

INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER

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;

GENERAL INFORMATION

Corporate bodies and corporate 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

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

Investor relations

Tel. +39 0438 980098
Fax +39 0438 964778
e-mail : investor.relations@ascopiave.it

Key economic and financial data of the Ascopiave Group

Economic Data

(Thousands of Euro)	Nine months			
	2023	% of revenues	2022	% of revenues
Revenues	125,153	100.0%	120,009	100.0%
Gross operative margin	55,569	44.4%	53,566	44.6%
Operating result	19,838	15.9%	20,199	16.8%
Result for the period	14,378	11.5%	24,431	20.4%
Net result for the period	14,435	11.5%	25,292	21.1%

EBITDA is short for earnings before interests, taxes, depreciation and amortisation.

Balance Sheet Data

(Thousands of Euro)	30.09.2023	31.12.2022
Net working capital	84,733	(17,005)
Fixed assets and other non current assets	1,354,774	1,378,338
Non-current liabilities (excluding loans)	(63,602)	(63,073)
Net invested capital	1,375,905	1,298,260
Net financial position	(525,851)	(411,857)
Total Net equity	(850,054)	(886,403)
Total financing sources	(1,375,905)	(1,298,260)

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)	Nine months	
	2023	2022
Total comprehensive income	(1,510)	69,714
Cash flows generated (used) by operating activities	(48,420)	27,686
Cash flows generated/(used) by investments	(36,465)	(121,373)
Cash flows generated (used) by financial activities	27,316	66,613
Variations in cash	(57,568)	(27,075)
Cash and cash equivalents at the beginning of the period	76,917	42,539
Cash and cash equivalents at the end of the period	19,349	15,465

REPORT ON OPERATIONS

Foreword

The Ascopiave Group closed the first nine months of FY2023 with a consolidated net profit of Euro 14.4 million (Euro 25.3 million as at 30 September 2022), a decrease of Euro 10.9 million compared to the same period of the previous year.

Consolidated shareholders' equity as at 30 September 2023 amounted to EUR 850.1 million (EUR 886.4 million as at 31 December 2022), and net invested capital to EUR 1,375.9 million (EUR 1,297.3 million as at 31 December 2022).

During the first nine months of the year, the Group made investments for Euro 55.3 million (Euro 41.4 million in the first nine months 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 Euro 39.8 million (Euro 35.4 million in the first nine months of 2022). At the end of the reporting period, investments were made in plants for the production of energy from renewable sources for Euro 14.4 million.

It should be noted that the Estenergy and Cogeide S.p.A. 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 Towns, operating a distribution network that extends for about 14,710 kilometres and providing the service to about 874,000 users.

The Group is also present in the renewable energy sector, owning 28 hydroelectric and wind power plants.

Furthermore, the Group is a player in the field of 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 Towns, serving a basin of over 100,000 inhabitants through a network of 880 km.

Strategic Goals

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 967.2 million cubic metres, with a decrease of 7.1% compared to the same period of the previous year, mainly related to the relatively mild temperatures that characterised the first nine months of the year.

The distribution network as at 30 September 2023 had a length of 14,716 kilometres, an increase of 102 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 102.3 GWh in the first nine months of the year, an increase of 67.4% over the same period of the previous year. Despite the improvement in comparison, production in the first nine months of the year was heavily impacted by the significant drought that characterised the same period.

Economic results and financial situation

Consolidated revenue for the first nine months of the financial year 2023 amounted to EUR 125.2 million, compared to EUR 120.0 million in the same period last year.

The Group's operating profit amounted to EUR 19.8 million, a decrease of EUR 0.4 million compared to the same period last year.

The consolidated net profit of EUR 14.4 million showed a decrease of EUR 10.9 million compared to the same period last year.

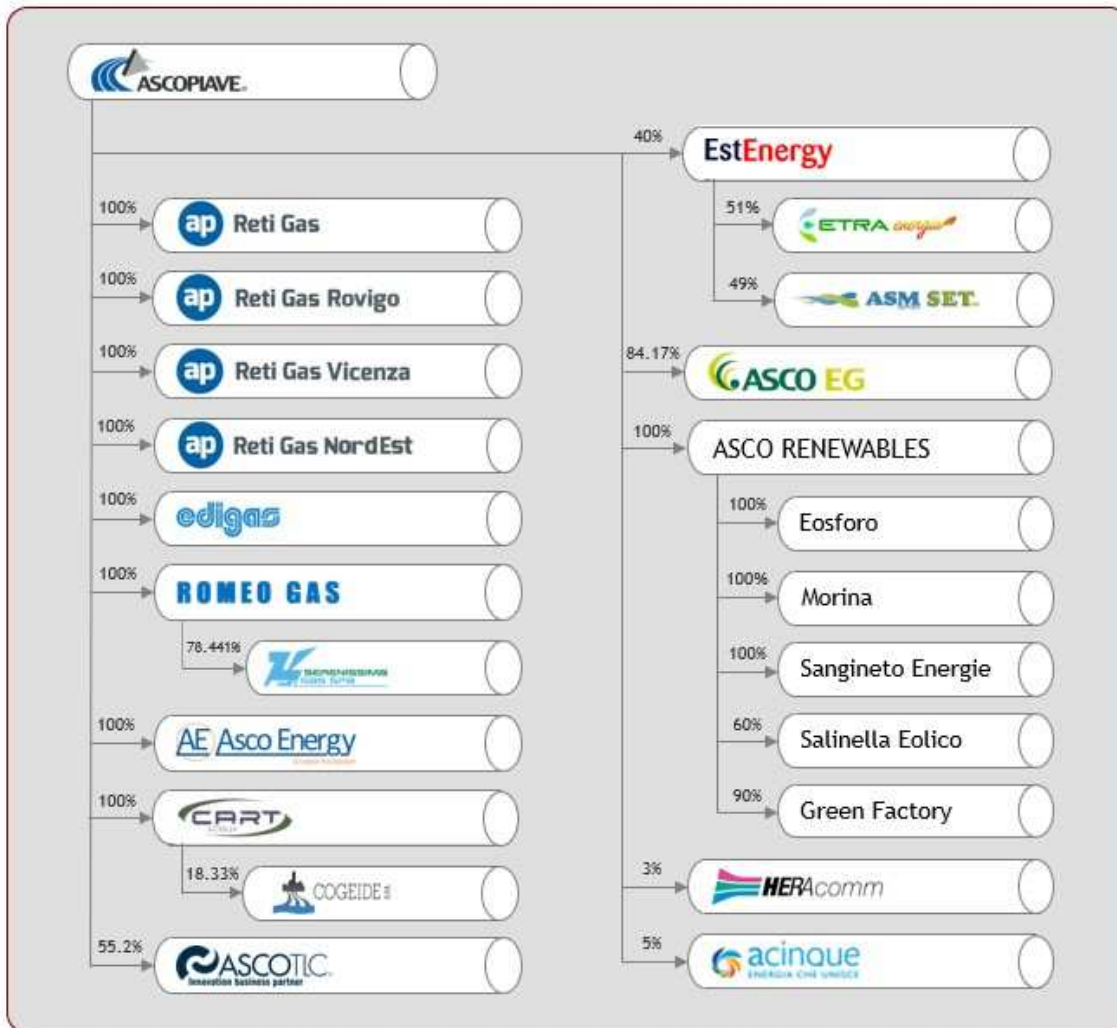
The Group's Net Financial Position as of 30 September 2023 amounted to EUR 525.9 million, an increase of EUR 115.0 million compared to EUR 410.9 million as of 31 December 2022.

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 Euro 40.7 million, by the management of net working capital, which absorbed financial resources of Euro 88.2 million from investment activities, which led to an outlay of Euro 62.3 million, from asset management (mainly dividends), which absorbed resources of Euro 6.1 million, and from the company acquisitions completed, which led to a decrease in the net financial position of Euro 1.8 million.

The ratio of Net Financial Position to Shareholders' Equity as at 30 September 2023 was 0.62 (0.55 as at 30 September 2022).

The structure of the Ascopiave Group

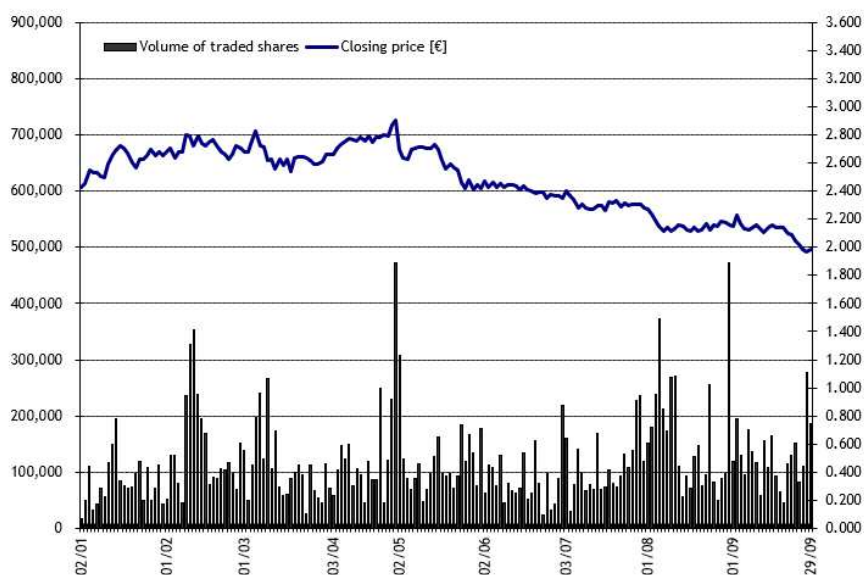
The following table highlights the corporate structure of the Ascopiave Group as at 30 September 2023.



Ascopiave S.p.A. share price performance on the stock market

As of 29 September 2023, the Ascopiave share price was quoted at Euro 1.984 per share, a drop of 18.4 percentage points with respect to the price at the beginning of 2023 (Euro 2.430 per share, referred to 2 January 2023).

Market capitalisation as at 29 September 2023 was EUR 465.07 million¹ (EUR 564.19 million as at 31 December 2022).



During the first nine months of the financial year 2023, the share price recorded a deterioration in performance (-18.4%). During the same period, the FTSE Italia All Share and FTSE Italia Star indices showed an increase of 15.0% and a decrease of 9.4%, respectively. The FTSE Italia Utilities sector index recorded an increase of 8.8%.

The following table shows the main share and stock market data as at 29 September 2023:

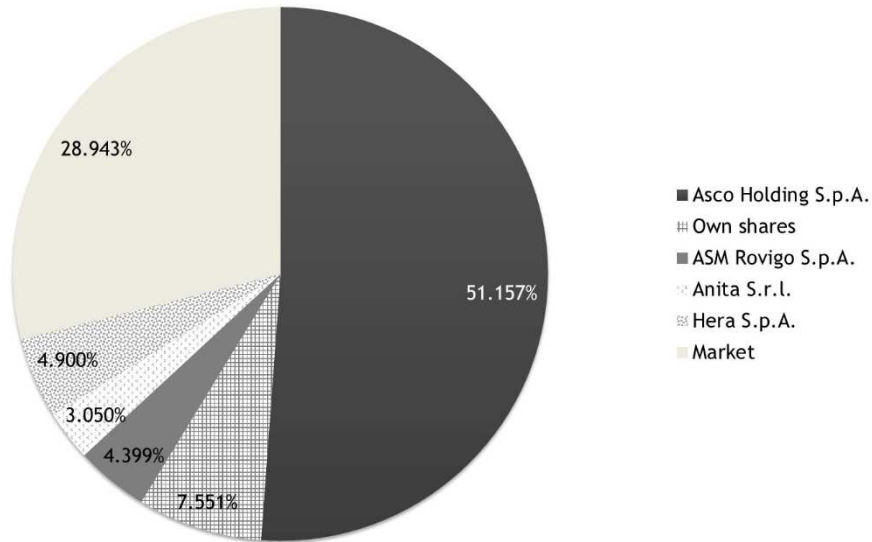
Share and stock-exchange data	30.09.2023	30.09.2022
Earning per share (Euro)	0.06	0.12
Net equity per share (Euro)	3.82	4.15
Placement price (Euro)	1.800	1.800
Closing price (Euro)	1.984	2.110
Maximum annual price (Euro)	2.910	3.630
Minimum annual price (Euro)	1.966	2.110
Stock-exchange capitalization (Million of Euro)	465.07	502.22
No. of shares in circulation	216,709,997	216,709,997
No. of shares in share capital	234,411,575	234,411,575
No. of own share in portfolio	17,701,578	17,701,578

¹ The stock market capitalisation of the main listed companies active in the local public services sector (A2A, Acea, Acinque, Hera and Iren) on 27 October 2023 was EUR 14.3 billion. Official data taken from the Borsa Italiana website (www.borsaitaliana.it).

Control of the company

As of 30 September 2023, Asco Holding S.p.A. directly controlled the majority of Ascopiave S.p.A. capital as highlighted 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 nine months of FY2023, 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.

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 nine months 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 table below 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.	54	184	26	0	0	114	0	0	0	48	0
Total parent company	54	184	26	0	0	114	0	0	0	48	0
Bim Piave Nuove Energie S.r.l.	144	0	8	0	0	244	0	0	0	14	0
Total affiliated companies	144	0	8	0	0	244	0	0	0	14	0
ASM Set S.r.l.	1	0	0	0	0	(1,850)	0	0	0	0	0
Etra Energia S.r.l.	1	0	0	0	0	(185)	0	0	0	0	0
Estenergy S.p.A.	265	0	0	0	0	(38,474)	0	0	0	0	0
Total subsidiary companies	267	0	0	0	0	(40,509)	0	0	0	0	0
Total	465	184	33	0	0	(40,152)	0	0	0	62	0

Significant events during the first nine months 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 concerning the shareholders' agreement signed on 16 March 2020 was published in the *Corporate Governance* section of the website 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 the authorised storage mechanism "eMarket STORAGE" (www.emarketstorage.com) of Teleborsa S.r.l., and in the Corporate Governance section of the website www.gruppoascopiave.it.

Rationalisation of gas distribution concessions between Ascopiave and Iren completed

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 compliance with the stated contractual conditions.

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 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;
- 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 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 Euro 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. The 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, would be held on 7 March 2023, and that the Analyst Presentation, initially scheduled for 9 March 2023, would be 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, would be held on 27 July 2023, and that the Analyst Presentation, initially scheduled for 4 August 2023, would 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 had 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 by the Treviso-Belluno C.C.I.A., 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 37.2 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 of a broader transaction 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.

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 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..

Ordinary Shareholders' Meeting on 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 at the end of the financial year 2022. The ordinary dividend will be 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 of 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 prepared 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 compliance with the provisions of Article 15.12 of the Bylaws, 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, Messrs. Luisa Vecchiato, Nicola Ceconato, Federica Monti, Greta Pietrobon, Enrico Quarello, and Giovanni Zoppas were elected as directors. 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, in 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 revocation of the previous authorisation granted by the Shareholders' Meeting of 28 April 2022, for the portion not executed.

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 on 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 internal board 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.

Ascopiave and the Hera Group merge Asco TLC into Acantho

On 27 July 2023, the Ascopiave Group and the Hera Group approved the merger of the latter into Acantho at the extraordinary general meetings of the subsidiaries Acantho and Asco TLC. The merger took effect on 1 October 2023.

Following the transaction, the Acantho shareholders hold the following stock: Hera S.p.A. 70.16%, Con.AMI 16.84%, Ascopiave 11.35%, Province of Treviso 1.65%.

ESG loans: EUR 24.5 million from BCC Iccrea Group to Ascopiave Group

On 27 September 2023, BCC Banca Iccrea finalised a Project Finance transaction worth approximately EUR 24.5 million for the benefit of Salinella Eolico, a company controlled by the Ascopiave Group of Pieve di Soligo (TV) and in which the Renco Group holds a minority stake.

The financing will allow the construction of a wind farm, named "Petronà - WP1", consisting of 6 Vestas wind turbines with a unit power of 3.6 MW for a total power of 21.6 MW, in the Towns of Belcastro and Petronà (Catanzaro). To date, the construction of the wind farm is underway through a turnkey contract by the Renco Group and the wind farm is expected to be operational by the end of 2023

When fully operational, the wind farm will have an expected output of about 40 million kWh per year, which will meet the energy needs of about 14,000 households. Over the 30 years of production, the CO2 reduction effect will be approx. 319,000 tonnes and equal to the absorption of approx. 350,000 trees.

Significant events after the end of the first nine months of the financial year 2023

No significant events occurred after the end of the first nine months of the financial year.

Other important facts

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 the companies of the group to meet the minimum target of 60%. In the November 2022 session, the 2020 target was completed for all the 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 has been fulfilled for all companies.

Stipulation of an arrangement with the Towns 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 likelihood 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 not infrequently 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 Towns 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 Towns 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 clear 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 Towns, Ascopiave therefore entered into an agreement that provided for the identification of an expert of recognised professionalism, competence and independence called 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 Towns 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 Towns 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 Towns in order to analyse the documents.

To date, at the outcome of the relevant technical discussion, 86 Towns (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) in 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 Town 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 Towns falling under Minimum Territorial Area of Treviso 2 - Nord and Venezia 2 - *Entroterra* (Hinterland) and Veneto Orientale (69 Towns out of 92) an update of the plant valuations as at 31 December 2014. Subsequently, in the 2016-2017 period, the Towns falling under the Treviso 2 - North area and some Towns 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 Towns 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 September 2023, there were no pending litigations.

PLANT VALUE DISPUTES - ARBITRATIONS

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

ADMINISTRATIVE / CIVIL LITIGATION - RELATING TO CONCESSIONS

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

TOWN OF SOVIZZO

A civil lawsuit initiated by the Town 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 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 Town's request and ordered AP Reti Gas S.p.A. to disburse Euro 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.

The filing of closing statements and replies is in progress.

TOWNS 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 Town of Concordia Sagittaria (again at the urging of Ambito S.A.) forwarded a further GC Resolution (No. 3/2022) with which it approved another estimate (again at ministerial LGs) that, although 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.

Similarly, on 11/08/2022, the Town 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 (as set forth 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 present, there are no further pending court proceedings.

TOWN OF FOSSALTA DI PORTOGRUARO

A civil suit filed with the Court of Pordenone, by the Town 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 Euro 72,000/year as of 1 January 2013, for a total of approximately Euro 700,000.

The company, considering that it owes nothing to the Town, will enter an appearance in court to oppose the claim.

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

AP Reti filed its case on 17 March 2023.

TOWNS 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 Towns of Albignasego and Cadoneghe, in relation to the ownership of networks in parceled areas.

With respect to the judgment with the Town of Cadoneghe, on 28 February 2023, a notice of imminent peremption was received.

AP Reti Gas Nord Est communicated its intention to make the aforementioned time limit run, with the consequent termination of the judgement. The relevant Decree, with the consequent termination of the judgement, was published on 02 October 2023.

On 16 May 2023, a similar notice of imminent peremption was received in respect of the lawsuit pending with the Town of Albignasego. AP Reti Gas Nord Est shall communicate its intention to make the aforesaid term run, with the consequent extinction of the judgement.

ADMINISTRATIVE DISPUTES - NOT RELATING TO CONCESSIONS

As at 30 September 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 Court.

Previously, AP Reti Gas (together with other leading gas and electricity distribution service operators) had requested and obtained the annulment of the Communication 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 excluded contracts 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 appealed, 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 (and 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, through 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). However, the appeal was 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 of 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.

Through ruling No. 1092 of 13 July 2023, the Veneto Regional Administrative Court rejected the appeal. The Company has appealed.

CIVIL LITIGATION - NOT RELATED TO CONCESSIONS

As at 30 September 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 Lombardy), brought by Ariston Cavi S.p.A. The company, while hoping for a friendly settlement, 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. Publication of the judgment is pending.

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

A lawsuit before the Court of Enterprises of Venice (R.G. 5768/22), brought by Fin Energy S.A., a minority shareholder of Asco EG, against the same company, by means of an appeal 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 to be 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.

The witness hearing was set for 12 October 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 September 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 issues of constitutionality and compliance with European law of the primary regulation were raised. Similarly, in some appeals brought by other companies before the Tax Commission, the question of jurisdiction was raised, which is pending before the Court of Cassation (with a ruling expected in October 2023), as well as the question of constitutionality.

The public hearing for the discussion of the appeal on the merits took place on 4 April 2023. The Regional Administrative Court ordered a postponement to 18 July 2023. At the outcome of the hearing, in light of the above, and therefore pending the decision of the Supreme Court, the TAR ordered the suspension of the trial.

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.

With respect to the further proceedings brought before the Lombardy - Milan Regional Administrative Court, by order of 17 July 2023, the court suspended the proceedings pending the preliminary ruling of the Court of Justice of the European Union on the questions formulated by the same Regional Administrative Court in a previous order of 7 July (adopted in the context of a case with a completely similar subject matter).

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 Euro 1,248,000.00, as the sum deriving from the penalty of Euro 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 05 April 2016), relating to the storage of material resulting from the construction of a diversion tunnel serving the hydroelectric plant in the Towns 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.

The next hearing is scheduled for 17 October 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 Sangineto Energie, at the same time as Sangineto Energie was notified of the appeal, sent the guarantor company a specific enforcement notice for the entire amount claimed by the Province (conditional on Sangineto 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 Boll. Uff. Regione Lombardia, S.O. no. 16 of 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.

The first hearing was set for 11 October 2023.

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) of the 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 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 obtaining 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, the following are pending:

- n. 3 files filed (hearings already scheduled and/or already under consideration);
- n. 3 files under enforcement;
- n. 1 file with critical procedural issues (e.g. with appeal and/or complaint rejected);
- n. 15 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 12 and 25 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 Agenzia delle Entrate in relation to the Ires, Irap and Iva sectors 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 Agenzia delle Entrate 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 Agenzia delle Entrate 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 February 2023, and on 19 June 2023, the second instance Tax Court of the Veneto Region filed ruling no. 577/2023 in which it rejected the appeal brought by the Agenzia delle Entrate, sentencing 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 Agenzia delle Entrate 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 July 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 lump-sum 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 allocation.

Territorial areas

In 2011, through the issuance of a series of ministerial decrees, the regulatory framework of the sector was further defined, with particular reference to area tenders, as follows:

1. With the Decree of the Ministry of Economic Development of 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 of 18 December 2011, the Towns falling under each area were identified (the so-called Decreti Ambito -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 Criteria 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, based on 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 Criteria 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 Modalities 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 Towns 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 of 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 falling under the first grouping in Annex 1 of Ministerial Decree 226/2011, the maximum deadline was postponed by eight months, for the areas falling under the second, third and fourth groupings, the deadline was postponed by six months, and lastly, for the areas falling under the fifth and sixth groupings, the extension is four months.

On the other hand, these extensions do not apply to the areas that, while 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 Towns 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 of 25/02/2016) provided for another extension of the deadline for the publication of calls for tenders. Specifically, for the areas falling under the first grouping in Annex 1 of Ministerial Decree 226/2011, the deadline was further extended by 12 months; for the areas falling under 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 the Towns.

During the two-year period 2015-2016, a number of calls for tenders were published to entrust the service with the stated 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, concretising the risk that procedures may come to a standstill 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 the Local Authorities from the obligation of sending detailed assessments to the Authority if all the following conditions are 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 of 7 April 2014;
- the aggregate VIR-RAB deviation does not exceed 8 per cent;
- the VIR-RAB deviation of the individual Town 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 net fixed assets relevant for the calculation of the deviation is to 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 criteria and sub-criteria by Articles 13, 14 and 15 of the aforementioned Decree No. 226/11, l except within the limits set forth 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 Town of Belluno, the contracting station of the Minimum Territorial Area of Belluno, 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, filing 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 Town of Schio, contracting station of the Ambito Territoriale Minimo Vicenza 3 - Valli Astico Leogra e Timonchio, issued the call for tenders for the concession of the gas distribution service. The Ascopiave Group currently manages the service in 28 Towns of the Area involved, 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 Ambit, 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 September 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 relating to the Ambits 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 awarding 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. With regard to economic results, it should be noted that in 2019 the Authority adopted the new tariff regulation for the five-year period 2020-2025. The new regulation provides for a significant annual reduction in the revenue components intended to cover operating costs. In addition, at the end of 2021, the Authority redetermined the rate of remuneration (real pre-tax) of the invested capital recognised for tariff purposes, which for the financial year 2023, will be 5.6% in line with that 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 annual obligations for the year 2022.

As far as the production and sale of electricity from renewable sources is concerned, the effects of the decrees issued on the containment of energy prices persisted in the first half of 2023.

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 for 2023 may differ from those indicatively projected above due to various factors, including: general macroeconomic conditions, the impact of energy and environmental regulations, the successful development and application of new technologies, changes in stakeholder expectations and other changes in business conditions.

Inflationary trends and interest rates

The first nine months of 2023 were 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 sharpened 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 were foodstuffs, a sector already partly affected by the contraction of Ukrainian production and reduced Russian exports.

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 nine months of the year, which showed a significant deceleration compared to the previous year, but still significant growth rates, the Fed and ECB raised interest rates further, most recently in September 2023. Should no abnormal indicators emerge from the data in the coming months, the ECB may have reached a level of rates that, if maintained for a sufficiently long period, would make a substantial contribution to a return to a target inflation level.

In September 2023, according to preliminary estimates by Istat, the consumer price index stood at 5.3 per cent year-on-year, a further reduction compared to the previous month's figure (+5.4 per cent).

In its September economic outlook, the OECD forecasts, due to inflation, a weak growth of the world economy for the two-year period 2023- 2024, with the current year possibly reaching 3.0% and 2.7% in 2024.

Overall inflation decreased in parallel with falling energy and food prices, but remains above the targets set by central banks in many countries.

During the month of October, a further crisis area opened up in the Mediterranean basin. The Israeli-Palestinian conflict did not show any significant repercussions on market prices, which, after an initial rapid increase, quickly stabilised, except for natural gas, which continues to show an abnormal upward trend. However, the continuation of the conflict could influence the price trend of other commodities in the following months.

The scenarios, despite the fact that some indicators are improving, consequently remain uncertain due to the continuation of the Russian-Ukrainian conflict as well as the Israeli-Palestinian conflict and the variables that they may trigger, and due to 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.

Goals and policies of the Group 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 considered 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 risks of non-compliance by customers. In particular, the Codes provide 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 protect against residual possible risks on receivables, an allowance for doubtful accounts was allocated, which at the end of the first nine months of the year amounted to approximately 14.6% (20.8% as 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 September 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 Town, but exclusively for the territorial areas determined by the Ministerial Decrees of 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 awarded on less favourable terms than the current ones, with a possible negative impact on operations and on the Group's economic and financial position, without prejudice, in the case of non-tender, to the collection of the expected reimbursement value in favour of the outgoing operator for the towns 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 to be borne by the incoming operator is 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, based on 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. Moreover, 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.

The Decree of the Minister of Economic Development No. 266 of 12 November 2011 states 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 Town.

When fully operational, i.e. in the periods following 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 ambit, 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 within 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 goals 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 Cassa per i Servizi Energetici e Ambientali (Energy and Environmental Services Fund) financed by funds constituted 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 non-compliance, in whole or in part, with 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" aspects, 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 "sustainable success" goal at the centre of its corporate culture and 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, investment 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 internal board committees Sustainability Committee and Control and Risk Committee, and, starting from October 2022, on the figure of the Risk Manager. As will be specified in the following table of risks and opportunities, in line with the recommendations of the TCFD, risk management includes the following phases: identification and assessment of risks/opportunities, definition of the response, periodic review and continuity/improvement of controls.

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 attribution, could be difficult due to 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 transitional risks 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 combating climate change and the transition to a low-emission economy.

Other information

Seasonal influence on operations

The natural gas distribution business managed by the Ascopiave Group is not significantly affected by the seasons; 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 electricity 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 elements 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.

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.
- **Tariff revenues on gas distribution activities:** 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 Cassa per i Servizi Energetici e Ambientali.

Operating Performance - Key Operational Indicators

NATURAL GAS DISTRIBUTION	Nine months		Var.	Var. %
	2023	2022		
Ascopiave Group				
Number of Concessions	304	306	-2	-0.7%
Length of distribution network (km)	14,716	14,596	120	0.8%
Total active meters (no.)	873,792	889,193	-15,401	-1.7%
Volumes of gas distributed (scm/mln)	967.2	1,040.9	-73.6	-7.1%

PRODUCTION OF ENERGY FROM RENEWABLES SOURCES	Nine months		Var.	Var. %
	2023	2022		
Ascopiave Group				
Number of plants	28	28	0	0.0%
Installed power (MW)	62.5	62.5	0.0	0.0%
Volumes of electricity produced (GWh)	102.3	61.1	41.2	67.4%

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 nine months of the year, the volumes supplied through the networks managed by the companies of the Group amounted to 967.2 million cubic metres, a decrease of 7.1% compared to the same period of the previous year. This decrease is mainly attributable to the continuation of relatively mild temperatures in the early months of the year.

As at 30 September 2023, the number of redelivery points (PDR) operated by Group companies was 873,792.

The 28 plants producing electricity from renewable energy sources, with a total installed capacity of 62.5 MW, produced 102.3 GWh during the first nine months of the year, showing an increase of 67.4% over the same period of the previous year. The volume of GWh produced, despite the improvement shown compared to the 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)	Nine months			
	2023	% of revenues	2022	% of revenues
Revenues	125,153	100.0%	120,009	100.0%
Total operating costs	69,584	(55.6%)	66,444	(55.4%)
Gross operative margin	55,569	44.4%	53,566	44.6%
Amortization and depreciation	35,435	(28.3%)	33,367	(27.8%)
Provision for risks on credits	296	(0.2%)	0	0.0%
Operating result	19,838	15.9%	20,199	16.8%
Financial income	5,862	4.7%	4,489	3.7%
Financial charges	9,857	(7.9%)	3,670	(3.1%)
Evaluation of subsidiary companies with the net equity method	910	0.7%	10,503	8.8%
Earnings before tax	16,753	13.4%	31,521	26.3%
Taxes for the period	(2,375)	(1.9%)	(7,090)	(5.9%)
Result for the period	14,378	11.5%	24,431	20.4%
Net result from transfer/disposal of assets	56	0.0%	861	0.7%
Net result for the period	14,435	11.5%	25,292	21.1%
Group's Net Result	12,881	10.3%	25,482	21.2%
Third parties Net Result	1,554	1.2%	(190)	(0.2%)

Pursuant to Consob Communication No. DEM/6064293 of 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 nine months of the financial year 2023, the group realised revenues of Euro 125,153 thousand, an increase of 4.3% compared to the same period of the previous year. The following table provides a breakdown of revenues.

(Thousands of Euro)	Nine months	
	2023	2022
Revenues from gas transportation	91,754	85,690
Revenues from electricity sale	137	351
Revenues from connections	702	599
Revenues from distribution services	3,348	3,324
Revenues from services supplied to Group companies	2,984	11,728
Revenues from ARERA contributions	11,885	6,775
Revenues from hydro-electric plants	11,756	8,018
Other revenues	2,587	3,524
Revenues	125,153	120,009

Tariff revenues on gas distribution activity (which go from Euro 84,494 thousands to Euro 90,540 thousands) show a positive change equal to Euro 6,046 thousands compared to the first nine months of the previous financial year. The change is mainly explained by the enlargement of the consolidation perimeter, which determined the inscription of the revenues achieved by the companies acquired on 1 April 2022 for Euro 3,462 thousand.

The differential between tariff revenues and the item "gas transportation revenues" highlighted in the table (as of 30 September 2023 equal to 1,214 thousand and as of 30 September 2022 equal to 1,197 thousand) is explained by the revenues recognised due to the chargeback of concession 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 nine months of the year, revenues from **wind-hydroelectric power plants** amounted to Euro 11,756 thousand and showed an increase of Euro 3,738 thousand compared to the same period of the previous year. The increase is mainly explained by the greater quantities of energy produced in the period. 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 go from Euro 6,775 thousands to Euro 11,885 thousands) show a positive variation equal to Euro 5,111 thousands compared to the first nine months of the previous financial 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 goals expected for the financial year 2023.

Operating profit for the first nine months of 2023 amounted to Euro 19,838 thousand, a decrease of Euro 361 thousand (-2%) compared to the same period of the previous year.

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

- positive change related to the enlargement of the scope of consolidation in the amount of Euro 115,000;
- increase in tariff revenues on gas distribution activity for Euro 2,584 thousand;
- increase in revenues from the production of energy from renewable sources for Euro 4,181 thousand;
- lower margin on energy efficiency bonds in the amount of Euro 311,000;
- negative change in other cost and revenue items of Euro 6,929,000.

The negative change in other cost and revenue items, amounting to Euro 6,929,000, was due to

- lower revenues of Euro 11,232 thousand;
- lower costs for materials, services and miscellaneous charges of Euro 6,453,000;
- higher personnel costs of Euro 1,034,000;
- higher depreciation on fixed assets and provisions of Euro 1,117 thousand.

Consolidated net profit for the first nine months of 2023 amounted to Euro 14,435 thousand, a decrease of Euro 10,857 thousand (-43%) compared to the same period of the previous year.

The change in profit is due to the following factors:

- lower operating income, as previously mentioned, in the amount of Euro 361,000;
- an increase in financial income of Euro 1,372,000;
- an increase in financial expenses of Euro 6,187,000;
- lower result of the companies consolidated under the equity method for Euro 9,593 thousand; this item is representative of Ascopiave's 40% shareholding in the EstEnergy Group and the 18.33% shareholding in Cogeide;
- lower taxes in the amount of Euro 4,715,000;
- lower net result from assets held for sale in the amount of Euro 804,000.

The tax rate, calculated by normalising the pre-tax result of the consolidation effects of the consolidated company using the equity method, of dividends received from investee companies, of the capital gain realised as part of the rationalisation of gas distribution concessions and of the related tax effects, rose from 33.4% in the first nine months of 2022 to the current 33.7%.

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)	30.09.2023	31.12.2022
A Cash and cash equivalents	19,349	76,917
B Equivalent to cash ad cash equivalents	0	0
C Other current financial assets	4,863	6,493
- of which related parties	0	0
D Liquid assets (A) + (B) + (C)	24,212	83,410
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(188,198)	(98,917)
- of which related parties	0	0
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(118,601)	(119,280)
- of which related parties	0	0
G Current financial indebtedness (E) + (F)	(306,798)	(218,196)
H Net current financial indebtedness (D) + (G)	(282,586)	(134,787)
I Non-current financial debt (excluding the current portion and debt instruments)	(246,161)	(279,939)
J Debt instruments	0	0
K Trade payables and other non current payables	0	0
L Non-current financial indebtedness (I) + (J) + (K)	(246,161)	(279,939)
M Net financial indebtedness (H) + (L)	(528,748)	(414,726)

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

Net financial debt increased from Euro 414,726 thousand at 31 December 2022 to Euro 528,748 thousand at 30 September 2023, an increase of Euro 114,022 thousand.

The net financial position monitored by the Group, which also includes non-current financial receivables, increased by Euro 113,994 thousand, from Euro 411,857 thousand at 31 December 2022 to Euro 525,851 thousand at 30 September 2023.

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

(Thousands of Euro)	30.09.2023	31.12.2022
ESMA Net financial position	(528,748)	(414,726)
Non current financial assets	2,896	2,868
Net financial position monitored by the Group	(525,851)	(411,857)

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

(Thousands of Euro)	Nine months	
	2023	2022*
Net Income	14,435	25,292
Capital gains	(4,046)	0
Gains on shareholdings	(4,228)	(4,307)
Other changes in the income statement that do not generate cash flows	(286)	9,682
Evaluation of subsidiary companies with the net equity method	(910)	(10,503)
Depreciations and amortizations	35,731	33,367
(a) Self financing	40,696	53,531
(b) Adjustments to reconcile net profit of changes in financial position generated by operating activities	(88,168)	(20,665)
(c) Change in financial position generated by operating activities = (a) + (b)	(47,472)	32,866
(d) Change in financial position generated by investing activities	(62,275)	(155,163)
(e) Other financial position changes	(4,246)	(49,592)
Net financial position changes = (c) + (d) + (e)	(113,994)	(171,889)

* Having changed the presentation structure of financial flows from 30.09.2023 for comparability purposes, the comparative data have been restated

The cash flow absorbed by operations (c), in the amount of Euro 47,472 thousand, was determined by self-financing in the amount of Euro 40,696 thousand and other negative financial changes in the amount of Euro 88,168 thousand, related to net working capital management.

The management of net working capital, which committed financial resources in the amount of Euro 88,168 thousand, was influenced by the change in net operating working capital, which absorbed financial resources in the amount of Euro 72,496 thousand, by the positive change in the position with the tax authorities for the accrual of IRES and IRAP taxes in the amount of Euro 697 thousand, and by the negative change in the VAT position in the amount of Euro 23,612 thousand.

The following table shows the changes in net working capital in the first nine months:

(Thousands of Euro)	Nine months	
	2023	2022*
Inventories	(5,855)	(6,114)
Trade receivables and payables	(116,482)	5,781
Operating receivables and payables	49,841	(22,184)
Write-down of fixed assets and losses	2,288	1,157
Severance pay and other funds	207	(1,138)
Change in equity investments in subsidiaries companies	2,162	
Current taxes	2,375	7,090
Taxes paid	(92)	(5,280)
Tax receivables and payables	(22,612)	22
Change in net working capital	(88,168)	(20,665)

* Having changed the presentation structure of financial flows from 30.09.2023 for comparability purposes, the comparative data have been restated

The investment activity has generated a cash requirement of Euro 62,275 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 53,539 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 21,036 thousand. Furthermore, the redemption value of the plants acquired by the sub-entering operator for the termination of some gas distribution concessions was realised for a total of Euro 8,704,000. 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 thousand, 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 nine months:

(Thousands of Euro)	Nine months	
	2023	2022*
Dividends distributed to Ascopiave S.p.A. shareholders'	(28,172)	(35,757)
Dividends distributed to third party shareholders	(890)	0
Dividends collected from investee companies	23,225	25,276
Enlargement of the consolidation perimeter	1,592	(39,111)
Other changes in financial position	(4,246)	(49,592)

* Having changed the presentation structure of financial flows from 30.09.2023 for comparability purposes, the comparative data have been restated

Operating Performance - Investments

During the first nine months of the financial year, the group realised investments in intangible and tangible fixed assets for Euro 55,264 thousand, an increase of Euro 13,899 thousand compared to the same period of the previous financial year. The increase is mainly explained by the investments made during the first nine months by companies active in the renewable energy sector (+Euro 10,321 thousand).

The investments made in infrastructures for the distribution of natural gas amounted to Euro 39,777 thousand at the end of the period. They relate to the installation and maintenance of the natural gas distribution network and plants for Euro 17,759 thousand, to the realisation of connections to the same for Euro 11,859 thousand and to the installation of measuring equipment for Euro 10,159 thousand.

Investments in renewable energy amounted to Euro 14,448,000 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 1,039,000 and mainly related to the purchase of hardware and software licences for Euro 390,000, the purchase of company vehicles for Euro 274,000, and improvements and/or extraordinary maintenance of company premises for Euro 233,000.

(Thousands of Euro)	Nine months	
	2023	2022
Connecting a gas users	11,859	9,975
Expansions, reclamations and network upgrades	16,171	15,419
Flowmeters	10,159	8,096
Maintenance	1,588	1,953
Raw material (gas) investments	39,777	35,443
Hydroelectric energy production plants	270	60
Wind farms	5,098	4,068
Solar energy production plants	2,160	0
Other green energy plants	6,920	0
Investments in renewable energies	14,448	4,127
Land and buildings	233	89
Industrial and commercial equipment	132	93
Forniture	3	5
Vehicles	274	164
Hardware e Software	390	1,444
Other assets	7	0
Other investments	1,039	1,796
Investments	55,264	41,366

Ascopiave Group

Financial Statements of the Interim Report to 30 September 2023

Consolidated Statement of Financial Position

(Thousands of Euro)		30.09.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	(1)	61,727	61,346
Other intangible assets	(2)	697,734	698,397
Tangible assets	(3)	147,286	138,432
Shareholdings in controlled companies	(4)	328,769	358,029
Shareholdings in other companies	(4)	78,257	78,257
Other non-current assets	(5)	3,694	4,625
Non current financial assets	(6)	2,896	2,868
Advance tax receivables	(7)	39,929	39,252
Non-current assets		1,360,293	1,381,206
Current assets			
Inventories	(8)	13,191	7,336
Trade receivables	(9)	23,859	20,104
Other current assets	(10)	102,333	133,880
Current financial assets	(11)	963	820
Tax receivables	(12)	6,869	4,100
Cash and cash equivalents	(13)	19,349	76,917
Current assets from derivative financial instruments	(14)	5,110	6,661
Current assets		171,675	249,818
Non-current assets disposal of assets	(39)	30,011	16,592
ASSETS		1,561,979	1,647,616
Net equity and liabilities			
Total Net equity			
Share capital		234,412	234,412
Own shares		(55,423)	(55,423)
Reserves		648,566	687,291
Net equity of the Group	(15)	827,554	866,280
Net equity of Others	(15)	22,500	20,123
Total Net equity	(15)	850,054	886,403
Non-current liabilities			
Provisions for risks and charges	(16)	1,287	996
Severance indemnity	(17)	4,926	5,011
Outstanding medium- and long-term bonds	(18)	86,172	94,033
Medium- and long-term bank loans	(19)	152,942	178,538
Other non-current liabilities	(20)	38,875	37,458
Non-current financial liabilities	(21)	7,048	7,368
Deferred tax payables	(22)	18,513	19,608
Non-current liabilities		309,763	343,012
Current liabilities			
Outstanding short-term bonds	(23)	7,575	0
Payables due to banks and financing institutions	(24)	295,301	183,285
Trade payables	(25)	67,753	180,195
Tax payables	(26)	2,103	1,336
Other current liabilities	(27)	22,869	17,507
Current financial liabilities	(28)	3,922	34,911
Current liabilities from derivative financial instruments	(29)	16	164
Current liabilities		399,540	417,398
Liabilities held for sale	(39)	2,622	803
Liabilities		711,925	761,213
Net equity and liabilities		1,561,979	1,647,616

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

Consolidated Comprehensive Income Statement

(Thousands of Euro)	Nine months		
	2023	2022	
Revenues	(30)	125,153	120,009
Total operating income and costs		69,881	66,444
Purchase costs for other raw materials	(31)	1,234	1,659
Costs for services	(32)	36,840	37,617
Costs for personnel	(33)	16,207	14,834
Other management costs	(34)	19,870	12,488
Other income	(35)	4,269	155
Amortization and depreciation	(36)	35,435	33,367
Operating result		19,838	20,199
Financial income	(37)	5,862	4,489
Financial charges	(37)	9,857	3,670
Evaluation of subsidiary companies with the net equity method	(37)	910	10,503
Earnings before tax		16,753	31,521
Taxes for the period	(38)	(2,375)	(7,090)
Result for the period		14,378	24,431
Net result from transfer / disposal assets	(39)	56	861
Net result for the period		14,435	25,292
Group's Net Result		(12,881)	25,482
Third parties Net Result		(1,554)	(190)
Consolidated statement of comprehensive income			
1. Components that can be reclassified to the income statement			
- Fair value of derivatives, changes in the period net of tax		(3,190)	3,458
- Fair value of derivatives relating to associated companies, changes in the period net of tax		(11,082)	39,961
2. Components that can not be reclassified to the income statement			
- Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax		(117)	410
- Fair value valuation of investment in other companies			
Total comprehensive income		45	69,121
Group's overall net result		(1,510)	69,714
Third parties' overall net result		1,556	(593)
Base income per share		0.059	0.118
Diluted net income per share		0.059	0.118

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are highlighted in the special schedule in the section 'Transactions with Related Parties' of this interim 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
Balance as of 1st January 2023	234,412	46,882	(55,424)	(162)	454,997	152,910	32,664	866,280	20,123	886,403
Result for the period							12,881	12,881	1,554	14,435
Other operations					(3,189)			(3,189)	(1)	(3,190)
Fair value of derivatives relating to associated companies					(11,082)			(11,082)		(11,082)
Severance indemnity IAS 19 discounting of the period				(120)				(120)	3	(117)
Total result of overall income statement				(120)	(14,271)	(0)	12,881	(1,510)	1,556	45
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					(71)			(71)	1	(70)
Change in equity investments in subsidiaries companies					(8,974)			(8,974)	1,710	(7,263)
Balance as of 30th September 2023	234,412	46,882	(55,424)	(282)	403,509	185,574	12,881	827,554	22,500	850,054

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

Consolidated Cash Flow Statement

(Thousands of Euro)	Nine months	
	2023	2022
Total comprehensive income	(1,510)	69,714
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	(15)	(593)
Fair value of derivatives relating to associated companies, changes in the period net of tax	(15)	(39,961)
Changes in HA reserves for MTM derivatives	(15)	(3,458)
Variations in severance indemnity reserves	(15)	(410)
Amortization	(36)	33,367
Bad debt provisions	(35)	0
Depreciation of fixed assets	(35)	1,157
Variations in severance indemnity	(17)	(590)
Current assets / liabilities on financial instruments	(14 ; 29)	(3,721)
Net variation of other funds	(16)	(548)
Evaluation of subsidiaries with the net equity method	(37)	(10,503)
Loss / (Gains) on disposal of fixed assets	(35)	0
Gains on disposal of investments	(35)	0
Income from shareholdings	(37)	(4,307)
Other changes in the income statement that do not generate cash flows		9,682
Interests paid		(2,347)
Taxes paid		(5,280)
Interest expense for the period	(37)	3,641
Taxes for the period	(38)	7,090
Total adjustments	45,510	(16,781)
Variations in assets and liabilities		
Inventories	(8)	(6,114)
Accounts payable	(9)	(3,343)
Other current assets	(10)	(12,620)
Trade payables	(25)	9,124
Other current liabilities	(27)	(16,652)
Other non-current assets	(5)	2,542
Other non-current liabilities	(20)	1,816
Operating flows from discontinued assets / liabilities	(39)	(0)
Total adjustments and variations	(92,420)	(25,247)
Cash flows generated (used) by operating activities	(48,420)	27,686
Cash flows generated (used) by investments		
Investments in intangible assets	(2)	(39,205)
Realisable value of intangible assets	(2)	0
Investments in tangible assets	(3)	(6,033)
Realisable value of tangible assets	(3)	0
Acquisitions in shareholdings and advances	(4)	(101,411)
Disposal in shareholdings and advances	(4)	0
Dividends collected from subsidiaries companies	(4)	25,276
Payments in cash by minorities in subsidiaries	(4)	0
Investment flows from discontinued assets / liabilities	(39)	0
Cash flows generated/(used) by investments	(36,465)	(121,373)
Cash flows generated (used) by financial activities		
Changes in non-current financial liabilities	(6 ; 21)	0
Net changes in short-term bank borrowings	(24)	(103,552)
Ignitions medium- and long-term bonds	(18)	69,892
Net variation in current financial assets and liabilities	(11 ; 28)	(7,850)
Ignitions loans and mortgages	(19)	528,000
Redemptions loans and mortgages	(19)	(384,120)
Dividends distributed to Ascopiave S.p.A. shareholders'	(15)	(35,757)
Dividends distributed to third party shareholders	(15)	0
Cash flows from discontinued assets / liabilities	(39)	0
Cash flows generated (used) by financial activities	27,316	66,613
Variations in cash	(57,568)	(27,075)
Cash and cash equivalents at the beginning of the period	76,917	42,539
Cash and cash equivalents at the end of the period	19,349	15,465

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are highlighted in the special schedule in the section 'Transactions with Related Parties' of this interim 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 September 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 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 interim report as at 30 September 2023 was authorised by resolution of the Board of Directors on 9 November 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 Towns (306 as of 31 December 2022), operating a distribution network that stretches over 14,715 kilometres (14,580 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. 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 interim report as of 30 September 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 of 19 July 2002.

In preparing this interim report, the same accounting principles were applied as in the preparation of the consolidated financial statements as at 31 December 2022.

This interim report is prepared 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 these statements and in the notes are expressed in thousands of euros, 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 appropriately modified and reclassified, where necessary, to bring them into line with international accounting standards and the uniform classification benchmarks within the Group. This interim report for the nine months ended 30 September 2023 was approved by the Company's Board of Directors on 9 November 2023.

Budget Schedules

With regard to the presentation of the financial statements, the 'current/non-current' distinction has been adopted for the consolidated statement of financial position, and the scalar format with the classification of costs by nature has been adopted for the consolidated statement of comprehensive income.

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 nine months 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 date of the interim financial statements.

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 Euro 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 by the Treviso-Belluno C.C.I.A., 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 37.2 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.

On 27 September 2023, the deed of merger of Asco TLC by the Group's subsidiary Hera and Ascopiave was signed. The merger took effect on 1 October 2023 with retroactive accounting and tax effects from 1 January 2023.

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..

Acquisition of natural gas distribution business unit

During the month of July, the Ascopiave Group acquired a company branch, concerning a natural gas distribution network in the province of Pavia, from Retragas. This acquisition, already planned as part of the broader transaction involving Romeo Gas, took place following the transformation of the same infrastructure from a transportation network to a natural gas distribution network.

Consolidation Area and Benchmarks

The interim report for the nine months ended 30 September 2023 includes the financial statements of all subsidiaries. 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 interests acquired subsequent to the acquisition of control (acquisition of minority interests), any positive difference between the acquisition cost and the corresponding portion of net assets acquired is recognised in equity; similarly, the effects of the sale of minority interests without loss of control are recognised in 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 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 September 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
Parent company					
Ascopiave S.p.A.	Pieve di Soligo (TV)	234,411,575			
100% consolidated companies					
AP Reti Gas S.p.A.	Pieve di Soligo (TV)	1,000,000	100.00%	100.00%	0.00%
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7,000,000	100.00%	100.00%	0.00%
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	3,000,000	100.00%	100.00%	0.00%
Asco Energy S.p.A.	Pieve di Soligo (TV)	1,000,000	100.00%	100.00%	0.00%
AP Reti Gas Vicenza S.p.A.	Pieve di Soligo (TV)	10,000,000	100.00%	100.00%	0.00%
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15,000,000	100.00%	100.00%	0.00%
Cart Acqua S.r.l.	Nembro (BG)	50,000	100.00%	100.00%	0.00%
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%
Affiliated Companies					
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) Equity investments through Romeo Gas S.p.A.

On 31 January 2023, Ascopiave and Iren finalised the transaction to rationalise certain assets within the natural gas distribution service; the transaction provided for:

- 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 relating 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 approximately PDR 19,000 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 finalised, at the headquarters of Asco Holding in Pieve di Soligo (TV), the acquisition of 92% of the shares of Asco TLC, with 36.8% and 55.2% stakes 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 links and 24 xDSL exchanges in unbundling, and provides its services to over 2,700 customers.

On 27 September 2023, the deed of merger of Asco TLC into Acantho S.p.A., a subsidiary of the Hera Group, was signed. The merger took effect on 1 October 2023 with retroactive accounting and tax effects from 1 January 2023.

As of 30 September 2023, the Group has therefore only consolidated the Company's balance sheet data by classifying them as assets/liabilities held for sale.

Summaries of fully consolidated companies

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)	Reference accounting principles
Parent company					
Ascopiave S.p.A.	51,638	35,325	842,176	284,284	IFRS
100% consolidated companies					
AP Reti Gas Nord Est S.r.l.	23,436	4,462	134,262	24,440	IFRS
AP Reti Gas S.p.A.	51,219	7,837	306,635	29,598	IFRS
Edigas Esercizio Distribuzione Gas S.p.A.	13,536	6,353	66,789	11,411	Ita Gaap
AP Reti Gas Vicenza S.p.A.	11,218	(912)	14,709	36,040	Ita Gaap
AP Reti Gas Rovigo S.r.l.	4,329	816	19,791	12,191	Ita Gaap
Asco Energy S.p.A.	6,830	(128)	422	3,841	Ita Gaap
Cart Acqua S.r.l.	383	52	3,880	(100)	Ita Gaap
Asco Renewables S.p.A.	0	(328)	105	3,234	Ita Gaap
Morina S.r.l.	161	(55)	14	2,195	Ita Gaap
Sanginetto Energie S.r.l.	430	(389)	141	932	Ita Gaap
Eosforo S.r.l.	712	27	5,493	2,819	Ita Gaap
Green Factory S.r.l.	0	(101)	(20)	6,908	Ita Gaap
Asco EG S.p.A.	11,063	821	57,596	(13,060)	Ita Gaap
Salinella Eolico S.r.l.		(92)	(30)	19,110	Ita Gaap
Romeo Gas S.p.A.	9,653	1,404	65,829	9,030	Ita Gaap
Serenissima Gas S.p.A.	5,151	4,786	18,658	4,160	IFRS
Asco TLC S.p.A.	7,311	190	13,735	(816)	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, equal to Euro 61,727 thousand as of 30 September 2023, shows an increase of Euro 381 thousand compared to 31 December 2022. The change is explained by the completion of the transaction for the purchase of a company branch concerning a natural gas distribution network in the province of Pavia. In this regard, we would like to point out that the allocation made will be subject to further in-depth analyses and verifications in order to determine, within the annual term envisaged by accounting principles, the definitive accounting of the business combination.

The amount refers in part to the surplus value resulting from the contribution of the gas distribution networks by signatory Towns 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 relative to the distribution of natural gas. Among these, the goodwill recognised following the merger by incorporation of Unigas Distribuzione S.r.l. into Ascopiave S.p.A. for Euro 9,368 thousands, the purchase of the entire share capital of the newly established company AP Reti Gas Nord Est S.r.l. for Euro 14.149 thousand, the purchase of shares in Romeo Gas S.p.A. for Euro 4,853 thousand, a company operating in the distribution of natural gas, and lastly the purchase of shares in Eusebio Energia S.r.l. for Euro 7,220 thousand, a company operating in the production of energy from renewable sources.

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

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

(Thousands of Euro)	30.09.2023	31.12.2022
Distribution of natural gas	54,506	54,125
Energy production from renewable sources	7,220	7,220
Total goodwill	61,727	61,346

The first nine months of the year 2023 are still characterised by the international crisis that began in February 2022 when the Russian-Ukrainian conflict flared up and is still ongoing. The inflationary trend that revived in the wake of the crisis and that continued its upward trend throughout 2022, primarily affecting the price of natural gas and oil and then affecting other consumer goods that require energy for manufacturing or transporting them, has slowed down, but an environment of high potential volatility remains. Moreover, the central banks' action on interest rates, which have been significantly raised since the last months of 2022, has not yet significantly bent the inflation curve. With the increase in September 2023, should no conflicting data emerge from future surveys, we should have reached a level sufficient to counter inflation. For the effects to be evident, however, these levels may have to be maintained for a sufficiently prolonged period.

Recent events in the Middle East, and the escalation of tensions in that area, could further change the scenarios, leading to effects that cannot be foreseen at present. Much will depend on the course of the tensions and the actors involved. As at 31 December 2022, the directors assessed the Group's financial performance and 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 carried out 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, previously 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 full impairment test on the carrying value of goodwill again.

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:

	30.09.2023			31.12.2022		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
(Thousands of Euro)						
Industrial patent and intellectual property rights	12,369	(7,109)	5,260	12,136	(6,454)	5,682
Concessions, licences, trademarks and similar rights	19,075	(16,245)	2,830	19,075	(15,701)	3,374
Other intangible assets	12,175	(5,079)	7,096	12,175	(4,905)	7,270
Tangible assets under IFRIC 12 concession	1,279,916	(634,003)	645,913	1,251,319	(615,411)	635,907
Tangible assets in progress under IFRIC 12 concession	36,393	0	36,393	45,934	0	45,934
Intangible assets in progress and advances payments	242	0	242	229	0	229
Other intangible assets	1,360,596	(662,862)	697,734	1,340,867	(642,470)	698,397

The following table shows the changes in intangible assets in the period under consideration and in the previous year:

	31.12.2022						30.09.2023
	Net value	Change for the period	Decrease	Delivery of Atem Udine 2 systems	Amortizations during the period	Depreciations	Net value
(Thousands of Euro)							
Industrial patent and intellectual property rights	5,682	201			623		5,260
Concessions, licences, trademarks and similar rights	3,374	(0)			545		2,830
Other intangible assets	7,270	0	(3)		171	0	7,096
Tangible assets under IFRIC 12 concession	635,907	47,410	(3,380)	(6,225)	27,272	1,290	645,913
Tangible assets in progress under IFRIC 12 concession	45,934	(9,491)	(6)	(44)	0		36,393
Intangible assets in progress and advances payments	229	14			0		242
Other intangible assets	698,397	38,133	(3,389)	(6,269)	28,611	1,290	697,734

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

At the end of the first nine months of the year, intangible assets amounted to Euro 697,734 thousand, a decrease of Euro 663 thousand compared to 31 December 2022.

It should be noted that the purchase of a company branch operating in the natural gas distribution sector was finalised in July 2023, which led to the posting of intangible assets for Euro 763 thousand.

We also report that on 1 April the handover of the natural gas distribution plants included in Atem Udine 2 was finalised and the related fixed assets were consequently disposed of, involving fixed assets under IFRIC 12 concessions and fixed assets in progress under IFRIC 12 concessions, for a total of Euro 6,225,000.

Industrial Patent and Intellectual Property Rights

During the first nine months of the year, the item 'Industrial Patent Rights and Intellectual Property Rights' recorded investments amounting to Euro 201 thousand and amortisation charges amounting to Euro 623 thousand. Capital expenditure mainly related to the purchase of software licences.

Concessions, licences, trade-marks and similar rights

The item mainly includes the costs recognised to the conceding bodies (Towns) 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 the costs for the acquisition of user licences.

During the first nine months of the year, this item did not record any investments, and amortisation for the period amounted to Euro 545 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 under the decree.

Other intangible fixed assets

Other intangible assets' did not record any investments during the period and amortisation recorded amounted to Euro 171,000.

Plant and machinery under concession

The item includes costs sustained for the construction of plants and the natural gas distribution network, connections to the same, as well as for the installation of reduction groups and meters. At the end of the first nine months of the financial year the item recorded an overall positive change equal to Euro 10,006 thousand. Following the completion of the delivery of the natural gas distribution plants included in the Udine 2 Atem, finalised on 1 April 2023, the related fixed assets 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 during the period and the reclassification of investments made in the previous year but entered into operation during the reporting period. Capital expenditure, including reclassifications of assets under construction, amounted to Euro 47,410 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 completion of the purchase of a company branch operating in the natural gas distribution sector led to the posting of intangible assets under concession for Euro 763 thousand. We would like to point out that the allocation carried out will be subject to further in-depth analysis and verification in order to determine, within the annual term envisaged by accounting principles, the definitive accounting of the business combination.

The infrastructures located in the Towns where the concession for natural gas distribution has not been 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 sustained for the construction of the natural gas distribution plants and network partially realised on a time and materials basis and not completed at the end of the reference period. The item recorded a decrease equal to Euro 9,491,000 during the period, mainly related to the reclassifications made to investments in gas distribution plants realised during previous financial years, whose commissioning took place during the first nine months 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 decrease of Euro 44 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 period 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 reference period.

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 examined:

(Thousands of Euro)	30.09.2023				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	(20,890)	(265)	29,966	51,292	(20,061)	(265)	30,966
Plant and machinery	161,414	(98,426)	(1,132)	61,856	161,419	(93,917)	(1,132)	66,371
Industrial and commercial equipment	5,382	(4,511)	0	871	5,250	(4,411)		838
Other tangible assets	24,076	(21,052)	0	3,024	23,715	(20,396)		3,319
Tangible assets in progress and advance payments	39,936	0	(55)	39,882	24,674	0	(55)	24,620
Rights of use	14,844	(3,157)		11,687	14,616	(2,297)		12,319
Other tangible assets	296,773	(148,036)	(1,451)	147,286	280,965	(141,082)	(1,451)	138,432

The following table shows the changes in tangible fixed assets in the period under consideration and in the previous period:

(Thousands of Euro)	31.12.2022					30.09.2023	
	Net value	Change for the period	Decrease	Delivery of Atem Udine 2 systems	Amortizations during the period	Net value	
Lands and buildings	30,966	2			(64)	938	29,966
Plant and machinery	66,371	(0)				4,514	61,856
Industrial and commercial equipment	838	132				99	871
Other tangible assets	3,319	54				349	3,024
Tangible assets in progress and advance payments	24,620	15,219	(43)			0	39,882
Rights of use	12,319	292				924	11,687
Other tangible assets	138,432	15,699	(43)		(64)	6,824	147,286

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

Property, plant and equipment increased from Euro 138,432 thousand at 31 December 2022 to Euro 147,286 thousand at 30 September 2023, an increase of Euro 8,854 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 interim report.

Land and buildings

This item mainly includes buildings owned by the company headquarters, offices and peripheral warehouses. During the first nine months of the year, the item did not record any significant investments and depreciation charges amounted to Euro 938 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 examined, no new plant construction works were completed and, consequently, the item did not record any increases. Depreciation for the period amounted to Euro 4,514 thousand.

Industrial and commercial equipment

The item 'Industrial and commercial equipment' recorded investments for Euro 132 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 99 thousand.

Other Assets

Capital expenditure in the first nine months of the year amounted to Euro 54 thousand and was mainly explained by costs incurred for the purchase of hardware. Depreciation for the period amounted to Euro 349 thousand.

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 nine months of the year, the item recorded a change of Euro 15,219 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 period, the item increased by Euro 292 thousand and depreciation charges amounted to Euro 924 thousand.

4. Investments

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

(Thousands of Euro)	31.12.2022	Variation of the period	Measurement with the equity method	30.09.2023
Shareholdings in associated companies	358,029	(30,171)	910	328,769
Shareholdings in other companies	78,257	0	0	78,257
Shareholdings	436,287	(30,171)	910	407,026

During the first nine months of the financial year, items under this caption an overall decrease of Euro 29,261,000 related to investments in affiliated companies.

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

(Thousands of Euro)	30.09.2023	31.12.2022
Shareholdings in Estenergy S.p.A.	320,793	349,534
Shareholdings in Cogeide S.p.A.	7,976	8,496
Shareholdings in associated companies	328,769	358,029
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 A2A SECURITY	1	1
Shareholdings in other companies	78,257	78,257
Shareholdings	407,026	436,286

Investments in subsidiaries and associates

At the end of the first nine months of the financial year 2023, investments in associated companies of Euro 328,769 thousand were recognised, an amount related to the 40% investment held in EstEnergy S.p.A. and the 19% investment held in Cogeide S.p.A..

The investment in Estenergy, equal to Euro 320,793 thousand, recorded a decrease of Euro 28,741 thousand. The change recorded during the period is explained by the collection of dividends for Euro 18,997 thousand and by the valuation with the equity method for Euro 11,783 thousand. The latter is mainly explained by the significant change recorded in the hedge accounting reserve, recognised in the associate, as a result of the drop in commodity prices.

With regard to the equity investment in Cogeide, amounting to Euro 7,976 thousand, a change of Euro 520 thousand was recorded, explained by the valuation using the equity method.

The table below shows the Estenergy Group's equity, financial and economic situation at the end of the first nine months of the reporting year and the same period of the previous year:

(Values inclusive of consolidation entries and expressed in millions of Euro)	Nine months 2023 pro rata	Nine months 2023	Nine months 2022 pro rata	Nine months 2022
Non-current assets	261.0	652.5	311.0	648.0
Current assets	70.3	175.7	260.8	543.4
Net equity of the Group	251.7	629.2	380.8	793.4
Net equity of Others	0.4	1.0	0.4	0.9
Non-current liabilities	26.2	65.6	41.1	85.7
Current liabilities	52.9	132.4	149.4	311.4
Revenues	319.3	665.2	531.3	1,106.9
Costs	302.9	631.0	504.4	1,050.7
Gross operative margin	16.4	34.3	27.0	56.2
Amortization and depreciation	12.2	25.3	12.3	25.6
Operating result	4.3	8.9	14.7	30.5
Group's Net Result	0.8	1.6	10.9	22.6
Third parties Net Result	0.1	0.2	0.2	0.3
NFP	(32.4)	(80.9)	(17.1)	(35.6)

Holdings in other companies

At the end of the first nine months of 2023, 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 Acsm Agam 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 note 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 nine months of the year, showed a fair value of zero.

5. Other non-current assets

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

(Thousands of Euro)	30.09.2023	31.12.2022
Security deposits	1,589	2,457
Other receivables	2,106	2,169
Other non-current assets	3,694	4,625

At the end of the first nine months of the financial year 2023, non-current assets recorded an overall decrease of Euro 931,000 compared to the previous year.

The decrease is mainly explained by the decrease in security deposits in the amount of Euro 868,000.

6. Non-current financial assets

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

(Thousands of Euro)	30.09.2023	31.12.2022
Other receivables of a financial nature over 12 months	2,896	2,868
Non-current financial assets	2,896	2,868

Non-current financial assets go from Euro 2,868 thousands for the financial year 2022 to Euro 2,896 thousands for the reference period, showing an increase equal to Euro 28 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.

The claim is in addition to the one against the Town of Costabissara, 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Advance tax receivables	39,929	39,252
Advance tax receivables	39,929	39,252

Deferred tax assets increased from Euro 39,252,000 in the year 2022 to Euro 39,929,000 in the reporting period, an increase of Euro 677,000. 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 of 30 September 2023 and the time when any temporary differences are estimated to be reversed.

It should be noted that the purchase of a company branch operating in the natural gas distribution sector was finalised in July 2023, which led to the posting of deferred tax assets equal to Euro 65 thousand.

Current Assets

8. Inventories

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

(Thousands of Euro)	30.09.2023			31.12.2022		
	Gross value	Provision for obsolete inventory	Net value	Gross value	Provision for obsolete inventory	Net value
Fuels and warehouse materials	12,783	(39)	12,744	7,372	(39)	7,333
Energy efficiency certificates	447	0	447	4	0	4
Inventories	13,230	(39)	13,191	7,375	(39)	7,336

At the end of the first nine months of 2023 the inventories are equal to Euro 13,191 thousands recording an increase equal to Euro 5,855 thousands compared to 31 December 2022. The increase is mainly explained by the increase in stocks of materials for gas distribution for Euro 5,412 thousand and by the purchase of energy efficiency certificates for Euro 443 thousand.

Materials in stock 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Receivables from customers	15,807	11,500
Receivables for invoices to be issued	10,362	10,994
Bad debt provisions	(2,310)	(2,396)
Trade receivables	23,859	20,098

Trade receivables increased from Euro 20,104 thousand in 2022 to Euro 23,859 thousand in the reporting period, an increase of Euro 3,755 thousand. It should be noted that as of 31 December 2023, the negative balances recognised against customers due to credit notes issued to them were reclassified under trade payables. The significant amount of the credit notes was 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, led to the issuance of credit notes to the sales companies, particularly in the last quarter of the year, a period in which consumption by end customers begins to intensify. The effects of the decree and the subsequent extensions lapsed at the end of the first quarter of the current year and the credit notes were settled with the counterparties during the following two quarters.

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 2,310,000, 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 383,000 and new provisions for Euro 296,000.

Changes in the provision for bad debts for the first nine months of the year 2023 are highlighted in the table below:

(Thousands of Euro)	30.09.2023	31.12.2022
Initial bad debt provision	2,396	698
Provisions	296	44
Change in the scope of consolidation	0	1,661
Use	(383)	(6)
Final bad debt provision	2,310	2,396

The following table shows the breakdown of receivables due 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)	30.09.2023	31.12.2022
Gross trade receivable invoices issued	15,807	11,500
- allowance for doubtful accounts	(2,310)	(2,396)
Net trade receivables for invoices issued	13,497	9,104
Aging of trade receivables for invoices issued		
- to expire	14,528	9,591
- expired within 6 months	537	700
- overdue by 6 to 12 months	20	465
- expired more than 12 months	722	745

10. Other current assets

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

(Thousands of Euro)	30.09.2023	31.12.2022
Tax consolidation receivables	193	289
Annual pre-paid expenses	2,284	1,185
Advance payments to suppliers	4,612	562
Annual accrued income	169	19
Receivables due from CSEA	53,442	113,586
VAT Receivables	38,426	15,315
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	3,167	2,884
Other current assets	102,333	133,880

Other current assets decreased from Euro 133,880,000 in the year 2022 to Euro 102,333,000 in the reporting period, a decrease of Euro 31,547,000.

The decrease is mainly explained by lower receivables from the *Cassa Servizi Energetici ed Ambientali* (Energy and Environmental Services Fund) for Euro 60,144 thousand, partly offset by higher VAT receivables for Euro 23,111 thousand, both items related to the issue of credit notes of significant amounts due to the different invoicing methods of the ancillary components of the gas distribution service, as well as by the increase in annual prepayments for Euro 1,099 thousand and in advances to suppliers for Euro 4,050 thousand.

At the end of the first nine months of the financial year, the receivables from the Cassa Servizi Energetici e Ambientali (CSEA) amounted to Euro 53,442 thousand and were mainly made up of receivables related to the achievement of energy saving goals for Euro 25,335 thousand, equalisation balances for Euro 19,436 thousand, and receivables for the tariff components applied to the natural gas distribution service for the remaining part. 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 up to 30 September 2023 but not yet delivered as of the same date. It should be noted that the unit contribution used for the economic quantification of the fulfilment 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 September 2023, equal to Euro 250 (Euro 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Other financial current assets	963	820
Current financial assets	963	820

Current financial assets record an increase equal to Euro 143 thousand, going from Euro 820 thousand as of 31 December 2022 to Euro 963 thousand in the reference period. The change is mainly explained by the completion of the acquisition of a company branch operating in the natural gas distribution sector, which led to the posting of current financial assets, in relation to the amount of the contractually foreseen adjustment of the transaction itself, equal to Euro 131 thousand. It should be noted that this amount will be subject to further investigation and verification in order to determine, within the contractual timeframe, the final amount thereof.

It should also 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 Euro 400 thousand, the receivable

from the Town of Creazzo for Euro 138 thousand and the receivable recognised by the Town of Costabissara for Euro 165 thousand, arising from the settlement 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Receivables related to IRAP	623	1,021
Receivables related to IRES	3,397	2,745
Other tax receivables	2,848	333
Tax receivables	6,869	4,100

Tax receivables increased from Euro 4,100 thousand in the year 2022 to Euro 6,869 thousand in the reporting period, an increase of Euro 2,769 thousand.

The increase is mainly explained for Euro 2,515,000 by the recognition of tax credits related to the Superbonus. 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Bank and post office deposits	19,328	76,900
Cash and cash equivalents on hand	21	17
Cash and cash equivalents	19,349	76,917

Cash and cash equivalents decreased from Euro 76,917,000 in the year 2022 to Euro 19,349,000 in the reporting period, a decrease of Euro 57,568,000.

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)	30.09.2023	31.12.2022
Cash and cash equivalents	19,349	76,917
Current financial assets	4,863	6,493
Current financial liabilities	(3,922)	(34,911)
Payables due to banks and financing institutions	(295,301)	(183,285)
Outstanding short-term bonds	(7,575)	0
Net short-term financial position	(282,586)	(134,786)
Non current financial assets	(2,896)	2,868
Medium- and long-term bank loans	(152,942)	(178,538)
Outstanding medium- and long-term bonds	(86,172)	(94,033)
Non-current financial liabilities	(7,048)	(7,368)
Net medium and long-term financial position	(243,265)	(277,071)
Net financial position	(525,851)	(411,857)

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 for the first nine months of the financial year 2023" and in the section "Medium- and long-term financing" of this interim report as of 30 September 2023.

14. Current assets on derivative financial instruments

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

(Thousands of Euro)	30.09.2023	31.12.2022
Assets on commodity derivatives	1,210	988
Assets on interest rates derivatives	3,900	5,673
Current assets from derivative financial instruments	5,110	6,661

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 nine months of the year was equal to Euro 3,900 thousand. The item also includes Euro 1,210 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, where the related effects are highlighted. It should be noted that at the end of the period the item includes receivables, for Euro 64 thousand, related to financial instruments accrued as of 30 September 2023 but not collected by the same date.

Derivative assets are represented by the fair value of the following derivatives outstanding as at 30 September 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	Intesa Sanpaolo	Interest Rate Swap	Euribor 1M	06-Mar-15	06-Mar-15	27-Dec-29	Vanilla: Fixed - Float	2,570,540 €	212
2	BNL	Interest Rate Swap	Euribor 6M	09-Aug-19	09-Feb-20	09-Feb-25	Vanilla: Fixed - Float	9,000,000 €	363
3	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	01-Oct-19	27-Sep-24	Vanilla: Fixed - Float	3,000,000 €	95
4	Intesa Sanpaolo	Interest Rate Swap	Euribor 6M	30-Nov-20	30-Nov-20	30-Nov-23	Vanilla: Fixed - Float	50,000,000 €	1,057
5	Mediobanca	Interest Rate Swap	Euribor 3M	02-Dec-20	02-Dec-20	02-Dec-25	Vanilla: Fixed - Float	16,666,667 €	831
6	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-Dec-26	Vanilla: Fixed - Float	15,555,556 €	975
7	Credit Agricole	Interest Rate Swap	Euribor 6M	31-Mar-22	31-Mar-22	31-Mar-27	Vanilla: Fixed - Float	7,000,000 €	366
8	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	01-Jan-23	31-Dec-23	Sell/Short	2,209 Mwh	235
9	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jan-24	31-Mar-24	Sell/Short	4,366 Mwh	73
10	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jan-24	30-Jun-24	Sell/Short	6,552 Mwh	12
11	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Oct-24	31-Dec-23	Sell/Short	4,418 Mwh	142
12	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Mar-24	Sell/Short	2,183 Mwh	56
13	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Dec-24	Sell/Short	8,784 Mwh	132
14	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Oct-23	31-Dec-23	Sell/Short	2,209 Mwh	494
Total									5,046

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

Consolidated shareholders' equity

15. Shareholders' Equity

As of 30 September 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)	30.09.2023	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	588,802	607,746
Group's Net Result	12,881	32,665
Net equity of the Group	827,554	866,280
Net equity of Others	22,500	20,123
Total Net equity	850,054	886,403

Consolidated shareholders' equity as of 30 September 2023 is equal to Euro 850,054 thousand and shows a decrease of Euro 36,349 thousand compared to financial year 2022. The changes in consolidated shareholders' equity during the year, excluding the result achieved, are mainly explained by the distribution of dividends for Euro 29,063 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 and by the movement of the reserves on hedge accounting related to derivative instruments for Euro 3,190 thousand.

As of 30 September 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 nine months of the year 2023 represents the current value of the derivative financial instruments subscribed by Ascopiave S.p.A. and by the recently acquired companies active in the hydroelectric sector, to hedge against possible fluctuations in interest rates related to the loans subscribed and in electricity prices. The same, as of 30 September 2023, showed a positive balance of Euro 2,052 thousand.

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

The Group's shareholders' equity also recorded a decrease of Euro 11,082,000 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Provisions for pension for gas sector employees	1,234	974
Other reserves for risks and charges	53	22
Provisions for risks and charges	1,287	996

Provisions for risks and charges increased from Euro 996,000 in the previous year to Euro 1,287,000 in the year under review, an increase of Euro 291,000. The change is mainly explained by new allocations to the fund.

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

The following table shows the changes during the period:

(Thousands of Euro)	
Reserves for risks and charges as of 1 st January 2023	996
Other variations	157
Provisions for risks and charges	0
Provisions for risks and charges as of 30th September 2023	1,287

17. Severance pay

The severance pay decreased from Euro 5,011 thousand at 1 January 2023 to Euro 4,926 thousand at 30 September 2023, a decrease of Euro 84 thousand.

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

(Thousands of Euro)	
Severance indemnity as of 1 st January 2023	5,011
Retirement allowance	(1,463)
Payments for current services and work	1,145
Actuarial loss/(profits) of the period (*)	235
Severance indemnity as of 30th September 2023	4,926

*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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Pricoa bond loan	86,172	94,033
Outstanding medium- and long-term bonds	86,172	94,033

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 September 2023, has in place a first placement of ordinary non-convertible and unsecured bonds for Euro 25 million, with a maturity of 10 years and an average duration of 8 years, and a second for Euro 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.

19. Medium- and long-term financing

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

(Thousands of Euro)	30.09.2023	31.12.2022
Loans from Banca Prealpi SanBiagio	4,786	5,412
Loans from European Investment Bank	1,250	2,500
Loans from Prelios	7,652	9,043
Loans from INTESA SAN PAOLO S.P.A.	0	10,000
Loans from BPER	17,720	22,384
Loans from BANCO BPM	16,561	21,009
Loans from BNL	16,750	25,250
Loans from Cassa Centrale Banca-Credito Coop. It	22,851	25,525
Loans from CREDIT AGRICOLE FRIULADRIA	5,016	10,025
Loans from MEDIOBANCA	21,111	26,667
Loans from ICCREA	39,245	20,722
Medium- and long-term bank loans	152,942	178,538
Current portion of medium and long-term bank loans	118,601	119,280
Medium and long-term bank loans	271,542	297,818

Medium/long-term loans, represented at 30 September 2023 mainly by the Parent Company's debts to Intesa Sanpaolo for Euro 65,000 thousand, to Mediobanca for Euro 32,222 thousand, to Cassa Centrale Banca for Euro 27,372 thousand, to BNL for Euro 25,250 thousand, to BPER for Euro 23,922 thousand, to Iccrea Banca for Euro 23,819 thousand, to Banco BPM for Euro 22,500 thousand, to Credit Agricole Friuladria for Euro 10.000 thousand, BCC Prealpi-Sanbiagio for Euro 5,688 thousand, the debt of the subsidiary Salinella Eolico to Iccrea Banca for Euro 24,522 thousand, and the debt of the subsidiary Asco EG to Prelios for Euro 9,043 thousand, go from Euro 297,818 thousand at 31 December 2022 to Euro 271,542 thousand, with a decrease of Euro 26,276 thousand, explained by the new loan by Salinella Eolico and the payment of the instalments.

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 Euro 50,000,000, equal to the residual debt as of 30 September 2023, is recognised in full under bank borrowings and short-term loans; the contract provides for the observance 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 as of 30 September 2023 equal to Euro 23,922 thousand, with the entry of Euro 6,202 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 Cassa Centrale Banca, disbursed in March 2022 for a total of Euro 30,000 thousand, presents a residual debt as of 30 September 2023 of Euro 27,372 thousand, with the recognition of Euro 4,462 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 Euro 30,000 thousand, presents a residual debt at 30 September 2023 of Euro 22,500 thousand, with the recognition of Euro 6,000 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 Iccrea Banca, disbursed in June 2022 for a total of Euro 30,000 thousand, shows a residual debt as of 30 June 2023 of Euro 23,819 thousand, with Euro 7,826 thousand recognised under bank borrowings and short-term loans;
 - the loan with Intesa Sanpaolo, disbursed in November 2019 for a total of Euro 50,000 thousand, presents a residual debt as of 30 September 2023 equal to Euro 15,000 thousand, entirely recognised 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 Mediobanca, disbursed in December 2020 for a total of Euro 30,000,000, presents a residual debt of Euro 16,667,000 at 30 September 2023, with Euro 6,667,000 recognised under bank borrowings and short-term loans; the contract provides for the observance 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 Euro 20,000 thousand, presents a residual debt of Euro 15,556 thousand as of 30 September 2023, with the recognition of Euro 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 for an amount of Euro 30,000 thousand, presents a residual debt as of 30 September 2023 equal to Euro 16,250 thousand, with the recognition of Euro 2,500 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 BNL, disbursed in August 2019 for an amount of Euro 30,000 thousand, has a residual debt as of 30 September 2023 of Euro 9,000 thousand, with Euro 6,000 thousand recognised 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 Euro 30,000 thousand, presents a residual debt as of 30 September 2023 equal to Euro 3,000 thousand, entirely recognised 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 Crédit Agricole Friuladria, disbursed in March 2022 for a total of Euro 10,000 thousand, has a residual debt as of 30 September 2023 of Euro 7,000 thousand, with the recognition of Euro 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 Euro 45,000 thousand, presents a residual debt as of 30 September 2023 of Euro 2,500 thousand, with the recognition of Euro 1,250 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 BCC Prealpi SanBiagio/Cassa Centrale Banca, disbursed at the beginning of 2018 for an amount of Euro 10,000 thousand, presents a residual debt as of 30 September 2023 of Euro 5,688 thousand, with the entry of Euro 902 thousand under bank borrowings and short-term loans;
- the loan with Prelios underwritten by the subsidiary Asco EG shows a residual debt of Euro 9,043,000 at 30 September 2023, with the entry of Euro 1,391,000 under bank borrowings and short-term loans;
- the loan with Iccrea Banca, granted under the project finance formula to the subsidiary Salinella Eolico in July 2023 for an amount of Euro 24,522 thousand, equal to the residual debt as of 30 September 2023, provides for the recognition of Euro 1,013 thousand among payables to banks 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 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..

As security for the fulfilment of obligations under the loan agreement signed with Iccrea Banca by the subsidiary Salinella Eolico, the bank was granted a pledge on 100% of the subsidiary's shares, as well as on the project's current accounts.

20. Other non-current liabilities

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

(Thousands of Euro)	30.09.2023	31.12.2022
Security deposits	2,005	1,596
Multi-annual passive prepayments	35,479	34,470
Other payables	1,392	1,392
Other non-current liabilities	38,875	37,458

Other non-current liabilities go from Euro 37,458 thousand in the previous financial year to Euro 38,875 thousand in the year of reference, showing an increase of Euro 1,417 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 posted at the end of the financial year recorded an increase equal to Euro 409 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Debts for rights of use beyond 12 months	7,048	7,368
Non-current financial liabilities	7,048	7,368

Other non-current financial liabilities went from Euro 7,368 thousand in the previous year to Euro 7,048 thousand in the reporting period, showing a decrease of Euro 320 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Deferred tax payables	18,513	19,608
Deferred tax payables	18,513	19,608

Liabilities for deferred taxes go from Euro 19,608 thousand of the previous year to Euro 18,513 thousand of the reference year, recording a decrease equal to Euro 1,095 thousand. The change is mainly related to the delivery of the natural gas distribution plants included in the Udine 2 Atem, carried out following the results of the awarding of the tender for the area, which led to the release of deferred tax liabilities recorded in relation to the consolidation differential determined during the aggregation.

It should be noted that, in July 2023, the purchase of a company branch operating in the natural gas distribution sector was finalised, which led to the posting of deferred tax liabilities equal to Euro 2,000.

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 September 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Pricoa bond loan	7,575	0
Outstanding short-term bonds	7,575	0

The short-term bonds outstanding represent the portion of the Pricoa Capital Group bond issue maturing within 12 months, for more details please refer to the section 'Long-term Bonds Outstanding' in this interim 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Payables due to banks	176,700	64,005
Current portion of medium-long-term loans	118,601	119,280
Payables due to banks and financing institutions	295,301	183,285

Bank borrowings increased from Euro 183,285 thousand in the previous year to Euro 295,301 thousand in the reporting period, an increase of Euro 112,016 thousand. They consist of account balances due to banks and the short-term portion of loans.

25. Trade payables

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

(Thousands of Euro)	30.09.2023	31.12.2022
Payables to suppliers	21,498	24,912
Payables to suppliers for invoices not yet received	46,214	32,997
Accounts payable by credit notes	41	71,685
Accounts payable for credit notes to be issued	0	50,601
Trade payables	67,753	180,195

Trade payables recorded a decrease of Euro 112,442,000 mainly explained by lower credit notes issued and to be issued to customers. The amount of the credit notes is mainly explained by the effects of the, successive, Aid Law Decrees that provided for the application of discounts functional to calming bill increases. The regulation included the discount applied among the tariff components and, consequently, 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 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 September 2023, this effect waned to a residual customer debt of Euro 41,000.

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.

It should be noted that the payables related to the purchase of energy efficiency bonds, necessary to achieve the energy saving goals 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 period is equal to the fair value of the prices recorded on the reference market, calculated as of 30 September 2023 as Euro 258.61 (Euro 261.7 as of 31 December 2022).

26. Tax debts

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

(Thousands of Euro)	30.09.2023	31.12.2022
IRAP payables	362	89
IRES payables	1,712	1,127
Other tax payables	30	119
Tax payables	2,103	1,336

Taxes payable increased from Euro 1,336 thousand in the previous year to Euro 2,103 thousand in the year under review, an increase of Euro 767 thousand.

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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Advance payments from customers	1,032	1,065
Amounts due to parent companies for tax consolidation	505	505
Amounts due to social security institutions	1,406	1,931
Amounts due to employees	4,967	4,355
VAT payables	3	503
Payables to revenue office for withholding tax	768	1,253
Annual passive prepayments	1,124	1,000
Annual passive accruals	3,382	2,173
Payables due to CSEA	7,276	2,989
Other payables	2,408	1,732
Other current liabilities	22,869	17,507

Other current liabilities increased from Euro 17,507,000 in 2022 to Euro 22,869,000 in the reporting period, an increase of Euro 5,362,000.

The change is mainly explained by higher payables to the Cassa per i Servizi Energetici e Ambientali (CSEA) for Euro 4,287 thousand in relation to tariff components related to natural gas transportation, as well as by the increase recorded in annual accrued expenses for Euro 1,209 thousand.

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 September 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 September 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 September 2023 and not paid at the same date, as well as the relative contribution quota. The item shows an increase of Euro 612 thousand, going from Euro 4,355 thousand in 2022 to Euro 4,967 thousand in the year of reference.

VAT debts

VAT payables amounted to Euro 3,000 and decreased by Euro 500,000 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 2,408,000, an increase of Euro 676,000 compared to the previous year.

28. Current financial liabilities

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

(Thousands of Euro)	30.09.2023	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	569	887
Current financial liabilities	3,922	34,911

Current financial liabilities decreased from Euro 34,911 thousand in the year 2022 to Euro 3,922 thousand in the reporting period, showing a decrease of Euro 30,989 thousand, mainly due to the closure 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 Euro 318,000 during the year mainly due to the payment of instalments for 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 examined:

(Thousands of Euro)	30.09.2023	31.12.2022
Liabilities on electric energy derivatives	16	164
Current liabilities from derivative financial instruments	16	164

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

#	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-22	01-Jul-24	30-Sep-24	Sell/Short	2,208 Mwh	0
2	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	9
3	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	7
Total									16

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 a breakdown of the items comprising the item, by asset category, at the end of the periods examined:

(Thousands of Euro)	Nine months	
	2023	2022
Revenues from gas transportation	91,754	85,690
Revenues from the sale of electricity	137	351
Revenues from connections	702	599
Revenues from distribution services	3,348	3,324
Revenues from services supplied to Group companies	2,984	11,728
Revenues from ARERA contributions	11,885	6,775
Revenues from hydroelectric - wind power plant	11,756	8,018
Other revenues	2,587	3,524
Revenues	125,153	120,009

In the first nine months of 2023, revenues amounted to Euro 125,153 thousand, showing an increase of Euro 5,144 thousand compared to the same period of the previous year, when they amounted to Euro 120,009 thousand. We report that substantially all of Ascopiave Group's revenues are realised in Italy.

The enlargement of the consolidation perimeter, which took place with the acquisitions finalised on 1 April 2022, resulted in the recognition of revenues for the acquired companies in the first quarter of 2023 in the amount of Euro 4,485 thousand. With the same consolidation perimeter, however, the Group's revenues amounted to Euro 120,668 thousand, an increase of Euro 659 thousand compared to the period under comparison.

The increase, partially offset by the decrease in revenues from services rendered to Group companies for Euro 9,117 thousand, is mainly explained by higher revenues realised for gas transportation for Euro 2,579 thousand, for the achievement of energy saving goals for Euro 5,131 thousand, and for higher sales of energy produced from renewable sources for Euro 3,738 thousand.

With equal consolidation perimeter, the natural gas transport service on the distribution network generated revenues for Euro 88,270 thousands, showing an increase equal to Euro 2,579 thousands compared to the first nine months of the previous financial year. The enlargement of the consolidation perimeter, specifically from 1 April 2022 of Romeo Gas S.p.A. and Serenissima Gas S.p.A., determined, with reference to the first quarter of 2023, the posting of revenues from the new companies for Euro 3,484 thousands. The restriction 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, the revenues from services provided by distributors are equal to Euro 2,853 thousands, with a decrease compared to the same period of comparison equal to Euro 471 thousands. During the first three months of 2023, the enlargement of the consolidation perimeter determined the inscription of revenues achieved by Romeo Gas S.p.A. and Serenissima Gas S.p.A. for an amount equal to Euro 495 thousands, while the total revenues achieved by the Group at the end of the reference period are equal to Euro 3,348 thousands.

Compared to the first nine months of the previous year, with equal consolidation perimeter, revenues for services rendered to Group companies decreased by Euro 9,117 thousand to Euro 2,611 thousand as of 30 September 2023. For the same item, the enlargement of the consolidation perimeter resulted in the recording of revenues for Euro 373 thousand, thus determining an overall decrease of Euro 8,744 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, object of 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, object of the partnership carried out in financial year 2019 with the Hera Group.

At the end of the reference period, contributions from the Regulatory Authority for Energy, Networks and Environment amounted to Euro 11,885 thousands, showing an increase of Euro 5,111 thousands compared to the same period of the previous year. The increase is mainly explained by the increase in the efficiency and energy saving goals assigned to the Group's distribution companies compared to the previous financial year, as well as by the addition of the contributions accrued by the subsidiary AP Reti Gas Nord Est S.r.l. for the goals formally assigned by the Authority for the financial year 2023.

In the previous years, in fact, the company AP Reti Gas Nord Est S.r.l., despite the fact that due to its size and volumes managed it was potentially obliged to achieve energy saving targets, was not formally counted among the obliged companies. It was only at the end of the year 2022 that the Authority formally assigned it the energy efficiency and savings target. In the period under comparison, the burden that the company might have suffered was therefore set aside in the provisions for risks and charges.

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 September 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 September 2023 equal to Euro 250, in line with the figure as of 30 September 2022.

In the first nine months of the financial year, revenues from the sale of electrical energy produced from renewable sources, in particular hydroelectric and wind power, amounted to Euro 11,756 thousand, an increase of Euro 3,738 thousand compared to the same period of the previous financial year. The increase is mainly explained by the higher rainfall recorded, with particular reference to the second quarter of the year. Revenues from sales of electricity produced from renewable sources were significantly impacted by the effects of the Sostegni-ter decree (DL 4/2022) issued by the government during the first quarter of the financial year 2022. The decree provided for a substantial cap on the sale prices of electricity produced, also incorporating producers of energy from renewable sources. The decree, effective from 1 February 2022, remained in force until 30 June 2023. According to the provisions of the aforementioned decree, the revenue adjustment was quantified and applied to plants that the Gestore Servizi Energetici (GSE) indicated as being included in the scope determined by the decree.

The item other revenues shows a decrease of Euro 938 thousand, going from Euro 3,519 thousand in the first nine months of 2022, to Euro 2,580 thousand in the reference period. It should be noted that the enlargement of the consolidation perimeter determined the posting of other revenues amounting to Euro 85 thousand and, with equal consolidation perimeter, a decrease of the item amounting to Euro 1,023 thousand. The change is mainly explained by lower contributions collected for activities carried out in the field of safety of natural gas distribution plants for Euro 1,329 thousand. As of the closing date of this 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)	Nine months	
	2023	2022
Purchase of other raw material	1,234	1,659
Purchase costs for other raw materials	1,234	1,659

At the end of the reference period, the costs sustained for the purchase of other raw materials amounted to Euro 1,234 thousand, showing a decrease compared to the same period of the previous year, equal to Euro 425 thousand. The enlargement of the consolidation perimeter determined, during the first three months of 2023, the inscription of the costs sustained by Romeo Gas S.p.A. and Serenissima Gas S.p.A. for an amount equal 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, the odorization of the same, 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)	Nine months	
	2023	2022
Costs for counting meters reading	1,551	663
Maintenance and repairs	2,967	3,460
Consulting services	2,328	4,801
Commercial services and advertisement	92	118
Sundry suppliers	2,301	3,050
Directors' and Statutory Auditors' fees	1,049	1,178
Insurances	892	794
Personnel costs	492	616
Other managing expenses	1,527	1,677
Costs for use of third-party assets	23,602	21,259
Costs for services	36,840	37,617

With equal consolidation perimeter, the costs for services incurred during the first nine months of the year amounted to Euro 34,853 thousand, showing a decrease of Euro 2,764 thousand compared to the previous year. In the first three months of the year, the enlargement of the consolidation perimeter determined the entry of costs for services incurred by the companies acquired on 1 April 2022, for Euro 1,986 thousand.

On a like-for-like basis, costs incurred for meter reading, amounting to Euro 1,494 thousand, show an increase of Euro 831 thousand compared to the previous year (Euro 663 thousand at 30 September 2022). This increase is affected by the effects of Arera Resolution 269/2022/R/GAS of 21 June 2022, which came into force in April 2023, which provides for the revision of the regulation of the metering service by envisaging indemnities in favour of end customers in the event of non-compliance with the method of collecting readings. It should be noted that these indemnities will be partially covered by the equalisation calculation. The enlargement of the consolidation perimeter led to the entry of costs in the amount of Euro 56 thousand.

With the same consolidation perimeter, maintenance and repair costs decreased from Euro 3,460 thousand in the period under comparison to Euro 2,854 thousand in the reference period, a decrease of Euro 606 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 the ordinary maintenance of plants.

The enlargement of the consolidation perimeter led to the posting of costs for consulting services amounting to Euro 361 thousand. With equal consolidation perimeter, the costs for consulting services amounted to Euro 1,967 thousand, showing a decrease of Euro 2,834 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.

At the end of the first nine months of the financial year, with equal consolidation perimeter, the costs sustained for supplies amount to Euro 2,095 thousand, showing a decrease equal to Euro 955 thousand compared to the period under comparison. The change recorded is mainly explained by the natural gas and electricity tariffs trends, which reached their maximum values during the previous financial year and then decreased in January 2023. The enlargement of the consolidation perimeter led to the posting of costs for utilities equal to Euro 206 thousand.

With equal consolidation perimeter, lease and rental costs sustained in the first nine months of the financial year amounted to Euro 22,510 thousand, showing an increase of Euro 1,251 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 within the territories of the same Towns.

33. Personnel costs

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

(Thousands of Euro)	Nine months	
	2023	2022
Wages and salaries	16,999	15,724
Social security contributions	5,250	5,054
Severance indemnity	1,145	1,340
Other costs	5	46
Capitalized personnel costs	(7,192)	(7,330)
Personnel costs	16,207	14,834

Personnel costs are expressed net of costs capitalised by natural gas distribution companies against increases in intangible fixed assets for work carried out on a time and materials basis; these are directly attributed to the construction of infrastructures suitable for natural gas distribution and entered under assets.

In the first quarter of the year, the enlargement of the scope of consolidation resulted in the recognition of the costs incurred by the companies acquired on 1 April 2022, in the amount of Euro 408,000.

With the same scope of consolidation, personnel costs increased from Euro 22,164 thousand in the comparison period to Euro 22,991 thousand in the reference period, an increase of Euro 827 thousand.

It should be noted that as of 30 September 2023, costs accrued during the year for long-term incentive plans in the amount of Euro 376 thousand and short-term incentive plans in the amount of Euro 447 thousand were recognised. 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. Specifically, Euro 55 thousand for the portion to be paid in shares and Euro 321 thousand in retirement reserves for the portion to be paid in cash. The amounts recognised in relation to long-term incentive plans refer to the third 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 207,000, from Euro 7,330,000 in the period under comparison, to Euro 7,123,000 in the year under reference. Capitalised personnel costs of the companies subject to the enlargement of the consolidation perimeter amounted to Euro 70 thousand.

As a result, personnel costs increased by a total of Euro 1,373,000.

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

Description	30.09.2023	Enlargement of the perimeter	With the same perimeter	30.09.2022
Managers (average)	13	0	13	14
Office workers (average)	318	4	314	311
Manual workers (average)	174	4	170	159
No. of staff employed (average)	505	8	497	484

The enlargement of the consolidation perimeter led to an increase in the Group's workforce of 8 employees. We 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. proportionate to the first quarter 2023 only.

34. Other operating costs

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

(Thousands of Euro)	Nine months	
	2023	2022
Provision for risks on credits	296	0
Other provisions	0	114
Membership and ARERA fees	554	555
Capital losses	2,351	1,141
Extraordinary losses	769	163
Other taxes	1,526	1,339
Other costs	769	912
Costs of contracts	1,465	1,546
Energy efficiency certificates	12,139	6,718
Other management costs	19,870	12,488

With equal consolidation perimeter, other operating costs increased from Euro 12,488 thousand in the first nine months of 2022 to Euro 19,745 thousand in the first nine months of 2023, showing an increase of Euro 7,257 thousand. The recorded increase is mainly explained by the higher costs incurred for the purchase of energy efficiency certificates (Euro + 5,442 thousand) related to the higher efficiency and energy saving goals to which the companies of the Group are obliged to comply with and by the higher capital losses for Euro 1,209 thousand.

As already mentioned in the previous paragraphs, it should be noted that during the financial year 2022 the Authority formally assigned, for the year 2023, the efficiency and energy saving goal 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 targets, was not formally included among the obliged companies. The burden that the Company might have suffered 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, referring to the first nine months, amounted to Euro 2,934,000.

The costs recognised at the end of the period 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 September 2023 to be Euro 258.61 (Euro 261.7 as of 30 September 2022).

It should be noted that the increase in capital losses recognised during the first nine months of the year is mainly explained by the replacement of meters carried out by natural gas distribution companies.

The enlargement of the scope of consolidation resulted in the recognition of other operating costs incurred by the companies acquired on 1 April 2022 in 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)	Nine months	
	2023	2022
Other income	4,269	155
Other income	4,269	155

At the end of the first nine months of the year, other operating income, on a like-for-like basis, increased by Euro 4,175,000, from Euro 155,000 at 30 September 2022, to Euro 4,329,000 in the reporting period.

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 interim report.

36. Depreciation and Amortisation

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

(Thousands of Euro)	Nine months	
	2023	2022
Intangible fixed assets	28,611	26,636
Tangible fixed assets	5,900	5,869
Amortization of rights of use	924	861
Amortization and depreciation	35,435	33,367

With equal consolidation perimeter, amortisation and depreciation recorded an increase of Euro 820 thousand compared to the first nine months of the previous financial year, going from Euro 33,367 thousand in the first nine months of the previous financial year to Euro 34,187 thousand at 30 September 2023. The enlargement of the consolidation perimeter determined the entry of the amortisation quotas accrued in the first quarter of the year in the companies acquired on 1 April, equal to Euro 1,248 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)	Nine months	
	2023	2022
Interest income on bank and post office accounts	148	0
Other interest income	1,438	50
Distribution of dividends from controlled companies	4,228	4,306
Other financial income	48	133
Financial income	5,862	4,489
Interest expense on banks	4,053	510
Interest expense on loans	4,267	1,972
Other financial expenses	1,537	1,188
Financial charges	9,857	3,670
Evaluation of subsidiary companies with net equity method	910	10,503
Evaluation of subsidiary companies with the net equity method	910	10,503
Total net financial expenses	(3,085)	11,323

At the end of the first nine months of the year, financial income and expenses showed a negative balance of Euro 3,085 thousand, which, compared to the positive balance of Euro 11,323 thousand of the previous period, shows a decrease

of Euro 14,408 thousand. The change is mainly explained by the contraction of the results achieved by the companies accounted for with the net equity method, which recorded a decrease of Euro 9,593 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 Euro 44,000.

With equal consolidation perimeter, financial income showed an increase of Euro 1,372 thousand at the end of the first nine months 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% superbonus, which led to the recognition of financial income for a total of Euro 1,300 thousand.

At the end of the period examined, with equal consolidation perimeter, financial expenses amounted to Euro 9,813 thousand, an increase of Euro 6,143 thousand compared to the first nine months of the financial year under comparison. The increase in financial expenses was mainly due to higher interest expenses accrued on short- and medium-/long-term loans at variable rates due to the increase in interest rates starting from the last months of 2022, as well as to the increase in indebtedness.

The item share of profit/(loss) of companies accounted for using 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 Cogeide S.p.A. 18% owned by the Ascopiave Group. At the end of the first nine months of the year, the consolidated results of the affiliated companies, equal to Euro 910 thousands, show a decrease equal to Euro 9,593 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)	Nine months	
	2023	2022
IRES current taxes	(4,286)	(7,015)
IRAP current taxes	(1,333)	(1,210)
(Advance)/Deferred taxes	2,821	1,373
Substitute tax	(68)	(22)
Taxes for the period	(2,375)	(7,090)

Taxes accrued, with equal consolidation perimeter, decreased from Euro 7,090 thousand in the first nine months of the previous year to Euro 2,408 thousand in the period under review, recording a decrease of Euro 4,682 thousand. We would like to point out that the decrease is partly explained by the inscription, at the end of the first nine months 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)	Nine months	
	2023	2022
Earnings before tax	16,753	31,521
Taxes for the period	2,375	7,090
Impact on earnings before tax	14.2%	22.5%

The tax rate recorded at 30 September 2023 was 14.2%, while at the end of the first nine months of the previous year it was 22.5%. The tax rate, calculated by normalising the pre-tax result of the effects of the consolidation of companies consolidated using the equity method, dividends received from investee companies, the capital gain realised as part of the rationalisation of gas distribution concessions, and the related tax effects, went from 33.4% in the first nine months of 2022 to the current 33.7%.

Net result from assets held for sale

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

(Thousands of Euro)	Nine months	
	2023	2022
Result of assets held for sale	56	861
Net result of assets held for sale	56	861

The net result of assets held for sale as of 30 September 2023 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 nine months of 2022 included non-recurring revenues totalling Euro 6,544 thousand. During this period, 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 nine months of the financial 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 Euro 689 thousand is shown under financial income.

(Thousands of Euro)	30.09.2023
Revenues	577
Total operating income and costs	381
Purchase costs for other raw materials	70
Costs for services	148
Costs for personnel	68
Other management costs	94
Other income	0
Amortization and depreciation	97
Operating result	99
Financial income	0
Financial charges	4
Share of profit/(loss) companies accounted for	0
Earnings before tax	95
Taxes for the period	39
Result for the period	56

The table below shows the balance sheet balances as of 30 September 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)	30.09.2023
Assets	
Non-current assets	
Goodwill	13,989
Other intangible assets	500
Tangible assets	10,939
Other non-current assets	86
Advance tax receivables	180
Non-current assets	25,695
Current assets	
Inventories	683
Trade receivables	1,621
Other current assets	1,746
Tax receivables	267
Current assets	4,317
Assets	30,011
Liabilities	
Non-current liabilities	
Provisions for risks and charges	14
Severance indemnity	574
Other non-current liabilities	394
Non-current financial liabilities	157
Non-current liabilities	1,139
Current liabilities	
Trade payables	436
Other current liabilities	942
Current financial liabilities	105
Current liabilities	1,484
Liabilities	2,622

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 31 March 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
Non-current assets	6,552		6,552
Inventories	520		520
Trade receivables	929		929
Other current assets	823		823
Tax receivables	148		148
Cash and cash equivalents	973		973
Current assets	3,392		3,392
Assets	9,944		9,944
Provisions for risks and charges	8		8
Severance indemnity	319		319
Other non-current liabilities	226		226
Non-current financial liabilities	61		61
Non-current liabilities	614		614
Trade payables	486		486
Other current liabilities	464		464
Current financial liabilities	33		33
Current liabilities	1,019		1,019
Liabilities	1,633		1,633
Total assets / Liabilities of the acquired company			8,311
Goodwill arising from the acquisition			13,989
Total cost of the acquisition			22,301
Total net liquidity of the company			1,763
Payments			22,301
Net liquidity absorbed by the acquisition			20,538

For more information on the acquisition, please refer to the section "Significant events during the first nine months of the financial year 2023" and the section "Significant events after the end of the first nine months of the financial year 2023" of this interim 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 net worth was reflected in the higher value recognised in the acquired assets in the amount of Euro 3,357,000 net of the tax effect.

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..

Acquisition of natural gas distribution business unit

During the month of July, the Ascopiave Group acquired a company branch, concerning a natural gas distribution network in the province of Pavia, from Retragas. This acquisition, already envisaged as part of the broader transaction involving Romeo Gas, took place following the transformation of the same infrastructure from a transportation network to a natural gas distribution network.

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 September 2023 in accordance with IFRS 3.62.

Specifically, the fair values assigned to the identifiable assets and liabilities of the branch at the acquisition date are as follows:

(Thousands of Euro)	Accounting values	Higher allocated values	Fair values found at acquisition
Assets			
Non-current assets			
Other Intangible assets	763		763
Advance tax receivables	65		65
Non-current assets	829	0	829
Current assets	0	0	0
Assets	829	0	829
Liabilities			
Non-current liabilities			
Deferred Taxes Payable	2		2
Non-current liabilities	2	0	2
Current liabilities	0	0	0
Liabilities	2	0	2
Total assets / liabilities of the acquired company	827	0	827
Goodwill arising from the acquisition			381
Total cost of the acquisition			1,207
Financial credit recorded as an adjustment to the operation *			131
Payments			1,338
Net liquidity absorbed by the acquisition			1,207

* it should be noted that the financial receivable recorded as a settlement of the transaction, as of the date of publication of this interim report, is being verified pursuant to the contractual agreements signed.

Commitments and risks

Guarantees given

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

Guarantees held by companies within the scope of consolidation:

(Thousands of Euro)	30.09.2023	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)	6,509	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 occupation of public spaces and areas	0	106
On renewable energy production plants	6,053	6,168
Total	23,715	31,374

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

(Thousands of Euro)	30.09.2023	31.12.2022
Patronage to cover the obligations deriving from the related relationships	17,792	28,375
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
Total	19,642	30,225

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)	30.09.2023
On execution of works (letter of comfort)	100
On telecommunications activities	211
Total	311

The table above shows the guarantees given by Asco TLC S.p.A.. We would like to point out that these include Euro 100 thousand of guarantees issued by Ascopiave S.p.A..

Risk factors and uncertainty

Information on agreements not 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: goals and benchmarks

The Group's operating activities are financed mainly by resorting to 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- and long-term loans managed by the Group, regulated at both variable and fixed rates, present a residual debt at 30 September 2023 of Euro 271,542 thousand and maturities between 1 October 2023 and 30 June 2040.

The medium/long-term bank loans at variable interest rates have a repayment term between 2023 and 2030, and as of 30 September 2023 had a total residual debt of Euro 183,007 thousand (Euro 219,416 thousand as of 31 December 2022), of which Euro 101,222 thousand was hedged by underwriting financial derivatives, for which the interest rate risk was therefore sterilised.

It should be noted that as of 30 September 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 paragraphs no. 14 "Current assets on derivative financial instruments" and no. 29 "Current liabilities on derivative financial instruments", showed an overall positive mark-to-market of Euro 5,030 thousand and were effective.

The loans signed with BNL, Cassa Centrale Banca and Intesa Sanpaolo, and the loan signed by the subsidiary Salinella

Eolico with Iccrea Banca, with a residual debt at the end of the period of Euro 88,832 thousand, as well as the bond loan with a residual debt at the end of the 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	III qtr 2023	
Net Financial Position 2023	(421,040)	(465,890)	(513,205)	
Borrowing rates of interest	0.926%	1.295%	0.935%	
Lending rates of interest	1.91%	2.56%	2.80%	
Borrowing rate of interest plus 200 basis points	2.93%	3.29%	2.94%	
Lending rates of interest plus 200 basis points	3.91%	4.56%	4.80%	
Borrowing rate of interest reduced of 50 basis points	0.43%	0.79%	0.44%	
Lending rates of interest reduced of 50 basis points	1.41%	2.06%	2.30%	
Net Financial Position recalculated with the increase of 200 basis points	(423,116)	(468,213)	(515,792)	
Net Financial Position recalculated with decrease of 50 basis points	(420,521)	(465,309)	(512,558)	Total
Effect on pre-tax result of the increase of 200 basis points	(2,076)	(2,323)	(2,587)	(6,987)
Effect on pre-tax result of the decrease of 50 basis points	519	581	647	1,747

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 Euro 6,987 thousand and an improvement of Euro 1,747 thousand.

Credit risk

Within 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 negatively 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, in 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 the 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 goal 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)	30.09.2023	31.12.2022
Short-term net financial position	282,586	134,786
Medium / long-term net financial position	243,265	277,071
Net Financial Position	525,851	411,857
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	656,630	674,750
Undistributed net profit	14,435	32,664
Total Net equity	850,054	886,403
Total sources of funding	1,351,905	1,298,260
Net financial position / Net equity ratio	0.62	0.46

The NFP/shareholders' equity ratio as at 30 September 2023 was 0.62, an increase compared to 31 December 2022.

The trend of this indicator is related to the combined effect of the change in Net Financial Position, which worsened by Euro 113,995 thousand in the first nine months, and in Shareholders' Equity, which decreased by Euro 36,349 thousand, changes due to investments made, the result accrued in the period, and partly 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 September 2023 and 31 December 2022 is as follows:

(Thousands of Euro)	A	B	C	D	30.09.2023	
					Total	Fair value
Other non-current assets			2,879		2,879	2,879
Non-current financial assets			2,896		2,896	2,896
Trade receivables and Other current assets			119,297		119,297	119,297
Current financial assets			963		963	963
Cash and cash equivalents			19,349		19,349	19,349
Current assets from derivative financial instruments		5,110			5,110	5,110
Outstanding medium- and long-term bonds				86,172	86,172	86,172
Medium- and long-term bank loans				152,942	152,942	152,942
Other non-current liabilities				3,397	3,397	3,397
Non-current financial liabilities				7,048	7,048	7,048
Outstanding short-term bonds				7,575	7,575	7,575
Payables due to banks and financing institutions				295,301	295,301	295,301
Trade payables and Other current liabilities				88,466	88,466	88,466
Current financial liabilities				3,922	3,922	3,922
Current liabilities from derivative financial instruments		16			16	16

(Thousands of Euro)	A	B	C	D	31.12.2022	
					Total	Fair value
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

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 nine months of the financial year 2023 and the first nine months of the financial year 2022.

9M 2023 (Thousands of Euro)	Gas Distribution	Renewables energies	Other	30.09.2023 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues to third-party customers	105,324	12,365	3,134	4,330		125,153
Intra-group revenues among the segment	4,665	1	11,887	155	(16,708)	0
Segment revenue	109,989	12,366	15,021	4,485	(16,708)	125,153
Result before taxes	23,208	370	(7,585)	760		16,753

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

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 receivables	Other receivables	Trade payables	Other payables	Revenues			Costs			
					Goods	Services	Other	Goods	Services	Other	
Asco Holding S.p.A.	54	184	26	0	0	114	0	0	0	48	0
Total parent company	54	184	26	0	0	114	0	0	0	48	0
Bim Piave Nuove Energie S.r.l.	144	0	8	0	0	244	0	0	0	14	0
Total affiliated companies	144	0	8	0	0	244	0	0	0	14	0
ASM Set S.r.l.	1	0	0	0	0	(1,850)	0	0	0	0	0
Etra Energia S.r.l.	1	0	0	0	0	(185)	0	0	0	0	0
Estenergy S.p.A.	265	0	0	0	0	(38,474)	0	0	0	0	0
Total subsidiary companies	267	0	0	0	0	(40,509)	0	0	0	0	0
Total	465	184	33	0	0	(40,152)	0	0	0	62	0

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 Trade payables are related to the supply of natural gas and electrical energy 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 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.

Observations:

- economic transactions between Group companies and subsidiaries and affiliated companies take place at market prices and are eliminated in the consolidation process;
- transactions undertaken 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 of 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)	30.09.2023	of which related parties						31.12.2022	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
ASSETS														
Non-current assets														
Goodwill	61,727							61,346						
Other intangible assets	697,734							698,397						
Tangible assets	147,286							138,432						
Shareholdings in controlled company	328,769			328,769		328,769	100.0%	358,029		358,029		358,029	100.0%	
Shareholdings in other company	78,257							78,257						
Other non-current assets	3,694							4,625						
Non current financial assets	2,896							2,868						
Advance tax receivables	39,929							39,252						
Non-current assets	1,360,293			328,769		328,769	24.2%	1,381,206		358,029		358,029	25.9%	
Current assets														
Inventories	13,191							7,336						
Trade receivables	23,859	540	144	267		951	4.0%	20,104	80	214	8,250	8,544	42.5%	
Other current assets	102,333	184				184	0.2%	133,880	174			174	0.1%	
Current financial assets	963							820						
Tax receivables	6,869							4,100						
Cash and cash equivalents	19,349							76,917						
Current assets from derivative financial instruments	5,110							6,661						
Current assets	171,675	724	144	267		1,135	0.7%	249,818	254	214	8,250	8,718	3.5%	
Non-current assets held for sale	30,011							16,592						
Assets	1,561,979	724	144	329,036		329,904	21.1%	1,647,616	254	214	366,279	366,747	22.3%	
NET EQUITY AND LIABILITIES														
Total Net equity														
Share capital	234,412							234,412						
Own shares	(55,423)							(55,423)						
Reserves and result for the period	648,566							687,291						
Net equity of the Group	827,554							866,280						
Net equity of Others	22,500							20,123						
Total Net equity	850,054							886,403						
Non-current liabilities														
Provisions for risks and charges	1,287							996						
Severance indemnity	4,926							5,011						
Outstanding medium- and long-term bonds	86,172							94,033						
Medium- and long-term bank loans	147,942							178,538						
Other non-current liabilities	38,875							37,458						
Non-current financial liabilities	7,048							7,368						
Deferred tax payables	18,513							19,608						
Non-current liabilities	309,763							343,012						
Current liabilities														
Outstanding short-term bonds	7,575							0						
Payables due to banks and financing institutions	300,301							183,285						
Trade payables	67,753	26	8			34	0.1%	180,195	25	66	60,968	61,059	33.9%	
Tax payables	2,103							1,336						
Other current liabilities	22,869							17,507						
Current financial liabilities	3,922							34,911						
Current liabilities from derivative financial instruments	16							164						
Current liabilities	399,540	26	9			34	0.0%	417,398	25	66	60,968	61,059	14.6%	
Non-current liabilities held for sale	2,622							803						
Liabilities	711,925	26	9			34	0.0%	761,213	25	66	60,968	61,059	8.0%	
Net equity and liabilities	1,561,979	26	9			34	0.0%	1,647,616	25	66	60,968	61,059	3.7%	

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)	Nine months 2023	of which related parties						Nine months 2022	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
Revenues	125,153	114	244			(358)	(0.3%)	120,009	123	56	26,215		26,393	22.0%
Total operating income and costs	69,881	48	14	40,509	775	41,346	59.2%	66,444	47	560		757	1,365	2.1%
Purchase costs for other raw materials	1,234							1,659						
Costs for services	36,840	48	14	40,509	365	40,936	111.1%	37,617	47	560		757	1,365	3.6%
Costs for personnel	16,207				410	410	2.5%	14,834				97		
Other management costs	19,870							12,488						
Other income	4,269							155						
Amortization and depreciation	35,435							33,367						
Operating result	19,838	(162)	(258)	(40,509)	(775)	(41,704)	(210.2%)	20,199	75	(505)	26,215	757	25,028	123.9%
Financial income	5,862							4,489						
Financial charges	9,857							3,670						
Evaluation of subsidiary companies with the net equity method	910			910		910	100.0%	10,503			10,503		10,503	100.0%
Earnings before tax	16,753	(162)	(258)	(39,599)	(775)	(40,794)	(243.5%)	31,521	75	505	36,718	757	35,533	112.7%
Taxes for the period	(2,375)							(7,090)						
Result for the period	14,378							24,431						
Net result of assets held for sale	56							861						
Net result for the period	14,435							25,292						
Group's Net Result	12,881							25,482						
Third parties Net Result	1,554							(190)						
Consolidated statement of comprehensive income														
1. Components that can be reclassified to the income statement														
- Fair value of derivatives, changes in the period net of tax	(3,190)							3,458						
- Fair value of derivatives relating to associated companies, changes in the period net of tax	(11,082)							39,961						
2. Components that can not be reclassified to the income statement														
- Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	(117)							410						
- Fair value valuation of investment in other companies														
Total comprehensive income	45							69,121						
Group's overall net result	(1,510)							69,714						
Third parties' overall net result	1,556							(593)						
Base income per share	0.059							0.118						
Diluted net income per share	0.059							0.118						

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)	Nine months 2023	of which related parties					Nine months 2022	of which related parties					
		A	B	C	D	Total		A	B	C	D	Total	
Total comprehensive income	(1,510)						69,714						
Cash flows generated (used) by operating activities													
Adjustments to reconcile net income to net cash													
Third-parties operating result	1,556						(593)						
Fair value of derivatives relating to associated companies, changes in the period net of tax	11,082					0	(39,961)						0
Changes in HA reserves for MTM derivatives	3,190					0	(3,458)						0
Variations in severance indemnity reserves	117					0	(410)						0
Amortization	35,435					0	33,367						0
Bad debt provisions	296					0	0						0
Depreciation of fixed assets	2,288					0	1,157						0
Variations in severance indemnity	(84)					0	(590)						0
Current assets / liabilities on financial instruments	(1,788)					0	(3,721)						0
Net variation of other funds	291					0	(548)						0
Evaluation of subsidiaries with the net equity method	(910)			(910)		(910)	(10,503)			(10,503)			(10,503)
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
Other changes in the income statement that do not generate cash flows	(286)						9,682						
Interests paid	(9,543)					0	(2,347)						0
Taxes paid	(92)					0	(5,280)						0
Interest expense for the period	9,857					0	3,641						0
Taxes for the period	2,375					0	7,090						0
Total adjustments	45,510	0	0	(910)	0	(910)	(16,781)	0	0	(10,503)	0	(10,503)	
Variations in assets and liabilities													
Inventories	(5,855)					0	(6,114)						0
Accounts payable	(4,070)	(460)	70	7,983		7,593	(3,343)	82	(60)	(13,949)			(13,927)
Other current assets	31,547	(10)				(10)	(12,620)	(11)					(11)
Trade payables	(112,412)	51	(74)	(60,968)		(61,093)	9,124	36	(60)	(1,110)			(1,134)
Other current liabilities	(3,973)					0	(16,652)						0
Other non-current assets	931					0	2,542						0
Other non-current liabilities	1,418					0	1,816						0
Operating flows from discontinued assets / liabilities	(4)	0	0	0	0	0	(0)	0	0	0	0	0	0
Total adjustments and variations	(92,420)	(521)	(4)	(59,985)	0	(53,510)	(25,247)	107	(120)	(15,059)	0	(15,072)	
Cash flows generated (used) by operating activities	(48,420)	(521)	(4)	(53,895)	0	(54,421)	27,686	107	(120)	(25,562)	0	(25,575)	
Cash flows generated (used) by investments													
Investments in intangible assets	(38,133)					0	(39,205)						0
Realisable value of intangible assets	9,412					0	0						0
Investments in tangible assets	(15,406)					0	(6,033)						0
Realisable value of tangible assets	64					0	0						0
Acquisitions in shareholdings and advances	(38,053)					0	(101,411)						0
Disposal in shareholdings and advances	21,036					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	(772)					0	0						0
Cash flows generated/(used) by investments	(36,465)					0	(121,373)						0
Cash flows generated (used) by financial activities													
Changes in non-current financial liabilities	(641)					0	0						0
Net changes in short-term bank borrowings	(50,803)					0	(103,552)						0
Ignitions medium- and long-term bonds	0					0	69,892						0
Net variation in current financial assets and liabilities	(29,490)					0	(7,850)						0
Ignitions loans and mortgages	585,522					0	528,000						0
Redemptions loans and mortgages	(448,300)					0	(384,120)						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	90					0	0						0
Cash flows generated (used) by financial activities	27,316					0	66,613						0
Variations in cash	(57,568)	0	0	0	0	0	(27,075)	0	0	0	0	0	0
Cash and cash equivalents at the beginning of the period	76,917					0	42,539						0
Cash and cash equivalents at the end of the period	19,349					0	15,465						0

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)	30.09.2023	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	19,349					0		76,917						0	
B Equivalent to cash and cash equivalents	0					0		0						0	
C Other current financial assets	4,863					0		6,493						0	
- of which related parties	0					0		0						0	
D Liquid assets (A) + (B) + (C)	24,212	0	0	0	0	0		83,410	0	0	0	0	0	0	
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(188,198)					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	(118,601)					0		(119,280)						0	
- of which related parties	0					0		0						0	
G Current financial indebtedness (E) + (F)	(306,798)	0	0	0	0	0		(218,196)	0	0	0	0	0	0	
H Net current financial indebtedness (D) + (G)	(282,586)	0	0	0	0	0		(134,786)	0	0	0	0	0	0	
I Non-current financial debt (excluding the current portion and debt instruments)	(246,161)					0		(279,939)						0	
J Debt instruments	0					0		0						0	
K Trade payables and other non-current payables	0					0		0						0	
L Non-current financial indebtedness (I) + (J) + (K)	(246,161)	0	0	0	0	0		(279,939)	0	0	0	0	0	0	
M Net financial indebtedness (H) + (L)	(528,748)	0	0	0	0	0		(414,726)	0	0	0	0	0	0	

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 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), associate

Group D - other related parties:

- Board of Directors
- Auditors
- Strategic Managers

Significant events after the end of the first nine months of the financial year 2023

No significant events occurred after the end of the first nine months of the financial year.

Goals and policies of the Group

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 sources by increasing its presence in this sector as well, in line with the 2022-2026 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 investment 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, 9 November 2023

The Chairman of the Board of Directors
Nicola Ceconato

DECLARATION

(Translation from the original issued in Italian)

CERTIFICATION OF THE QUARTERLY REPORT as of 30th September 2023

Pursuant to Article 154-bis paragraph 5, part IV, section III, sub-section II, heading V-bis, Legislative Decree n. 58, dated 24th February 1998: Consolidated Law on Finance compliant with Articles 8 and 21, Law 52 dated 6th February 1996

The undersigned, dr. Riccardo Paggiaro, in his position as Manager Designate for preparing the financial and company documents of Ascopiave S.p.A. herein declares, to the best of his knowledge, pursuant to the provisions of Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting information stated in the Quarterly Report as of 30th September 2023 tallies with the documental results, book-keeping entries and the accounting records.

Pieve di Soligo, 9th November 2023

Ascopiave S.p.A.
dr. Riccardo Paggiaro

G r u p p o A s c o p i a v e

Via Verizzo, 1030 - 31053 Pieve di Soligo (TV) - Italia

Tel: +39 0438 980098 - Fax: +39 0438 82096

Email: info@ascopiave.it - www.gruppoascopiave.it