	203					0	(0)					0
<b>Total adjustments and variations</b>	<b>(70,749)</b>	<b>(10)</b>	<b>6</b>	<b>(52,825)</b>	<b>0</b>	<b>(52,829)</b>	<b>922</b>	<b>(23)</b>	<b>(52)</b>	<b>13,177</b>	<b>0</b>	<b>13,102</b>
<b>Cash flows generated (used) by operating activities</b>	<b>(41,740)</b>	<b>(10)</b>	<b>6</b>	<b>(53,619)</b>	<b>0</b>	<b>(53,623)</b>	<b>29,279</b>	<b>(23)</b>	<b>(52)</b>	<b>1,815</b>	<b>0</b>	<b>1,740</b>
<b>Cash flows generated (used) by investments</b>												
Investments in intangible assets	(25,213)					0	(22,651)					0
Realisable value of intangible assets	9,412					0	0					0
Investments in tangible assets	(9,319)					0	(4,110)					0
Realisable value of tangible assets	64					0	(0)					0
Acquisitions in shareholdings and advances	(36,714)					0	(102,433)					0
Disposal in shareholdings and advances	19,794					0	0					0
Dividends collected from subsidiaries companies	23,225					0	25,276					0
Payments in cash by minorities in subsidiaries	2,162					0	0					0
Investment flows from discontinued assets / liabilities	(125)					0	0					0
<b>Cash flows generated/(used) by investments</b>	<b>(16,714)</b>					<b>0</b>	<b>(103,918)</b>					<b>0</b>
<b>Cash flows generated (used) by financial activities</b>												
Changes in non-current financial liabilities	(459)					0	0					0
Net changes in short-term bank borrowings	(37,263)					0	(86,696)					0
Ignitions medium- and long-term bonds	0					0	70,541					0
Net variation in current financial assets and liabilities	(30,561)					0	(10,187)					0
Ignitions loans and mortgages	387,300					0	369,000					0
Redemptions loans and mortgages	(293,600)					0	(264,120)					0
Dividends distributed to Ascopiave S.p.A. shareholders'	(28,172)					0	(35,757)					0
Dividends distributed to third party shareholders	(890)					0	0					0
Cash flows from discontinued assets / liabilities	(78)					0	0					0
<b>Cash flows generated (used) by financial activities</b>	<b>(3,724)</b>					<b>0</b>	<b>42,780</b>					<b>0</b>
<b>Variations in cash</b>	<b>62,178</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(31,859)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>76,917</b>					<b>0</b>	<b>42,539</b>					<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>14,739</b>					<b>0</b>	<b>10,680</b>					<b>0</b>

### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D Other related parties*

## Consolidated net financial debt

(Thousands of Euro)	30.06.2023	of which related parties						31.12.2022	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
A Cash and cash equivalents	14,739					0		76,917					0	
B Equivalent to cash and cash equivalents	0					0		0					0	
C Other current financial assets	5,370					0		6,493					0	
- of which related parties	0					0		0					0	
<b>D Liquid assets (A) + (B) + (C)</b>	<b>20,109</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>83,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(169,658)					0		(98,917)					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	(116,874)					0		(119,280)					0	
- of which related parties	0					0		0					0	
<b>G Current financial indebtedness (E) + (F)</b>	<b>(286,532)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(218,196)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>H Net current financial indebtedness (D) + (G)</b>	<b>(266,423)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(134,786)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
I Non-current financial debt (excluding the current portion and debt instruments)	(237,037)					0		(279,939)					0	
J Debt instruments	0					0		0					0	
K Trade payables and other non-current payables	0					0		0					0	
<b>L Non-current financial indebtedness (I) + (J) + (K)</b>	<b>(237,037)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(279,939)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>M Net financial indebtedness (H) + (L)</b>	<b>(503,459)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(414,726)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D other related parties*

The values shown in the tables above relate to the related parties listed below:

Group A - parent companies:

- Asco Holding S.p.A.

Group B - Associated Companies:

- Bim Piave Nuove Energie S.r.l.

Group C - Associated and jointly controlled companies:

- Estenergy S.p.A. (Group), associated company

Group D - other related parties:

- Board of Directors
- Mayors
- Strategic managers

## Significant events following the end of the first half of the financial year 2023

No significant events occurred subsequent to the closing of the half-year financial report as at 30 June 2023.

## Group objectives and policies

As regards the natural gas distribution segment, the Group intends to enhance its portfolio of concessions by aiming to reconfirm itself in the management of the service in the minimum territorial areas where it has a significant presence, and to expand into other areas, with the goal of increasing its market share and strengthening its local leadership. The Group also intends to enhance its investment in renewable energy sources by increasing its presence in this sector as well, in line with the 2021-2025 strategic plan approved in the first quarter of the year.

As regards the natural gas and electricity sales segment, Ascopiave, at the end of 2019, entered into a commercial partnership with the Hera Group, through the common participation in Estenergy. This company, which heads a Group with more than one million customers, is a primary reality with a strong territorial presence in the Triveneto region. Ascopiave intends to give continuity to the partnership, counting however on being able to exercise the put option held on its shares should the need arise to finance new investment opportunities in sectors that the Group deems to be of greater interest, as indicated in the 2022-2026 strategic plan approved and presented to the market on 9 February 2023.

Pieve di Soligo, 27 July 2023

The Chairman of the Board of Directors  
Nicola Ceconato



## DECLARATION

*(Translation from the original in Italian)*

Certification of the Half Year Report as of 30<sup>th</sup> June 2023

Pursuant to Article 154-bis paragraph 5 and 5-bis, part IV, section III, section II, heading III 2), section V-bis, Legislative Decree n. 58, dated 24<sup>th</sup> February 1998: Consolidated Law on Finance compliant with Articles 8 and 21, Law 52 dated 6<sup>th</sup> February 1996

1) The undersigned dr. Nicola Ceconato in his capacity as Chairman of the Board of Directors, and dr. Riccardo Paggiaro, Officer Responsible for preparing the Corporate Financial Reports of Ascopiave S.p.A. hereby certify, pursuant to the guidelines of Article 154-bis, paragraphs 2, 3 and 4, Legislative Decree n. 58, dated 24<sup>th</sup> February 1998:

- the appropriateness of the Financial Statements with respect to the characteristics of the company and
- the effective adoption of administrative and accounting procedures in preparing the Consolidated Financial Statements for the period 1<sup>st</sup> January 2023 -30<sup>th</sup> June 2023

2) Moreover, it is herein stated that the financial statements

- (a) correspond to the information in the books and other accounting records;
- (b) have been written in accordance with IFRS International Accounting Principles adopted by the European Union as well as with the provisions of regulations based on Article 9, Legislative Decree n. 38/2005;
- (c) to our best knowledge, provide a true and fair representation of the performance and financial position of the Issuer and the companies included in the scope of consolidation.
- (d) the report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the Group as well as the related and associated companies, together with a description of the main risks and uncertainties to which they are exposed.

Pieve di Soligo - 27<sup>th</sup> July 2023

<i>Chairman of the Board of Directors</i>	<i>Officer Responsible for the preparation of Corporate Financial Reports</i>
<i>signature</i>	<i>signature</i>
dr. Nicola Ceconato	dr. Riccardo Paggiaro



## REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Ascopiave SpA

### Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Ascopiave SpA and its subsidiaries (the “Ascopiave Group”) as of 30 June 2023, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cashflow statement and the related explanatory notes. The directors of Ascopiave SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

### Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Ascopiave Group as of

#### *PricewaterhouseCoopers SpA*

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30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, 27 July 2023

PricewaterhouseCoopers SpA

*Signed by*

Giorgio Simonelli  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

**Gruppo Ascopiave**

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