This document does not comply with the ESEF format required by the Delegated Regulation of the European Commission 2019/815 and therefore represents an unofficial version of the Integrated Annual Report 2024.
The official ESEF document is published and filed according to the provisions of the law.

Italgas

Integrated Annual Report 2024

VALUES, MISSION AND PURPOSE

Vision:

To be a leading figure in the energy world, driving its sustainable evolution and innovating each day to improve people's quality of life.

Mission:

We have guaranteed efficient, safe and excellent energy services to the community for over 180 years. We favour the energy transition, creating the networks of the future and promoting innovative, sustainable solutions. We take care of local communities. We fuel positive, productive relationships with all of our stakeholders: individuals, companies, suppliers and shareholders. We enter new markets where we can apply our distinctive expertise. We promote the growth of individuals and develop talent, creating inclusive, stimulating work environments.

Purpose:

Pioneers by passion and builders by calling, we bring all our energy to accelerate the ecological transition. We do it for us. We do it for everyone.

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

The names Italgas, Italgas Group or Group refer to Italgas S.p.A. and the companies included in the scope of consolidation.

Corporate bodies

BOARD OF DIRECTORS[a]

Chairperson
Benedetta Navarra

Chief Executive Officer and General Manager
Paolo Gallo

Directors
Claudio De Marco [b]
Fabiola Mascardi
Gianmarco Montanari
Lorenzo Parola
Manuela Sabbatini
Maria Sferruzza
Qinjing Shen

CONTROL, RISK AND RELATED PARTY TRANSACTIONS COMMITTEE[c]
Gianmarco Montanari (Chairperson)
Claudio De Marco
Manuela Sabbatini

INDEPENDENT AUDITING FIRM [i]

Deloitte & Touche S.p.A

BOARD OF STATUTORY AUDITORS[a]

Chairperson
Giulia Pusterla

Standing auditors
Maurizio di Marcotullio
Paola Maria Maiorana

Alternate auditors
Stefano Fiorini
Barbara Cavalieri

APPOINTMENTS AND COMPENSATION COMMITTEE[d]

Fabiola Mascardi (Chairperson) [e]
Claudio De Marco
Manuela Sabbatini

SUSTAINABLE VALUE CREATION COMMITTEE [f]
Lorenzo Parola (Chairperson) [g]
Maria Sferruzza
Qinjing Shen

SUPERVISORY BODY [h]
Antonio Gullo (Chairperson)
Romina Guglielmetti
Francesco Profumo

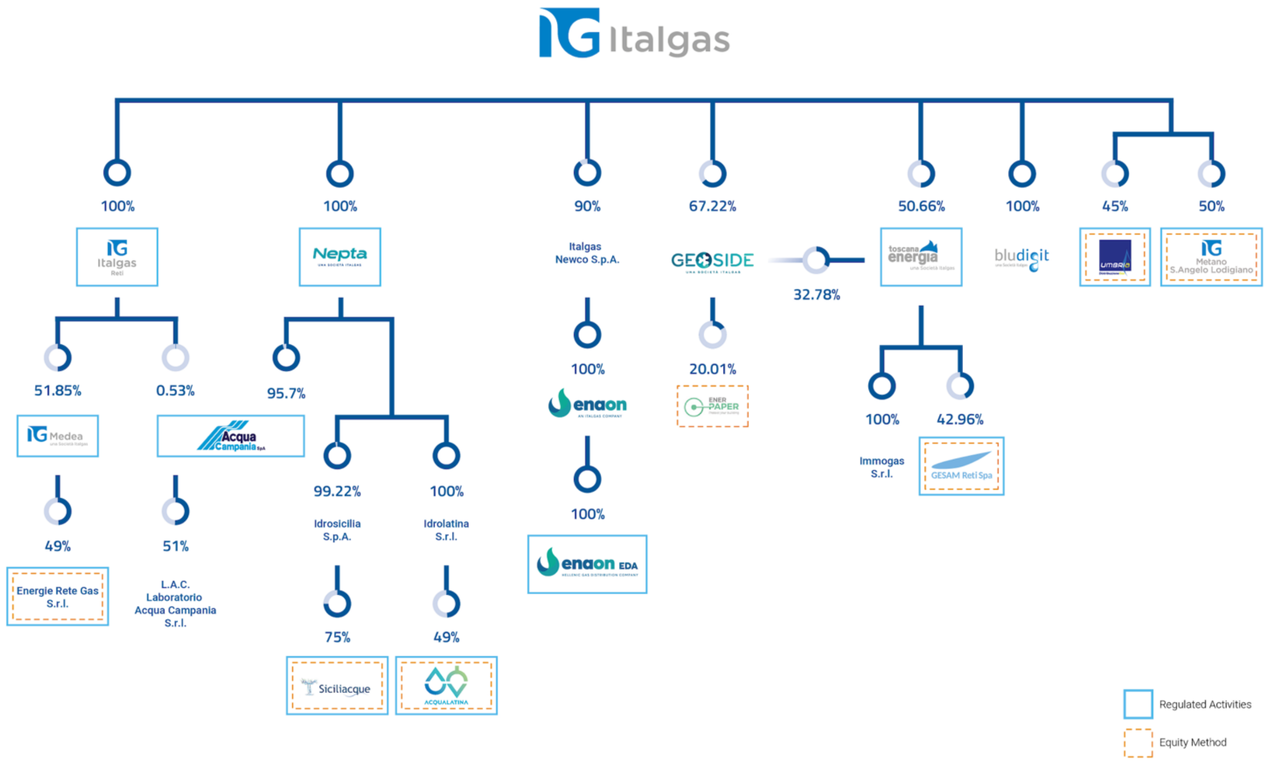
[a] Appointed by the Shareholders' Meeting of 26 April 2022. In office until the date of the Shareholders' Meeting that will be called for the approval of the financial statements for the year ending 31 December 2024.
[b] Appointed Lead Independent Director on 9 March 2023, in office until the expiry of the term of the Board of Directors that appointed it, i.e. the date of the Shareholders' Meeting that will be called to approve the financial statements for the year ending 31 December 2024.
[c] Committee established by the Board of Directors on 4 August 2016. Members appointed by the Board of Directors on 2 May 2022.
[d] Committee established by the Board of Directors on 23 October 2017. Members appointed by the Board of Directors on 2 May 2022.
[e] Appointment conferred by the Board of Directors on 22 February 2023. The position was previously held by Lorenzo Parola.
[f] Committee established by the Board of Directors on 4 August 2016. Members appointed by the Board of Directors on 2 May 2022.
[g] Appointment conferred by the Board of Directors on 22 February 2023. The position was previously held by Fabiola Mascardi.
[h] The Supervisory Body was appointed by the Board of Directors on 25 July 2022. In office until the expiry of the term of the Board of Directors that appointed it, i.e. the date of the Shareholders' Meeting that will be called to approve the financial statements for the year ending 31 December 2024. In accordance with the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, the Supervisory Board continues to perform its functions *ad interim* until such time as the Board of Directors resolves to appoint the new Supervisory Board.
[i] Engagement assigned by the Shareholders' Meeting of 12 May 2020 for the period 2020 - 2028.

Italgas Group structure as at 31 December 2024

The structure of the Italgas Group as at 31 December 2024 changed from the one in place as at 31 December 2023 due to the acquisition of 47.8% from Vianini Lavori S.p.A. and 47.9% from the Veolia Group of Acqua Campania S.p.A.[1], resulting in a combined 96.23% ownership.

It should be noted that on 18 December 2024, Acqua subscribed to the capital increase of Idrosicilia, bringing its shareholding to 99.2%, and on 10 February 2025 the deed of merger of Acqua into Nepta became effective, with accounting and tax effects from 1 January 2025.

Below is the structure of the group.



[1] Acqua Campania controls the company Laboratorio Acqua Campania holding 51% of the share capital.

Contents of the Integrated Annual Report

Consolidated Financial Statements

Annexes to the notes to the consolidated financial statements

Directors' Report

Letter to Shareholders and Stakeholders

A little less than five years after the first major “check point” on the path to net zero, the ecological transition is still the subject of debates and questions that seem symptomatic of profound uncertainty about the choices to be made to reach the goal of decarbonisation expected in 2050.

A scenario that is a direct consequence of the fragility shown by the main energy paradigms, adopted by the European Union, in the face of the events – sometimes dramatic – that have been characterising the geopolitical scenario for some years now.

The consequences of the war in Ukraine, the tensions in the Middle East and the investment choices of the world's great powers in the energy markets have shown very clearly how the ideological approach, adopted in the recent past, has generated very limited results, and sometimes contrary to expectations.

The first limitation of this approach is to focus on the method rather than the result to be achieved, on the “how” and not the “what”. The path to transition cannot become the target itself, as has happened with the bans and technological choices made a priori in recent years.

It is precisely the slowdowns in the path of ecological transition that show, with the evidence of the results, how much more effective it is to set the target and leave it to industry and innovation to find the best path to achieving it. The fundamental principle is technological neutrality. This is a principle that we at Italgas have been upholding and pursuing for some time, and which, with the use of the best digital technologies, starting with Artificial Intelligence and GenAI, has enabled your Company to impose itself on the global scenario as one of the most cutting-edge industrial realities, with a path consistent with the new energy scenarios.

A Network Tech Company and European leader in gas distribution also thanks to the announced acquisition of 2i Rete Gas, something we will come back to later, which has embraced the profound meaning of technology neutrality: it is only by leveraging all available technologies that it is possible to accelerate the path to decarbonisation and limit assessment errors.

It will be clear how the solution is right in front of us: decarbonise not only the electrons, but also the molecules. Integrating sustainable molecules such as biomethane, green hydrogen and synthetic methane can in fact relieve pressure on electricity grids and provide a practical solution for a sustainable, safe and cost-competitive ecological transition for households and businesses.

There is no shortage of positive examples. France has the largest number of biomethane production plants in Europe (731) and an installed capacity of 1.1 billion cubic metres per year, covering about 4% of the country's final gas demand. The projection is to reach 10% of consumption by 2030, with over 2.3 billion cubic metres of capacity already under development. A virtuous system that has in its regulatory framework the main driver for the development of the industrial chain, the attraction of investments in the territories, and the sustainable and stable growth of the sector.

When it comes to renewable gases, the path taken by Japan is also worth mentioning. In Tokyo, they are focusing on another green gas: synthetic methane, which is produced by combining hydrogen and carbon dioxide. The result is a CH_4 molecule, completely indistinguishable from fossil methane, but with a carbon footprint of zero. This is a solution that offers many advantages, including cutting CO_2 emissions while continuing to use the existing gas distribution infrastructure.

These international benchmarks give us valuable insights into the Italian path to energy transition. A path that, reasserting the importance of an approach based on technological neutrality, uses sector coupling and thus the integration of green molecules and electrons as the main path leading to net zero.

In this sense, gas distribution networks are an extraordinary driver of the transition, but subject to one condition: they must be smart, digital and flexible, so as to accommodate and manage different gases while guaranteeing system flexibility, efficiency and security.

At Italgas, we have been working on this since 2017, and this year we will reach the milestone of a fully digitised network, remotely controlled and capable of collecting data, receiving instructions, and reacting locally in the event of anomalies or service disruptions. Nimbus is the world's most advanced H2-ready smart meter, capable of processing the amount of hydrogen in gas mixtures better than any other meter. 20,000 Nimbus units have been active on this network for some time now. But not only that. Picarro's leak detection technology operates along the network, which has made it possible to reduce methane emissions to zero.

Digital is our compass: having pushed technological innovation to a higher level, it has enabled Italgas to not only transform a very traditional sector such as gas distribution, but also to be recognised as a leading benchmark worldwide. We have created the conditions to accommodate increasing shares of renewable gas to gradually replace fossil gas.

We have done this on our Italian network, and we are now doing the same in Greece, where state-of-the-art technology is being applied at a faster pace on the network of our associate company Enaon. And, following closing, the next goal will be to bring the 2i Rete Gas networks up to the technological excellence of those of Italgas.

With the 2i Rete Gas transaction, the Italgas Group marks a historic milestone in its long and prestigious history. The acquisition of the second gas distributor positions us to become European leader in our sector, while strengthening our commitment to achieving our decarbonisation goals, with resilient infrastructure and sustainable energy costs. By extending our digital applications to the entire network, and adopting advanced technologies such as artificial intelligence, we will be able to monitor and manage all of our infrastructure in real time, improving operational efficiency and increasing security and reliability: we will create additional value for you, our shareholders, and all of our stakeholders.

But that is not everything. The digital transformation process has also begun in water distribution, where this year we have tackled the serious effects of the drought in Sicily with professionalism, proactivity and courage. The installation of digital devices is producing significant results in terms of reducing water losses and consumption for network management, as well as returning value to communities and territories. Moreover, in the energy efficiency sector, once the Superbonus phase is over, we will continue to focus on cutting-edge technological solutions for a new season of growth and development.

Efficiency, reduced losses and emissions, greater system flexibility, increased internal production of green energy and network resilience: this is how we could summarise Italgas's path to ecological transition, a pragmatic and sustainable approach, in many respects, whose only "ideology" is innovation.

With total revenues and other income adjusted of 1,778.8 million euros and an adjusted net profit attributable to the Group of 506.6 million euros, 2024 confirmed the Group's steady growth trend. These are results achieved thanks to the contribution of all Italgas people, who have combined change, innovation and improvement, and which allow us to propose the distribution of a dividend of 0.406, an increase of +15.3% compared to 2023, to the satisfaction of our Shareholders.

BENEDETTA NAVARRA
Chairperson & Non-Executive Independent Director

PAOLO GALLO
Chief Executive Officer and General Manager

2024 Highlights

Consolidated economic and financial highlights[2]

- **Total revenues and other income adjusted 1,778.8 million euros,** +0.2% compared to 2023;
- **Adjusted EBITDA 1,350.9 million euros,** +14.1% compared to the 2023 result;
- **Adjusted EBIT 820.7 million euros,** +20.5% compared to the 2023 result;
- **Adjusted net profit attributable to the Group 506.6 million euros**, +15.2% compared to the 2023 result;
- **Investments 887.0 million euros** (906.5 million euros in 2023);
- **Cash flow from operating activities 1,098.7 million euros** (555.2 million euros in 2023);
- **Net financial debt (excluding the effects of IFRS 16 and IFRIC 12) 6,672.3 million euros** (6,555.2 million euros on 2023);
- **Net financial debt 6,762.8 million euros** (6,634.3 million euros on 2023);
- **Proposed dividend** of **0.406 euros per share**, an increase of **+15.3%** compared to the dividend paid in 2024, equivalent to a 65% payout.

Operating highlights[3]

- **Distribution network** laid during the year **755 km** for an overall length of approximately 83,811 km;
- **Municipalities with gas distribution service concessions** increased to 2,099 (2,050 as at 31 December 2023), of which 2,024 operating (1,967 as at 31 December 2023);
- Approximately **6,300 km of drinking water** and **2,600 km of sewerage network** managed;
- Approximately **6.3 million inhabitants** served directly and indirectly in Lazio, Sicily and Campania through the water transport and distribution network.

Sustainability highlights[4]

- **Scope 1 and 2 emissions: 119.2 10^3 tCO_2eq, -20.7%** compared to 2023 (same scope)[5];
- **Scope 3 emissions – Supply chain: 86.4 10^3 tCO_2eq, -51.6%** compared to 2023 (same scope)[6]**;**
- **Net energy consumption**[7]**: 395.9 TJ, -6.8%** compared to 2023 (same scope)[8]**;**

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[2] For the economic and financial analyses for the financial year 2024, the company considered it more representative to comment on the adjusted results, i.e. the recurring results, comparing them with the adjusted recurring results for the financial year 2023.
[3] Considering the affiliates over which Italgas does not exercise control.
[4] Sustainability highlights referring to the scope of the Group's consolidated companies, in line with what is stated in the section related to the scope of the Consolidated Sustainability Report.
[5] Also considering Acqua Campania (consolidated from 30 January 2024), which contributed 54.4 10^3 tCO_2eq in market-based Scope 1 and 2 emissions, total Group emissions in 2024 were 173.6 10^3 tCO_2eq.
[6] Acqua Campania emissions are not counted for the consolidation period of 2024.
[7] This refers to total energy consumption, from which any self-produced and self-consumed electricity consumption is subtracted.
[8] Also considering Acqua Campania (consolidated from 30 January 2024), which consumed 392.7 TJ of energy, and the consumption of self-generated non-fuel renewable energy for the rest of the Group (0.5 TJ), total Group consumption in 2024 was 789.2 TJ.

- **Gas Leakage Rate[9]: 0.069% compared to 0.089%** in 2023;
- **Networks inspected annually for gas leaks into the atmosphere[10]: 154% compared to 120%** in 2023;
- **96.5% of waste produced by the Group and its contractors sent for recovery[11]**;
- **28.8% women in positions of responsibility[12]**, in line with 2023;
- **34.5% women in top management[13], compared to 21.8 %** in 2023;
- **7.5% Gender Equity Pay Gap[14]**;
- **Combined accident index for employees and contractors[15]: 0.034**;
- **45 average hours of training per capita provided, +12.5%** compared to 2023;

[9] Calculated as the ratio between fugitive emissions of natural gas and volumes of gas distributed.
[10] Value calculated as the ratio between the linear extension of the networks inspected in the calendar year and the total extension of the Group's gas networks.
[11] For the definition of 'waste sent for recovery,' refer to what is stated in Directive 2008/98/EC
[12] It refers to women in positions as heads of organizational units
[13] The definition of Top Management includes the level -1 and -2 reporting to the Chief Executive Officer.
[14] Calculated as the change in the average ratio of the hourly basic pay of women to men for comparable groups of employees according to organisational weight, referred to the Italian scope.
[15] Measured as the product of the frequency index (number of accidents per million hours worked) and severity index (number of days of absence per thousand hours worked) of accidents recorded at Group and contractors level during the year.

Methodological note - Integrated Annual Report 2024

Objectives of the document

The Italgas Group (hereinafter also referred to as “Italgas” or the “Group”) has presented the annual financial report in the form of an Integrated Annual Report (hereinafter also referred to as the “Report” or the “Integrated Report”) as a tool for the reporting of financial and non-financial data. It consists of the Directors’ Report including the Consolidated Sustainability Statement, the Consolidated Financial Statements and the Separate Financial Statements of Italgas S.p.A..

In fact, with this document, the Italgas Group also intends to respond to the provisions of the new Legislative Decree 125/2024, issued in order to implement Directive (EU) 2022/2464, which provides for the introduction of the Corporate Sustainability Reporting Directive (CSRD), confirming the sustainability reporting obligation for companies indicated by the Directive itself. This provides for the adoption of the European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), to ensure greater comparability and reliability of sustainability information.

The Integrated Annual Report makes it possible to provide stakeholders with an accurate, extensive and transparent report of the Group’s activities, the results achieved and their progress, in addition to the services provided.

A glossary of financial, commercial and technical terms, as well as units of measurement, is available online at https://www.italgas.it/glossario/.

Reference framework and reporting standards

In relation to the financial information, the Italgas Integrated Annual Report was prepared using the following references:

- International accounting standards (IAS/IFRS);
- Italian Legislative Decree no. 58 of 24 February 1998, as amended (“Consolidated Law on Finance” or “TUF”);
- Regulation (EC) No. 1606/2002;
- Italian Legislative Decree no. 125/2024, implementing Directive (EU) 2022/2464, which includes the European Sustainability Reporting Standards (ESRS).

The document is published annually and is available in the Investors section of the Italgas website (https://www.italgas.it/en/investors/reports-and-presentations/).

Financial consolidation scope

As at 31 December, Italgas exercised control (direct or indirect) and fully consolidated the following companies: Italgas Reti, Medea, Toscana Energia, Italgas Newco, Enaon, Enaon EDA, Nepta, Acqua[16], Idrolatina, Idrosicilia, Acqua Campania, Laboratorio Acqua Campania, Geoside, Bludigit and Immogas.

Metano Sant'Angelo Lodigiano, Gesam Reti, Umbria Distribuzione Gas, Energie Rete Gas, Enerpaper, Siciliacque and Acqualatina are consolidated using the equity method.

Changes in the scope of consolidation are illustrated under the Chapter entitled Italgas Group Structure as at 31 December 2024.

Reporting scope of the Consolidated Sustainability Statement

The reporting boundary of the Consolidated Sustainability Statement refers to the companies consolidated using the line-by-line method indicated in the previous paragraph.
For the companies over which the Group has operational control[17], namely the companies Siciliacque and Acqualatina, the document includes information on Scope 1 and Scope 2 (as required by the CSRD) GHG[18] emissions and the Group targets related to consumption, Scope 1 and Scope 2 GHG emissions, and water losses.

Reporting process

Preparation of the Italgas Integrated Annual Report involved across-the-board engagement of all Italgas Group companies, departments and divisions and the performance of the following activities:

- identification of the reporting boundary for financial and sustainability information;
- preparation and analysis of the double materiality required by the CSRD;
- collecting and consolidating the data and preparing the draft Integrated Annual Report;

The process is completed with the approval (on 12 February 2025) by the Board of Directors of the Integrated Annual Report and the Draft Financial Statements as at 31 December 2024 and the subsequent approval, on 13 May 2025, by the Shareholders' Meeting of the Financial Statements, supported by the reports of the independent auditing firm appointed.

In particular, the reports issued by the auditing firm Deloitte & Touche S.p.A. are included in this document, and are as follows:

- Report of the independent Auditors on the limited review of the consolidated sustainability reporting pursuant to Article 14-bis of Legislative Decree No. 39 of 27 January 2010;
- Reports in accordance with Article 14 of Italian Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation (EU) No 537/2014, drawn up in relation to the financial information in the Consolidated Financial Statements and Separate Financial Statements.

[16] The deed of merger of Acqua into Nepta became effective on 10 February 2025, with accounting and tax effects from 1 January 2025.
[17] In compliance with DR E1-6 "Gross Scopes 1, 2, 3 and total GHG emissions". Operational control (over an entity, site, operation or asset) occurs when the enterprise has the ability to direct the activities and operational relationships of the entity in question.
[18] Greenhouse Gas, hereinafter GHG.

1. Italgas profile

1.1 Corporate identity

Italgas is the leading operator in the distribution of natural gas in Italy and Greece and the third in Europe. As at 31 December 2024, through its companies,[19] it operates 83,811 kilometres of gas distribution network, at medium and low pressure, through which, in 2024, it distributed 8,188 million cubic metres of gas, through 8,020 million re-delivery points, it manages the service in 1,954 municipalities under concession in Italy and 145 in Greece, with a historical presence in the major Italian cities, including Turin, Venice, Florence and Rome.

With 187 years of history, Italgas is the company that has brought gas into Italian homes, contributing towards the country's social and economic development. In 2024, the Group marked a historic milestone in its long and prestigious history: the planned acquisition of 2i Rete Gas will enable it to become the leading European operator in the gas distribution sector, after being recognised as a global benchmark in terms of innovation and digitisation.

Through the major investment plan announced in October 2024 (2024 – 2030 Strategic Plan), the Group has reaffirmed its commitment to consolidating the gas distribution sector in Italy and Greece with the aim of guaranteeing important benefits for households and businesses in terms of safety, efficiency, service quality, while favouring the ecological transition (due to the decarbonisation of end uses) and the reduction of energy procurement costs. The use of artificial intelligence in all Group activities will also drive a new phase of digital transformation of the distribution infrastructure, further accelerating the ecological transition.

Digital transformation also remains the main strategic lever for strengthening activities in the water and energy efficiency sectors. In fact, the Group will continue to work to strengthen its role as a key player in the water sector and to grow in energy efficiency, which is an indispensable tool in achieving its energy transition goals.

The Group's business

The core business of Italgas is focused on gas distribution, which it carries out as part of the wider national system, involving the distribution of gas on behalf of sales companies authorised to sell the gas to end customers. In addition to the delivery service, carried out using the local pipeline networks from the city-gates (reduction and metering stations interconnected with the transmission networks), the company carries out metering activities, which include the collection, processing, validation and provision of consumption data in order to regulate commercial transactions between operators and users.

The operational activities of the gas distribution business are managed by the following subsidiaries:

- Italgas Reti S.p.A. operating nationwide
- Toscana Energia S.p.A. operating in the Tuscany region
- Medea S.p.A. operating in Sardinia
- Enaon, through its subsidiary Enaon Eda operating in Greece.

[19] It includes the Parent Company, direct and indirect subsidiaries, associated companies and joint ventures.

In Italy, Italgas is subject to regulation by the Italian Regulatory Authority for Energy, Networks and Environment (also referred to as the Authority or ARERA), which defines both how to conduct the service and the tariffs for distribution and metering. The gas distribution business is carried out under concession. A similar regulatory activity is carried out in Greece by the public body appointed for this purpose (RAEWW).

The Italgas Group also operates:

- in the management under concession of the integrated water service of 5 municipalities in Campania through Nepta S.p.A. and of 38 municipalities in ATO 4-Lazio Meridionale through the associate Acqualatina S.p.A., in the collection, storage, purification and adduction service in the Region of Sicily through the associate Siciliacque S.p.A., in the collection, purification, adduction and transportation of drinking water in the Region of Campania through Acqua Campania S.p.A;
- in the energy efficiency services sector through Geoside S.p.A., its ESCo (Energy Service Company) specialised in energy consulting and the supply of energy services to both the private residential and industrial sector and the public administration sector.
- in Information Technology activities, through Bludigit S.p.A., a company in which all the Italgas Group's IT activities have been concentrated, offering proprietary digital solutions, making the skills and digital solutions developed in-house available to other operators both in the energy sector and in other sectors.

1.2 External context, markets and Italgas stock

Challenges related to energy transition, competitiveness and energy security have been increasingly at the centre of the international energy debate in recent years. In a context of increasing geopolitical instability and volatility of energy production from traditional renewable sources (e.g. wind and solar), exacerbated by the effects of climate change, it is necessary to find balanced solutions that can simultaneously guarantee the achievement of the “Net Zero” target while preserving the competitiveness and security of the system. In this context, Italgas has demonstrated an exceptional capacity for adaptation and resilience, guaranteeing continuity of service and security for all customers served, due also to its capacity for innovation and the digital transformation of processes, assets and people that began in 2017, while creating the conditions to support the ecological transition through various energy efficiency initiatives and the development of technologies capable of accommodating increasing shares of renewable gas. With an overall performance of more than 100% since its listing (in terms of total shareholder return), Italgas has shown itself capable of continuing its development and transformation, supporting the country’s economic landscape, contributing to the economic recovery thanks to important investments, playing a lead role in the energy transition. The year 2024 marked a fundamental turning point for Italgas and the gas distribution market in Italy, with the historic announcement of the agreement to acquire 2i Rete Gas and the creation of a European leader in gas distribution, further strengthening the commitment to the digital transformation of infrastructure to support the energy transition, for the benefit of the entire country.

Macroeconomic scenario and market trends

The year 2024 saw the consolidation of the trends already observed from the previous year, characterised by a progressive reduction in inflationary pressure and an easing of restrictive monetary policies by the main Central Banks, in a context of growing geopolitical uncertainty.

Macroeconomic data confirmed substantial resilience in global growth, driven mainly by the United States and emerging countries such as India, China and Brazil, while a slowdown in growth was observed in Europe, although still in positive territory. Political uncertainty in Europe, which began with the government crisis in France and was followed by Germany in the final months of the year, negatively impacted European markets, which underperformed the US and Asia.

The decline in interest rates on the main government bonds benefited from the easing of the restrictive monetary policies applied by Central Banks from 2022 onwards to cope with rising inflation. In fact, between September and December 2024, the Federal Reserve Bank (FED) cut rates by 100 bps, bringing the Fed Fund Rate (interbank rate) to 4.25-4.50%, in line with market expectations. The European Central Bank (ECB) followed a similar strategy to the Fed between June and December, taking its refinancing and deposit rates to 3.15% and 3.0% respectively, down 135 bps and 100 bps respectively.

Over the course of the year, the BTP-Bund spread gradually narrowed, partly due to the relative political stability and the resilience of macroeconomic data, in contrast to the growing political uncertainty and economic slowdown that characterised the core Eurozone economies. The yield on ten-year Italian government bonds reached 3.52% at the end of the year, the lowest since 2022, while the spread compared to German government bonds of the same maturity stood at 1.16%, close to the lowest in 10 years.

The combination of the escalation of the Russia-Ukraine conflict, with Russia's decision to block all gas export flows through Ukraine, and a winter characterised by cold temperatures and wind scarcity in Northern Europe, was reflected in a reduction of gas storage to the lowest levels since the outbreak of the conflict in Ukraine, bringing it more in line with historical averages. This led to an increase in gas prices in Europe (TTF) back to their highest level since early 2023. In fact, at the end of 2024, the TTF closed at 48 €/Mwh, up more than 50% compared to the levels at the end of 2023.

By contrast, the price of oil remained substantially unchanged. After an initial rise in the first half of the year supported by the decision by OPEC+ countries to extend production cuts, reaching highs at the beginning of April, European Brent futures fell back to close, in the region of 74 dollars per barrel, in line with prices at the beginning of the year, following fears of a slowdown in Chinese growth in 2025.

The gradual slowdown and normalisation of growth, coupled with the substantial price stability of most major commodities (energy and non-energy) for much of the year, contributed to a further slight reduction in inflation levels in the Eurozone. Inflation stood at 2.4% in December 2024 compared to 2.9% in the previous year. A similar dynamic was seen in the US, where the inflation rate fell from 3.4% to 2.9% over the same period.

Political and economic developments over the course of 2024 contributed to the depreciation of the euro against both the US dollar (EUR/USD from 1.1039 to 1.0407, down 5.7%) and the pound sterling (EUR/GBP from 0.86691 to 0.82916, -4.4%).

2024 Trend and Italgas share

During 2024, the Stoxx Europe 600 index appreciated by 9.6%, while the US S&P 500 index rose by +25.0% (taking into account total shareholder return performance for both indices, adjusted for the detachment and reinvestment of dividends). This directly reflects the evolution of the macroeconomic environment during the year, characterised by the gradual slowdown of growth in Europe and the substantial resilience of the US economy, contrary to initial expectations, as well as the US market's increased exposure to the technology sector, which benefited from the growing interest in recent developments related to generative AI.

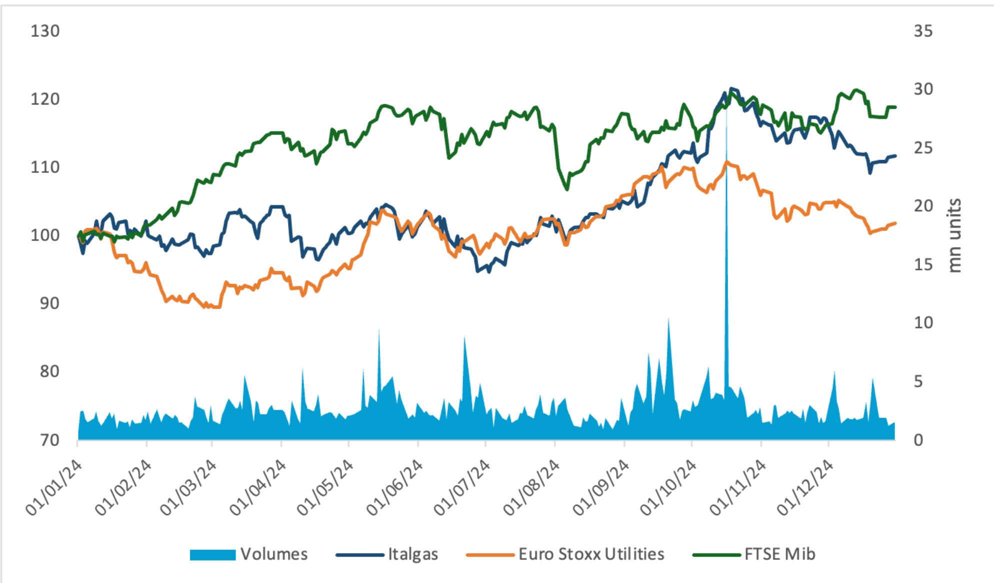
At the country level, with an increase of 18.9%, the FTSE MIB was among the best European national indices, partly due to greater exposure to the banking sector, which benefited from interest rate dynamics, and lower risk perception, reflected also in the contraction of the spread of government bonds. Among the major European indices, the FTSE MIB was preceded only by the Madrid IBEX 35 index (+20.0%), while outperforming all other indices including the Frankfurt DAX (+18.8%) and the Paris CAC (+0.9%).

At sector level, the Euro Stoxx Utilities rose 2.5 %, underperforming the European market. This is mainly due to the uncertainty surrounding the expected reduction in interest rates in 2025, which has a major impact on the valuations of securities in this sector, in addition to the instability of the European political environment following the government crises in some key countries such as France and Germany, which is also reflected in the increased uncertainty surrounding the region's future energy strategy. During the year, integrated utilities were once again the best performers supported by the normalisation of commodity prices and the consequent recovery of trading margins, in line with the previous year. Conversely, the uncertainty related to the outcome of the US elections negatively impacted the companies most exposed to generation from renewable sources. With regard to the other Eurozone sectors, the banking sector (+35.4%) was among the best performers, followed by the insurance sector (+24.6%), driven by the resilience of the macroeconomic scenario and the evolution of interest rates during the year. Among the worst performers in 2024 were the Food & Beverage (-9.8%) and Basic Resources (-7.7%) sectors, negatively impacted by the deflationary trend in commodity prices, and the Car sector (-6.8%), which in Europe is suffering from the impact of the progressive electrification imposed by the EU and increasing competition from emerging Chinese manufacturers.

Italgas shares closed 2024 at 5.41 euros, up 11.7%, adjusted for the payment of 0.352 euros dividend per share in May. From the date on which it was listed in November 2016 to the end of 2024, the total shareholder return is 102.7%.

During the year, the average daily trading volume of the Italgas stock on the electronic market of the Italian Stock Exchange was over 2.8 million shares.

Comparison of the quotes Italgas, FTSE MIB and EURO STOXX Utilities (1 January 2024 - 31 December 2024, figures adjusted for dividends)



1.3 Ownership structure

The share capital of the Company as at 31 December 2024 consisted of 811,242,309 shares without par value, giving a share capital value of 1,003,843,958.76 euros.

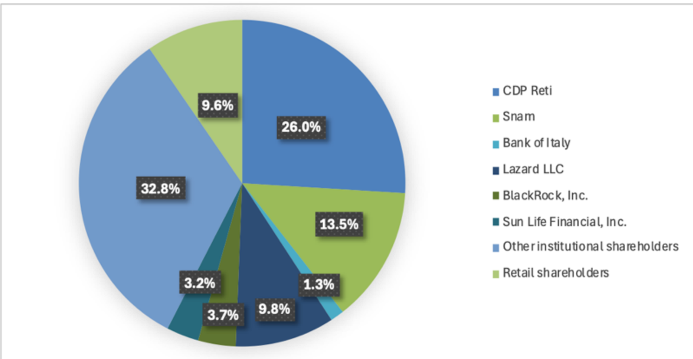
As at 31 December 2024, based on the shareholders' list, the information available and the notices received pursuant to Article 120 of the Consolidated Finance Act, the owners of significant equity investments are represented below.

CONSOLIDATING COMPANY	SHAREHOLDERS	% OWNERSHIP
. Italgas S.p.A.	CDP Reti S.p.A (*) (**)	26.0
	Snam S.p.A.	13.5
	Lazard LLC	9.8
	Blackrock Inc..	3.7
	Sun Life Financials	3.2
	Banca D'Italia	1.3
	Other institutional shareholders	32.8
	Retail shareholders	9.6

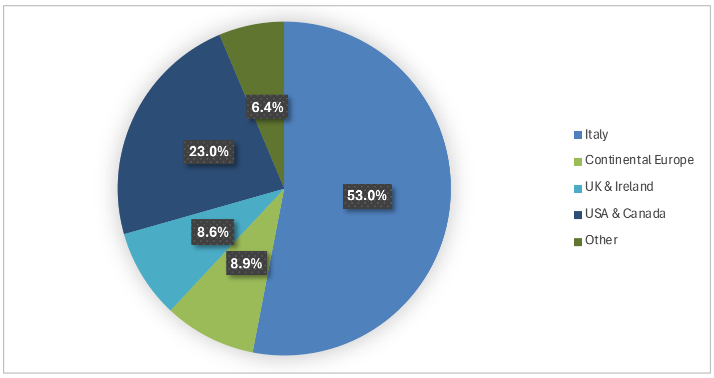
(*) On 1 August 2019 the Board of Directors of CDP S.p.A., also with a view to considering the control guidelines contained in Consob Communication no. 0106341 of 13 September 2017, reclassified its equity investment in Italgas as de facto control pursuant to Article 2359, subsection 1, no. 2) of the Italian Civil Code and Article 93 of the TUF, exercising control through CDP Reti with, at the time, a 26.05% equity holding and through Snam with, at the time, a 13.50% equity holding. CDP does not exercise management and coordination activities over Italgas pursuant to Article 2497 et seq. of the Italian Civil Code.

(**) A shareholders' agreement between Snam, CDP Reti and CDP Gas was signed on 20 October 2016, effective from the date of the demerger of Italgas S.p.A. on 7 November 2016. With effect from 1 May 2017, CDP Gas was merged into CDP. Subsequently, on 19 May 2017, CDP sold to CDP Reti, inter alia, its equity investment in Italgas S.p.A., equal to 0.969% of Italgas S.p.A.'s share capital. CDP Reti is 59.1% owned by CDP, 35% by State Grid Europe Limited - SGEL, a company of the State Grid Corporation of China group, and 5.9% by a number of Italian institutional investors. On 1 August 2019, the shareholders' agreement was further updated to take account of the aforementioned re-qualification of the shareholding. The shareholders' agreement is for three years and is automatically renewed for further three-year periods, unless one of the parties gives 12 months' notice. Given such forecast, in November 2019 and November 2022 the shareholders' agreement was renewed. On 21 March 2023, Snam and CDP Reti signed an amendment to the Italgas Shareholders' Agreement.

Italgas Shareholders by type of investor

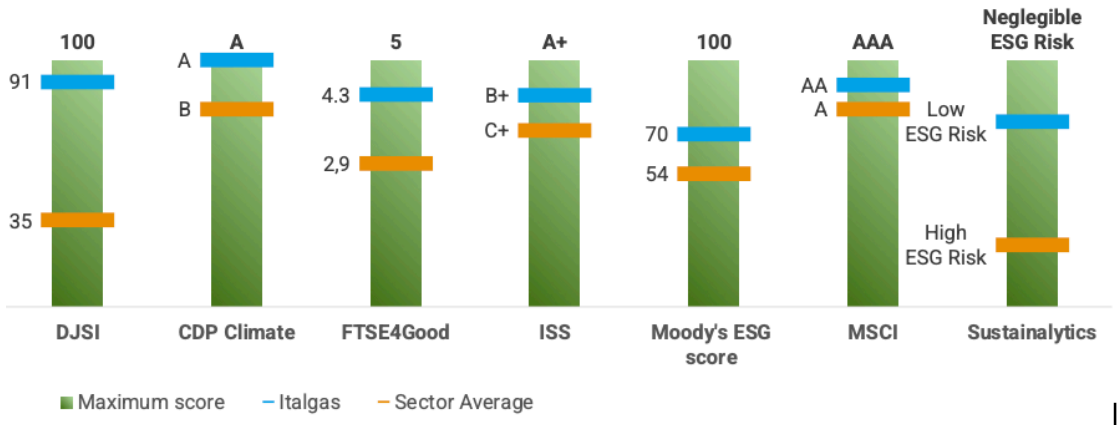


Italgas Shareholders by geographical area



1.4 SRI indexes and ratings[20]

The integration between the Strategic Plan and the Sustainable Value Creation Plan is reflected in the commitment to improving all aspects of sustainability, from combating climate change to generating shared value for all stakeholders. The Group's efforts in this area were again recognised in 2024 by the main sustainability rating agencies. Indeed, during the year Italgas confirmed its position at the top of its sector, allowing its shares to be included in numerous SRI indices that group together listed companies from all over the world that stand out for consistently achieving high performance in the area of sustainability.



In terms of results achieved, in December, Italgas was included for the fourth consecutive year in the Dow Jones Sustainability Index Europe and for the sixth consecutive year in the Dow Jones Sustainability Index World. With a rating of 91 points out of 100 (score date 13 December 2024), Italgas ranked first in the Gas Utilities Sector for the third consecutive year for the rating obtained in the S&P Global Corporate Sustainability Assessment (CSA) questionnaire. Furthermore, in February 2025 Italgas was also reconfirmed in the Sustainability Yearbook and included in the "Top 1% S&P Global ESG Score" category.

Italgas continues to be recognised by the CDP (Carbon Disclosure Project) among the companies that stand out internationally for the strategies and actions implemented to combat climate change. Also in 2024, the Italgas Group was confirmed in the "A-list", among the leaders in the fight against climate change (result based on data acquired through the "Climate Change 2024" questionnaire); regarding the "Water security" section of that questionnaire, the Group obtained a B rating.

Since 2017, Italgas stock has been included in the FTSE4Good index series. The 2024 review resulted in a sustainable performance rating for Italgas of 4.3 points (out of a maximum of 5), in line with the previous result, confirming Italgas above the average of Italian companies and above the average of its sector internationally.

In April 2024, the MSCI agency in its annual assessment confirmed the sustainability rating of "AA" for Italgas (MSCI ESG Rating), while the ISS (Institutional Shareholder Services) agency assigned a rating of B+ and Prime rating status for Italgas as part of the ISS ESG Corporate Rating. For ISS, Italgas remains the top utility company in the sector.

In October 2024, Sustainalytics confirmed Italgas' low-risk rating, assigning an ESG Risk Rating of 14.6, an improvement from 16.9 last year (a lower score indicates lower risk). This confirms the assessment of "Low risk" of experiencing material financial impacts from ESG factors. In the same month, Moody's ESG Solutions recognised Italgas' commitment to sustainability, improving the assigned score by one point compared to the

[20] Socially Responsible Investing (SRI).

previous year, bringing it to 70/100. The trend was mainly driven by the actions implemented and the additional commitments made by the Group in the environmental, social and governance fields. In the same month, GRESB also confirmed its A rating for Italgas in the 2024 GRESB Public Disclosure Report, for the quality of ESG disclosure.

As of October 2021, Italgas' stock was included in the MIB ESG Index, the first blue-chip index for Italy dedicated to Environmental, Social and Governance (ESG) best practices of Borsa Italiana. Italgas is also listed in the two Euronext Eurozone ESG Large 80 and Euronext Sustainable Europe 120 Indexes. Italgas shares are also included in the ESG indices of MSCI, Bloomberg, Morningstar and Stoxx, among others.

2. Governance and risks

2.1 Governance

The elements underlying Italgas' governance system are highlighted below. More information is provided in the "CSRD" chapter below and is published annually in the Investors section on governance on Italgas' website (https://www.italgas.it/en/investitori/governance/governance-italgas/).

Italgas has adopted the so-called traditional administration and control system[21], which envisages the presence of the Board of Directors and Board of Statutory Auditors, in office for three financial years, as well as the Shareholders' Meeting and the Independent auditing firm. The corporate governance system is defined by the Board of Directors in compliance with the provisions of the Italian Civil Code, the regulations to which the Company is subject as a listed Issuer, the unbundling regulations, and the Corporate Governance Code of Borsa Italiana S.p.A., with reference to national and international best practices.
The Corporate Governance Code places growing attention on sustainability issues and requires the Board to guide the company in the pursuit of "sustainable success", creating long-term value for shareholders while considering the interests of stakeholders, rather than shareholders, who have a significant role in guaranteeing the long-term sustainability of the market sector in which the company operates.
For more information please refer to the Report on the Corporate Governance and Ownership Structure of Italgas for the 2024 financial year ("Corporate Governance and Ownership Structure Report"), drawn up pursuant to Article 123-bis of Italian Legislative Decree no. 58 of 24 February 1998 ("TUF") and published on the Company's website https://www.italgas.it.

Independent auditing firm

External auditing is entrusted in accordance with the law to an independent auditing firm entered in the relevant register and appointed by the Shareholders' Meeting on the reasoned proposal of the Board of Statutory Auditors. The assignment for the period 2020-2028 was awarded to the independent auditing firm Deloitte & Touche S.p.A. by the Shareholders' Meeting of 12 May 2020.

As statutory auditor, Deloitte & Touche S.p.A. also prepares the declaration of conformity on sustainability reporting in accordance with the provisions of Article 11 subsection of Legislative Decree no. 39/2010.

Shareholders' agreements

As regards the shareholder agreements pursuant to Article 122 of the TUF of which Italgas is aware, two shareholder agreements are currently in force, i.e. the Italgas Shareholders' Agreement, entered into on 20 October 2016 by Snam S.p.A., CDP Reti S.p.A. and CDP Gas S.p.A., and the SGEL Shareholders' Agreement, entered into by CDP S.p.A., State Grid Europe Limited and State Grid International Development Limited on 27 November 2014. For further information on shareholders' agreements, see the Corporate Governance and Ownership Structure Report, as well as the relevant section of the Group's website: *https://www.italgas.it/en/investors/title-shareholding/shareholders-agreements/*.

[21] In applying the so-called traditional system of administration and control, the one-tier system and the two-tier system do not apply.

2.2 Risks Management

Italgas has an Internal Control and Risk Management System integrated into the organisational, administrative and accounting structure and, more generally, a corporate governance system that ensures compliance with the laws and company procedures, protects the company assets and contributes to the management of activities, solidifying the accounting and financial data processed.

The Enterprise Risk Management (ERM) Department is tasked with overseeing the Group's integrated business risk management process. The Enterprise Risk Management activities focus on the definition of a homogeneous, transversal model for assessing the risks, identifying priority risks, ensuring consolidation of the mitigation actions and developing a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and the existing international best practices (in particular, the 2017 COSO framework related to Enterprise Risk Management, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and ISO 31000:2018).

The process for the identification, assessment, measurement and management of the risks is carried out periodically, at least once a year, on the basis of the importance of the risk and any changes in context.

The activities directly involve all business departments through dedicated meetings that make it possible to incorporate updates to the information on the description, significance and management of the risks already existing in the portfolio, and the detection of new emerging risks. Risk is assessed using a special assessment scale that sets out the thresholds of relevance for the Group (economic-financial impact dimensions; operational; legal, governance and compliance; environment, health and safety; reputation and market) that allow a “rating” to be assigned to each risk and facilitate their prioritisation.

With reference to strategic risks, the ERM Department, in coordination with all relevant departments, carries out a specific in-depth analysis of risks, opportunities and uncertainties related to the Strategic Plan. The analysis allows estimation of the overall volatility of the defined economic and financial targets and evaluation of the level of resilience of the Strategic Plan. The “Strategic Plan” document, which has been approved by Italgas S.p.A.'s Board of Directors, contains the output of this analysis.

The risks are updated once a quarter, half-year or year, depending on their relevance. The results found in relation to the main risks and related management plans are presented to the Control, Risk and Related Party Transactions Committee at each updating. Moreover, the mapping of risks and the relevant management strategies are presented periodically to the Board of Statutory Auditors and the Supervisory Body of Italgas and to the Boards of Statutory Auditors and the Supervisory Bodies of the Subsidiaries.

The Officer Responsible and the Internal Audit department periodically receive the results of the risk assessments performed by the ERM department.

The reconciliation table below shows the main risks mapped in the ERM process being monitored, the main management methods.

Category	Risk	Description	Main methods of management
Strategic/business-related	Changes in Regulation and legislation	Risk of changes in the regulatory and institutional context in Europe or nationally affecting the natural gas sector. Risk of a penalising update of the rate of return on net invested capital recognised by the Regulator. Focus on Greece: Risk of review by the Greek Regulator of the investment and tariff plans submitted for approval.	- Specific structures for monitoring regulation, legislation and their prospective development plans, including in Europe - Active participation in the consultations called by the Regulator, sharing corporate positions and/or proposals for defining, updating and implementing clear and transparent regulation criteria - Active participation in consultations called by the Italian government or by European community organisations on relevant topics, including Taxonomy - Guidance aimed at defining unified trade positions.
Strategic/business-related	Climate Change	Physical Risk: increased frequency of extremely intense natural events in the places where Italgas operates, with a negative impact on costs, revenues and level of service EMERGING RISK:[22] Physical Risk: an increase in average temperatures in the areas where Italgas operates with a possible negative impact on the number of active re-delivery points served and, consequently, on revenues EMERGING RISK: Transition risk: change in the legal and regulatory environment for greenhouse gases with the aim of limiting emissions, with a negative impact on costs. EMERGING RISK: Transition risk: technological evolution that may have a negative impact on the number of active re-delivery points served with a negative impact on revenues and the level of expected investments EMERGING RISK: Transition Risk: uncertainty of the role of natural gas in the future energy mix with a negative impact on costs, revenues and level of expected investments	- Operational countermeasures as described in the “Service continuity: malfunctioning, accidents or extraordinary events” risk, that mitigate impacts and/or reduce response times in the event of extreme natural events are outlined - Targets for reducing net greenhouse gas emissions[23]: i) by 2030: reduction of Scope 1 & 2 emissions by 42% and reduction of Scope 3 emissions by 33%, compared to 2020 values ii) by 2050, the target of Net Carbon Zero - Target to reduce net energy consumption by 33% by 2030, compared to 2020 values - Use of Picarro Surveyor technology - Process of transforming the network into digital infrastructure to enable the distribution of gases other than methane, such as hydrogen, biomethane and e-gas - Joining the UN Global Compact and UNEP's OGMP 2.0 - Carrying out energy efficiency projects and investments in the water and energy efficiency sectors - Actions intended to promote the development and dissemination of biomethane and power-to-gas technology
Strategic/business-related	Risks associated with the development and awarding of area tenders for the gas distribution service	Risk of not being awarded concessions in the planned areas, or being awarded concessions with less favourable conditions. Risk of higher management costs borne by the Group with respect to its operating standards in case of concessions awarded in ATEMs (Minimum Territorial Areas) previously managed by other operators. Risk of legal and/or arbitration disputes deriving from the complexity of the legislation that governs the expiry of the concessions held by Italgas. Risk that the redemption value of the concessions for which, following the assignment process, a third party is an assignee is lower than the value of the RAB	- The existing legislation states that, in the event of failure to be awarded concessions previously managed, the outgoing operator is entitled to the redemption value for the networks it owns. - Specific procedures that govern the pre-tender activities, including calculation of the redemption value, and participation in area tenders - Monitoring of legislative changes and evaluation of the potential impacts on the tender process - Planning of the Tender calendar and the bidding strategy integrated into the Group’s Strategic Plan. - Critical analysis of the quality of the tender bid and implementation of improvement measures, including through use of external experts, organisations and universities
Strategic/business-related	Worsening of the geopolitical context	Risk of negative changes in the geopolitical context and/or atypical events with potential tensions on the financial markets, impacts on operating continuity and/or on health and safety of staff and/or on the supply chain.	- Group Security Operation Center (G-SOC) and central platform for correlation of information from security systems. - Travel security and operational intelligence platform. - Integrated Security Cloud Command Center and Physical Security Information Management. - With reference to the conflicts in Russia/Ukraine and Israel/Palestine, the following is confirmed: • the absence of production activities and staff located in the countries involved • intensification of controls and monitoring of the supply chain, conforming that there are no first or second level suppliers involved in the areas affected, which impact on the Group’s operating continuity • there are no significant critical aspects in view of the non-renewal by Ukraine of the Russian gas transit agreement.

[22] Risk for which the potential effects for the company and/or sector refer to a medium to long-term time frame.
[23] The targets, approved by the Board of Directors in October 2024, refer to the perimeter of the Group companies consolidated using the line-by-line method as at June 2024, and also include any change in the perimeter due to the acquisition of 2i Rete Gas. They do not include the water service companies acquired in 2023 and which subsequently merged into Nepta, or any future changes as a result of ATEM tenders and M&A transactions.

Category	Risk	Description	Main methods of management
Financial	Credit Risk	Risk of potential losses arising from counterparties failing to fulfil their obligations or delayed payment of amounts owed with negative effects on the financial results and financial position of the Italgas Group	- Rules for user access to the gas distribution service established by the Regulator and set out in the Network Codes, that establish the rules regulating the rights and obligations of the parties involved, and that lay down contractual conditions that reduce the risk of non-compliance, such as the provision of bank or insurance guarantees - Strong reliability of gas distribution customers as at 31 December 2024: • in Italy on average 97.4% of trade receivables are settled on the due date and more than 99.0% within the next 4 days; • in Greece on average 95.0% of trade receivables are settled on the due date and approximately all within the next 4 days.
Financial	Changes in interest rates, inflation and deflation	Risk of fluctuations in interest rates, impacting the market value of the Company's financial assets and liabilities and its net financial expense. The risk that an extended period of inflation lower than the Group's forecasts could have adverse effects in the long-term on the RAB value and expected regulated revenues. Risk of an unexpected increase in the inflation rate with possible adverse effects on expected costs	- Process for the preparation and monitoring of the financial and management plan, control and reporting of Financial Risks - High incidence of fixed-rate financial and bond debts (as at 31 December 2024, 85.4% of the gross financial debt was at a fixed rate and 14.6% was at floating rate) - Mix of external financial resources - Monitoring of the main economic and financial indicators, including financial structure indices used by rating agencies, liquidity indicators and indicators of debt mix/composition, risk indicators of counterparty liabilities, and of certain key parameters, such as the ratio between debt and the RAB.
Financial	Liquidity Risk	Risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the company's future as a going concern	- Countermeasures as described in the "Changes in Interest rate, inflation and deflation" risk - Adequate level of cash held in current accounts and fixed-term deposits with leading banks - The EMTN programme, in addition to funding from the banking system, which presently allows issue of the remaining bonds worth a nominal 4.4 billion euros to be placed with institutional investors
Financial	Credit rating risk	Risk of a downgrade in Italgas' credit rating due to worsening in the economic and financial parameters or due to a downgrade of the rating of the Italian Republic, which, based on the methodologies adopted by the rating agencies, could trigger a downward adjustment in Italgas' rating	- Countermeasures as described in the "Changes in Interest rate, inflation and deflation" risk - Constant dialogue with rating agencies
Financial	Debt covenant and default risk	Risk of failure to comply with financial covenants for existing loans (in some cases only when this non-compliance is not remedied within a set time period, and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values), which could result in Italgas' failure to comply and could trigger the early repayment of the related loan	- Absence of financial covenants and/or collateral in the loan agreements (as at 31 December 2024, there were no loan agreements with these characteristics, except for the EIB loan taken out by Toscana Energia, for an original nominal amount of 90 million euros, which requires compliance with certain financial covenants). - Monitoring of compliance with the following types of contractual clauses: (i) negative pledge undertakings, pursuant to which Italgas and its subsidiaries are subject to limitations regarding the creation of real rights of guarantee or other restrictions concerning all or part of the respective assets, shares or goods; (ii) pari passu and change of control clauses; (iii) limitations on some extraordinary transactions that the company and its subsidiaries may carry out (as at 31 December 2024, these commitments appear to have been respected).
Operational	Anomalies in smart meter performance	Risk of increased levels of malfunctioning of remote-reading meters with lost/failed reading of the use and/or requiring replacement or regeneration	- Adoption of Nimbus, the new generation smart meter (prototype released in November 2023, tested in the field in 2024 and installed on a wide scale from 2025). - Maintenance of an adequate fund to cover malfunctions - Issue of adequate guarantees by suppliers - Resolution ARERA/DINE 01/2023 which requires, for G4/G6 smart meters produced by 2016 and installed by 2018, the recognition of the residual value - Audits on suppliers and supply tests
Operational	Service continuity: malfunctioning, accidents or	Risks of malfunctioning and unforeseeable distribution service disruptions from unintended events, such as accidents, breakdowns or malfunctioning of equipment or control	- Third Party Liability Insurance and Asset Protection coverage - Procedures and systems for emergency management, emergency plans with measures defined to make plants safe and guarantee service continuity

Category	Risk	Description	Main methods of management
	extraordinary events	systems, the underperformance of plants, and extraordinary events such as explosions, fires, earthquakes, landslides or other similar events beyond Italgas' control	- Health and safety procedures, communication campaigns, training and meetings to raise awareness - Command and Control Centre for Plants and Networks (CIR) - Gradual adoption of DANA – Digital Advanced Network Automation – the network command and control system - Smart Maintenance: GIS model for the intelligent maintenance of Italgas networks. - Scheduled gas leakage detection
Operational	*Cyber attacks*	Risks of cyber attacks on the IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things) sectors	- Cybersecurity insurance coverage - Bludigit ISO 27001 certification - Group Policy on Integrated Security, Resilience and Crisis Management, Cybersecurity, business continuity, network and information security, and emergency and crisis management organisational and operational model - Security measures to protect endpoints, access, information - Specific training on cyber risks, common vulnerabilities, phishing and spam and phishing simulations - Secure Product Development Lifecycle process, regular IT and OT vulnerability assessment and penetration tests - Real-time monitoring of IT and OT systems using the Security Information and Event Management (SIEM) - Leading sector suppliers with maximum levels of security defined and monitored -"Cybersecurity Awareness for third parties" - Cyber Threat Intelligence
Operational	Risks associated with the health and safety of people and environmental protection	Risk of incidents and/or injuries involving employees and partner companies Risk that Italgas may incur costs or liability, including to a significant extent, arising from any environmental damage, including in consideration of changes in legislation on protecting the environment and the possible occurrence of disputes. Risks associated with the spread of pandemics or new diseases that have repercussions on health and safety, on the operating context and on the resulting economic and financial framework of reference of Italgas	- Insurance policies for "individuals" (professional and non-professional accidents, death by illness) - HSE system in compliance with the reference standards, certified according to international legislation for aspects of health, safety, environment and energy efficiency - Monitoring of HSE legislation - Digital applications for reporting and recording "near misses" and for waste management - Communication campaigns and HSE awareness meetings, training sessions with suppliers/contractors on HSE topics and for creating standardised operating procedures - Internal procedures providing for specific measures against suppliers/contractors in the event of non-compliance in the HSE field - Audits on contractors during qualification and activities - Activities to promote health and well-being - Specific operating measures that may be activated in the event of a need to minimise contacts With particular reference to reclamation activities: - Specific provision to cover the estimated liabilities in relation to the formalities required by the law in effect - Reclamation process of contaminated sites, which defines the tasks, operating procedures and indications in operations of waste removal, land analysis, establishing safe conditions and/or reclamation of sites contaminated by previous activities - Audits on sites being reclaimed, carried out internally and by third parties
Operational	Risks associated with human resources	Risks associated with the development of human resources, including risk of resources in key roles leaving, lack of technical and specialist know-how, increase in the age of company personnel, drop in the level of satisfaction and/or increase in workplace disputes	- Top Employers certification - Italgas Academy, Training courses in partnerships with universities, Multimedia with group training initiatives in the "Excellence", "People" and "Innovation" areas - Knowledge transfer system - I-Grow Programme and Smart Rotation System - Succession plan for senior roles - Personnel scouting and recruitment process, performance management system and development plans for resources - Italgas Human Rights Policy - Italgas Diversity and Inclusion Policy - UNI/PdR 125:2022 certification for gender equality - Survey on climate extended to all Group employees - Welfare system
Operational	Risks associated with the quality and level of service	Risk of non-compliance of the commercial levels of service for services to sales companies and/or risk of delayed or partial compliance with the obligations assumed, such as execution of the investments plan related to concessions involving obligations borne by the concession holder	- Continuous monitoring of Key Performance Indicators on commercial processes, Operating procedures and instructions for Commercial Management of the Service - Capexforce software for digital oversight of the investment process - Surveys at sales companies - Mapping the existing concession obligations, monitoring and activating for prompt interventions - Constant dialogue with contracting parties

Category	Risk	Description	Main methods of management
Operational	Supply chain risks	Risks associated with the availability and cost of materials, services and supplies, the operating capacity and scalability and the reputational and compliance reliability (including respect for human rights) of the suppliers and contractors of the Group	- Planning of procurement, analysis and monitoring of department KPIs - Supplier qualification process with economic-financial, reputational and ESG audits - On-site, technical and ESG checks for the qualification purposes of Critical/Strategic Suppliers - “Supplier Code of Ethics” - Standardised tender processes and regulations - ESG reward criteria during the tender phase, ESG audits and implementation of the Action Plan - Anti-mafia audits in tender procedures relating to special sectors - Supplier performance evaluation, including in terms of sustainability - Procurement diversification and scouting activities for innovative assets, produced with alternative materials - “Anti-Bribery” and “Cybersecurity” Policy for third parties
Legal and non-compliance	Risk of non-compliance and legislative changes	Risk of non-compliance with legislation at European, national, regional and local level with which Italgas must comply in relation to the activities that it carries out and/or risk of failure to intercept and transpose new regulations falling under the scope of application	- Internal control and risk management system and areas of responsibility defined in terms of compliance - Code of Ethics, Model 231, Policy for the prevention of and fight against corruption, ISO 37001 anti-bribery certification - ISO 37301 compliance system certification - Training for personnel on compliance issues - Analysis and monitoring of the reputational requirements of the Group’s counterparties - “Supplier Code of Ethics”

2.3 Internal control system

In order to ensure the correctness[24], accuracy[25], reliability[26] and timeliness of the information communicated to shareholders and the market, Italgas is committed to promoting and maintaining an adequate Corporate Reporting Internal Control System (hereinafter also referred to as the “SCIS”). The SCIS represents the set of all instruments necessary or useful to guiding, managing and verifying the corporate business.

The Corporate Internal Control System adopted by Italgas and its subsidiaries was defined in accordance with the provisions of the above-mentioned Article 154-bis of the TUF that Italgas is required to ensure compliance with, and is based in methodological terms on the “COSO Framework” (“Internal Control - Integrated Framework”, issued by the Committee of Sponsoring Organisations of the Treadway Commission), the international reference model for the establishment, updating, analysis and assessment of the control system in respect of both financial and non-financial information.

The reference “COSO Framework” for Italgas is updated to May 2013 and this is the last version available.

The design, establishment and maintenance of the Corporate Reporting Internal Control System are guaranteed through scoping, identifying and assessing risks and controls (at corporate and process level, through risk assessment and monitoring activities), and the relevant information flows (reporting).

[24]Reporting reliability: reporting that is correct, complies with generally accepted accounting standards and fulfils the requirements of the applicable laws and regulations.
[25]Disclosure accuracy: error-free information.
[26] Reporting reliability: reporting that is clear and complete that would enable investors to make conscious investment decisions.

The control system structure provides for entity-level controls (CELCs - Company Entity Level Controls) which apply across the entire entity in question (Group/individual company), and process-level controls (PLCs). It also includes pervasive controls performed on the management activities of corporate IT systems (ITGC – Information Technology General Controls) and controls governing the criteria for the segregation of duties and responsibilities of employees (SOD – Segregation of Duties).
The controls, both at the entity level and process level, are subject to regular evaluation (monitoring) to verify the adequacy of the design and actual operability over time. For that purpose, there is provision for ongoing monitoring activities, assigned to the management responsible for the relevant procedures/ activities, as well as independent monitoring assigned to Internal Audit, which operates according to an annual plan agreed with the Officer responsible for the preparation of financial reports (DP), which aims to define the scope and objectives of its actions through concerted audit procedures.

Italgas regulatory system

The Regulatory System is characterised by a tiered structure, corresponding to different types of regulatory instruments. Each regulatory instrument is applied with reference to the processes defined in the map of Group processes.
The By-Laws, Code of Ethics, Model 231, Certified Management Systems and other compliance models constitute the general reference framework of the Group's Regulatory System, because the inspiring principles are recognised as founding principles of the behaviour the personnel of the Italgas Group and, therefore, form part of the general reference framework of the entire Regulatory System. These regulatory tools are part of the efficient handling of the Management and Coordination activities performed by Italgas concerning Subsidiaries and, where envisaged, they are subject to regular delivery to, and/or formal adoption by, the Boards of Directors of the Subsidiaries.
The regulatory system also includes as an integral part thereof, documents belonging to certified management systems in the areas of health, safety, environment, quality, energy, anti-corruption and, finally, integrated compliance, all in accordance with the international ISO standard.
The elements of the Group's Regulatory System are as follows:

Italgas Enterprise System (IES) - constitutes the guide and reference for the Group's organisation and operation;
Policies - regulatory instruments drawn up for specific issues that contain declarations of intent, define reference principles and identify behaviours that each Group company must adopt, share and promote;
Quality Manuals and Plans - regulatory instruments drawn up, where necessary, in accordance with the requirements of the specific reference standard and that describe the processes, activities, reference structure, departments involved and related responsibilities with which the Certified Management Systems achieve their objective and direct their work processes.
Regulations – regulatory instruments that, depending on their specificity, can:

- define regulatory rules across several business processes in order to implement provisions issued, for instance, by the Legislator, independent authorities or Certification Bodies or best practices;
- define, with a more or less operational level of detail, the roles, responsibilities and activities of the various Departments involved in the individual business processes;

Regulatory circulars - regulatory instruments that regulate or expand on specific issues, including those of temporary significance. They provide indications, including of a prescriptive nature, concerning:

- conduct to be adopted in the performance of specific activities typically falling within the competence of a single Department or Business Unit;
- provisions of a contingent/transitory or in any case residual nature that cannot be directly/immediately regulated through dedicated regulations;

The day-to-day implementation of policies is ensured through the general rules dictated by the Italgas Enterprise System and by organisational and regulatory instruments that specify the responsibilities and operating methods to be followed by each process owner. In particular, the responsibility for implementing the commitments is set out in the Organisational Notices within the missions of the individual organisational structures of each Group Company, whereas, the process aspects are incorporated within the individual company procedures on the basis of an intricate map of Group processes.

2.4 Ethics and compliance

The Italgas Group operates on the basis of a Corporate Management System comprising an Organisational System and a Regulatory System that defines roles, responsibilities, powers and rules of conduct to be upheld in going about the corporate business. The Corporate Management System is updated continuously with a view to guaranteeing the effectiveness and efficiency of processes, safeguarding the company's assets and ensuring compliance with legislation, thereby allowing Italgas to also direct the management and coordination of the subsidiaries.
Fairness and transparency in business management are not only aimed at the implementation of a correct management model and dialogue with stakeholders, but also at the prevention of unlawful acts.

The Code of Ethics

On 14 December 2023, the Italgas S.p.A. Board of Directors approved the update of the Code of Ethics (general essential principle of the 231 Model adopted by Italgas and by the Group companies in accordance with Italian Legislative Decree no. 231/2001) in order to optimise the Italgas Group commitment to protecting cultural and landscape heritage.
The Code of Ethics, available on the Company's website, is a collection of the values that the Group recognises, accepts and shares and the responsibilities it assumes within and outside of its organisation. The Code of Ethics recalls the principles of corporate responsibility that must be respected, *inter alia*, in the areas of sustainability, the prevention and fight against corruption, health and safety in the workplace, relations with stakeholders and suppliers, and personal data protection.
The Code of Ethics applies with regard to all "Italgas people", i.e. directors, statutory auditors, management and employees of the Group, as well as all of those who work to achieve its objectives, each within the scope of their functions and responsibilities.
The Supervisory Bodies of each Group company, reporting on a half-yearly basis to the Control, Risk and Related Party Transactions Committee and the Board of Statutory Auditors on the implementation and need for update of the Code of Ethics, are assigned the tasks of "Guarantors" of the Code of Ethics. Furthermore, the Code of Ethics is also subject to periodic external audits carried out by independent bodies on the

implementation of the Company's internal management systems (e.g. Management System for Preventing and Combating Corruption, certified in accordance with UNI ISO 37001:2016).
Since March 2023, the Greek companies Enaon and Enaon EDA have also adopted the Italgas Code of Ethics.

Organisational and management model pursuant to Italian Legislative Decree no. 231/2001

In accordance with Italian Legislative Decree no. 231/2001, Italgas has adopted its own Model 231 aimed at mitigating the risks of committing the offences referred to in the aforementioned decree. Model 231, periodically updated in line with regulatory and/or organisational changes, is intended for members of the corporate bodies, management and employees of Italgas, as well as for all those operating to achieve Italgas' objectives.
The most recently updated version of the Model was approved by the Company's Board of Directors on 20 February 2024 to reflect the current organisational structure and scope of the Company's activities, also in light of the recent corporate acquisitions, and the regulatory changes affecting Legislative Decree no. 231/2001.
In application of its Model 231, Italgas appoints a Supervisory Body consisting of three external members, one of whom, acting as Chairperson, was chosen from scholars and professionals with proven expertise and experience on legal, corporate and economic issues and corporate organisation.
The term of office of members of the Supervisory Body is aligned with that of the Board of Directors which appointed them. The term of office of the members expires on the date of the Shareholders' Meeting called for the approval of the financial statements for the last year of their office, although they continue to carry out their functions over the ad interim period, until new members of the Supervisory Body are appointed.
Each subsidiary adopts and updates its own 231 Model (available for consultation on the website), taking into account the indications and implementing methods defined by Italgas S.p.A..

Certified management systems and accreditations

For Group companies, Italgas promotes the adoption of Management Systems structured and implemented according to the requirements of the international standards of reference. Commitments to these topics are expressed in the related corporate policies in order to inspire activities and conduct in specific regulatory and market contexts.
The Management Systems of the Group Companies pursue continuous improvement in the following main areas:

- the ability to regularly provide products and services that meet the applicable mandatory requirements and customer requirements while improving satisfaction levels;
- their environmental performance with a view to protecting the environment;
- the prevention of accidents and work-related diseases by providing safe and healthy workplaces and guaranteeing the health and safety of people (employees, end customers, contractors, etc.);
- their energy performance by promoting the efficient use of energy, while reducing consumption and optimising its end use;
- activities and measures to prevent and combat corruption, to manage integrated compliance and the whistleblowing system;
- measures to ensure gender equality in the workplace;

- measures and controls to ensure information security.

To verify compliance of the Management systems with the requirements set by the standards, Italgas uses the DNV Certification Body, which, in 2024, carried out the relevant audits and issued the relevant certificates, or the relevant maintenance. The Companies' accreditations, or of some sectors of such, are verified and issued by ACCREDIA (single accreditation entity).

According to their corporate purpose and business activities, Italgas Group companies hold the following certifications, attestations and accreditations as of 2024:

CERTIFICATIONS, ACCREDITATIONS AND ATTESTATIONS OF ITALGAS S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company/Group	UNI ISO 37001	2018
Company/Group	UNI ISO 37002	2024
Company	UNI ISO 37301	2024
Company	UNI PdR 125	2023

CERTIFICATIONS AND ACCREDITATIONS OF ITALGAS RETI S.p.A.		
Degree of certification/accreditation coverage	**Reference standard**	**Year of first certification/accreditation**
Company	UNI CEI EN ISO 50001	2012
	UNI EN ISO 14001	2001
	SOA	2001
	UNI ISO 45001	2019[27]
	UNI EN ISO 9001	1996
	UNI ISO 37001	2018
Calibration laboratory	UNI CEI EN ISO/IEC 17025	2009
Test laboratory	UNI CEI EN ISO/IEC 17025	1994
Type C Inspection Body	UNI CEI EN ISO/IEC 17020	2014

CERTIFICATIONS, ATTESTATIONS AND ACCREDITATIONS OF TOSCANA ENERGIA S.p.A.		
Degree of certification/accreditation coverage	**Reference standard**	**Year of first certification/accreditation**
Company	UNI CEI EN ISO 50001	2017
	UNI EN ISO 14001	2003
	UNI ISO 45001	2019[28]
	UNI EN ISO 9001	1998
	UNI ISO 37001	2020
	UNI ISO 37002	2024
	SOA	2001
Type C Inspection Body	UNI CEI EN ISO/IEC 17020	2016

CERTIFICATIONS OF MEDEA S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	UNI CEI EN ISO 50001	2021
	UNI EN ISO 14001	2021

[27]Since 2001 for the former reference standard OHSAS 18001
[28]Since 2003 for the former reference standard OHSAS 18001

	UNI ISO 45001	2021
	UNI EN ISO 9001	2021[29]
	UNI ISO 37001	2020
	UNI ISO 37002	2024

CERTIFICATIONS OF NEPTA S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	UNI CEI EN ISO 50001	2021
	UNI EN ISO 14001	2021
	UNI ISO 45001	2020
	UNI EN ISO 9001	2020
	UNI ISO 37001	2020
	UNI ISO 37002	2024

CERTIFICATIONS AND ATTESTATIONS OF GEOSIDE S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	UNI CEI EN ISO 50001	2022
	UNI EN ISO 14001	2021
	UNI ISO 45001	2021
	UNI EN ISO 9001	2021[30]
	UNI ISO 37001	2020
	SOA	2022
	UNI ISO 37002	2024
	UNI CEI 11352	2015
	F-GAS (Italian Presidential Decree 43/12)	2013
	UNI PdR 125	2024
	SA8000	2007

CERTIFICATIONS OF BLUDIGIT S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	UNI ISO 45001	2022
	UNI EN ISO 9001	2022
	UNI CEI EN ISO IEC 27001	2023
	UNI ISO 37001	2022
	UNI ISO 37002	2024

The Enaon Group adapted its Integrated Management System following the merger of the Distribution Companies, in accordance with the requirements of the international standards of reference and the legal and regulatory requirements, as well as taking into account its own operational needs. The following table shows the certifications held by Enaon and Enaon EDA:

CERTIFICATIONS OF ENAON S.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	ELOT[31] ISO 37001	2024

[29] Since 2014 for the Sassari site only
[30] Since 2014 for the Bologna site only
[31] Hellenic Organisation for Standardisation

CERTIFICATIONS OF ENAON EDA S.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	EN ISO 9001	2023
	ELOT EN ISO 14001	2023
	ELOT ISO 45001	2023
	ELOT EN ISO 50001	2023
	ELOT ISO 37001	2023

For newly acquired water associates, the relevant certifications are listed below:

CERTIFICATIONS OF ACQUA CAMPANIA S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	UNI EN ISO 9001	2001
	UNI EN ISO 14001	2024
	UNI ISO 45001	2017
	UNI CEI EN ISO 50001	2020

CERTIFICATIONS OF ACQUALATINA S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	UNI EN ISO 9001	2006
	UNI EN ISO 9001 (legal)	2017
	UNI EN ISO 14001	2010
	UNI ISO 45001	2019
	UNI CEI EN ISO 50001	2017
	UNI ISO 37001	2019
	UNI CEI EN ISO/IEC 17025	2018

CERTIFICATIONS OF SICILIACQUE S.p.A.		
Degree of certification coverage	**Reference standard**	**Year of first certification**
Company	UNI EN ISO 9001	2007
	UNI EN ISO 14001	2012
	UNI ISO 45001	2009
	UNI CEI EN ISO 50001	2011
	UNI CEI EN ISO/IEC 17025	2019

Anti-corruption

The Italgas Group prohibits and actively cooperates in preventing and opposing, without exception, any form of corruption, public or private, active or passive, direct or indirect, both nationally and internationally.
In this context, Italgas adopts and implements specific measures to prevent and combat corruption risks potentially connected to company activities, including:

- the Model 231;
- the management System for preventing and combating corruption in compliance with the UNI ISO 37001:2016 standard ("Anti-Corruption System");

– the Corporate Compliance Policy, which defines, among other things, the objectives and principles of the Anti-Corruption System;
– the Standard for the prevention of and fight against corruption that provides a systemic overview of reference of the regulatory tools adopted by Italgas to prevent and fight corruption;
– the Compliance Standard "*Reports received by Italgas and its Subsidiaries*" which governs the process for handling reports, including anonymous reports.

Adherence to and compliance with the anti-corruption measures adopted by Italgas is required of all stakeholders with whom the Group has relations, including employees, suppliers, intermediaries, business partners etc.
During 2024, no incidents of corruption were recorded.

Whistleblowing

Italgas S.p.A. and the subsidiaries Italgas Reti, Toscana Energia, Medea, Geoside, Bludigit, Nepta and the jointly controlled company Metano Sant'Angelo Lodigiano, were awarded a certificate of compliance of the Whistleblowing Management System with technical standard UNI ISO 37002:2021 on 18 September 2024 by the certification body DNV-GL Business Assurance Italia S.r.l.
This award certifies compliance with regulations and best practices and demonstrates the Group's ongoing commitment to a corporate culture based on transparency, ethical governance and the prevention of illegal activities.

Compliance

Italgas S.p.A. achieved certification of its Compliance Management System pursuant to technical standard UNI ISO 37301:2021 on 17 December 2024, awarded by certification body DNV-GL Business Assurance Italia S.r.l.
The Management System implemented allows Italgas to adopt a structured and integrated approach to the management of risks of non-conformity and non-compliance, in relation to all areas of compliance identified, so that company activities can take place in accordance with the applicable legislation.

Conflict of Interest

The Board of Directors periodically assesses the independence and integrity of the Directors and verifies that there are no grounds for ineligibility and incompatibility. On 14 June 2021, Italgas' Board of Directors updated a procedure which establishes the principles and rules which Italgas and its Subsidiaries should adhere to in order to ensure the transparency and essential and procedural correctness of transactions conducted by Italgas Group companies with related parties or "parties of interest" (the "Italgas Related-Party Transactions Procedure"). For more details, please refer to the Corporate Governance and Ownership Structure Report.

Antitrust

In 2016, the Italgas Group adopted instruments intended to disseminate the culture of compliance in relation to antitrust and consumer protection, including:

- the Antitrust Code of Conduct;

- the Antitrust Unit (within the legal department).

Due to the evolution of the Italgas Group, on 27 July 2020, the Board of Directors approved the update of the “Antitrust” Compliance Standard.

The Antitrust and Consumer Protection Manual is attached to the Antitrust and Consumer Protection Code of Conduct, which provides an overview of the most important decision-making practices of the Italian Competiton Authority.

The evolution of the Italgas Group, the organisational changes, as well as the regulatory and judicial changes that have occurred over the years led Italgas to initiate further activity to review and update the mapping of antitrust risks, conducting interviews with some managers of internal departments that were deemed to be more exposed to the risk of relevant antitrust conduct.

In December 2024, the Antitrust Code of Conduct and the Antitrust Manual were updated in line with regulatory/legal developments and the results of the risk assessment conducted.

Integrated security

The Group has a security system characterised by an active protection approach that can involve and correlate all corporate events from different domains and areas, with the aim of preventing, acknowledging and mitigating potential security incidents (including cyber incidents) from simple signals and evidence.

The Group developed an approach that enables for the integrated management of different information levels and, in particular:

- The level of digital data and information infrastructures (Logical Domain), relating to all the technical and organisational safeguards aimed at safeguarding the confidentiality, integrity and availability of information;
- The level of material assets an staff (the “Physical Domain”) or rather the set of measures, controls and solutions whose aim, is to guarantee suitable protection of the Group’s people and infrastructures (offices and operative sites);
- The level of information (the “Information Domain”) related to all measures that analyses seek to collect, manage and distribution information and instructions for the protection of the organisation’s reputation, assets and for personal safety.

A specific example of this vision of security is the new Italgas centre called ISC, Integrated Security Cloud Command Centre, located within the Turin Largo Regio Parco 9 site and in the Disaster Recovery facility located at the Rome Monte Mario site.

In 2024, Italgas developed the Dynamic Risk Layer, which uses an artificial intelligence algorithm capable of informing the company population about the urban context and having a forecast analysis of areas at risk of energy fraud in order to protect the Group's business.

Cybersecurity

The Italgas procedures establish that at least once a year, the Chief Security Officer (CSO) shall report to the Board of Directors and Control Bodies on the level of conformity with national and international regulations on cybersecurity and the corporate policies on technical-organisational measures able to manage risks and prevent cyber incidents.

Italgas implements procedures and technical controls to allow internal and external staff to connect remotely and securely, and to protect access and digital identities.
The Group guarantees 24-hour monitoring and management of security events through a Next Generation Security Operation Centre (Next Generation-SOC), which also guides and supports the incident management process according to established industry practices.
The Security Operation Centre is constantly working to improve security monitoring activities. In the last two years, Italgas has:

- Implemented a Dynamic Threat Map, for real-time monitoring of attack vectors on the exposed digital perimeter;
- Implemented new features and capabilities to protect sensitive data inside and outside company premises in order to protect against unauthorised access or the transmission of confidential information;
- Adopted a platform that simulates different types of attacks in an automated manner to detect breach points within company perimeters;
- Implemented mechanisms for the authentication of e-mail messages.

In line with digital transformation initiatives and with respect to information and data management, the Group conducts training courses and awareness sessions on cyber risks to all staff and suppliers.
In the last three years (2022-2024), there were no cybersecurity incidents that generated data breach events or compromised corporate systems. As a means of greater protection, Italgas has an insurance policy to cover cyber incidents.
The maturity level of its cyber security and supplier chain is constantly monitored through cyber security rating and risk exposure services; the Group also consolidated Enaon's security level, aligning its Greek rating with the Italian one.
In relation to the management of so-called “Third Parties”, Italgas defines the information security requirements necessary to limit the risks associated with access to information. Italgas also regulates supplier access to equipment used for processing information, implementing adequate security controls.
In order to consolidate the public-private collaboration network, Italgas systematically holds meetings with government authorities and defined memorandums of understanding with the Postal Service Police (CNAIPIC) and the national CSIRT; since 2021, it has been a member of the European Cyber Security Organisation (ECSO) in order to implement and strengthen its collaboration with the EU Commission, the European Union Agency for Cybersecurity (ENISA), Competence Centres and academia.

Information and personal data security

Since 2018, Italgas has standardised the roles and responsibilities regarding the protection of personal data processed as part of its corporate activities through the adoption of a specific Organisational Model and has appointed a Data Protection Officer. With a view to accountability, Italgas has defined its own Data Protection policy in a compliance standard and regulated the main data protection activities in the Data Protection Manual, which was integrated and updated in 2024. There is also a specific document dedicated to data breach management. Furthermore, with reference to the provisions of Article 28 of the GDPR, all contractual agreements with suppliers that process personal data on behalf of Italgas include a specific “Data Protection Agreement”.

The Data Protection Organisational Model is integrated into the internal control and risk management system of the Italgas Group.
All the Subsidiaries have defined and approved, and implement their own Data Protection Model, based on the one defined by Italgas, adapted taking into account the specificities of each company. In particular, in 2024 the Data Protection Model was also adopted by the Group's Greek companies and by Acqua Campania.
During the three-year period (2022-2024), Italgas updated its information mapping and classification process with the aim of implementing differentiated data protection strategies regarding the characteristics of confidentiality, integrity and availability of data.
Bludigit's information security management system is certified to ISO/IEC 27001:2022, and is therefore compliant with the requirements of the main international standard of reference on information security.
With reference to all Italgas Group companies, in the 2022-2024 three-year period, no data breach reports or requests of any kind were received from the Protection Authority; no penalties were applied with reference to violations of personal data protection regulations.
Italgas carries out audits to verify the degree of adequacy of its Data Protection Organisational Model in terms of compliance with applicable regulations. This activity is carried out through third-party audits, Internal Audit and other surveillance activities, which are directly undertaken by the DPO.
Finally, at least once a year the Group Chief Security Officer reports to the Board of Directors and the Control Bodies on the context of cyber risks, the level of compliance with national and international regulations, and the technical-organisational measures adopted.

3. Operating performance

3.1 Main events

Extraordinary transactions and area tenders[32]

- On 5 October, Italgas announced that F2i SGR S.p.A. and Finavias S.à r.l. accepted the binding offer relating to the purchase of their shareholding in 2i Rete Gas S.p.A., Italy's second largest gas distribution operator, and the related purchase and sale contract was signed (SPA, Share Purchase Agreement). The positive outcome follows the start of exclusive negotiations announced to the market on 13 May 2024.
  The consideration (equity value) of the transaction was agreed at 2.060 billion euros. Net financial debt and other net liabilities as at 31 December 2023 (the reference date under the so-called “locked box” mechanism) amounted to 3.246 billion euros.
  The transaction is expected to close following receipt of the necessary regulatory approvals.
  Italgas will meet the payment of the consideration through recourse to a bridge loan, which will also be refinanced by means of a nominal 1 billion euros capital increase, with the aim of reducing leverage following the acquisition and maintaining its current rating profile.
- As part of the Group’s development in the water industry, on 30 January 2024, Italgas completed its acquisition from Vianini Lavori S.p.A. of 47.8% of Acqua Campania S.p.A.. In addition, on 24 April 2024, a further acquisition of 47.9% of the same company held by the Veolia Group was finalised, bringing its total holding to 96.23%.
- Following the award of the tender in 2020 and the signing of the Service Contract, the transfer of the management of the natural gas distribution networks of the Belluno ATEM to Italgas Reti was made official on 1 February 2024. The concession has a duration of 12 years and provides for the implementation of an important investment programme totalling approximately 135 million euros.
- In November 2024, Italgas Reti was officially awarded the tender for the assignment of the gas distribution service in the CATANZARO – CROTONE Territorial Area, which includes 107 municipalities and a total of 109 thousand redelivery points. In its offer, the company envisaged an investment of 165 million euros intended to extend the network by 174 km to serve approximately 8,000 new users, and upgrades and interconnections for approximately 100 km.
- Following the award of the tender in 2023 and the signing of the Service Contract, the transfer of the management of the natural gas distribution networks of the La Spezia ATEM to Italgas Reti was made official on 13 November 2024. The concession has a duration of 12 years and provides for the implementation of an investment programme totalling approximately 230 million euros.

Rating and optimization of the debt structure

- On 1 February 2024, as part of its EMTN Programme renewed by resolution of the Board of Directors on 29 September 2023, Italgas successfully completed the launch of a bond issue maturing on 8 February 2029, with a fixed rate and for a total amount of 650 million euros, with an annual coupon of 3.125%.

[32] For more details, see the section on “Municipal territories under concession and tenders for territorial areas”.

On 24 September 2024, Italgas also completed the market launch of a bond issue in the amount of 350 million euros, reopening the aforementioned bond already in circulation. The placement was aimed at institutional investors only and the bonds are listed on the Luxembourg Stock Exchange.

- On 8 March 2024, Italgas signed a 600 million euros Sustainability Linked Revolving Credit Facility with a pool of leading financial institutions with a maximum maturity of five years.
- On 5 October 2024, Italgas signed a loan agreement, by virtue of which J.P. Morgan Chase Bank, N.A. – Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company – Milan Branch, Citibank N.A. – Milan Branch, Morgan Stanley Bank AG and Société Générale – Milan Branch, undertook to grant a credit facility denominated in Euro and in the amount of 2,000 million euros, intended for the total or partial payment of the consideration for acquiring 2i Rete Gas.
- On 9 October 2024, the rating agency Fitch confirmed the long-term credit rating of Italgas S.p.A as BBB+, with Stable outlook. The rating confirmation follows the agreement reached for the acquisition of 2i Rete Gas S.p.A, and reflects the improved business risk profile of the combined entity, the expected funds from operations (FFO) net leverage in line with the current rating (partly due to the planned capital increase), and the management's commitments to deleveraging. In addition, the rating reflects Italgas' positive track record in executing acquisitions and improving operating profitability, recognising the Group's ability to anticipate evolving trends in the gas sector, with a view to efficiently receiving and managing renewable gas.
- On 10 October 2024, the rating agency Moody’s confirmed the Baa2 long-term credit rating, with Stable outlook. The rating confirmation follows the announcement by Italgas on the agreement reached for the acquisition of 2i Rete Gas S.p.A., highlighting that, following the transaction, Italgas will continue to benefit from the low risk profile of its activities, supported by the high share of revenues generated within the Italian regulatory framework, assessed as stable and predictable. Furthermore, the rating confirmation takes into account Italgas' operational efficiencies, low average cost of debt and limited exposure to volume risk. Moody's emphasises that the Italgas rating remains tied to the company's exposure to the country risk of the Italian state (Baa3 stable).
- It should be noted that on 9 October 2024, the rating agency S&P confirmed its BBB long-term rating on 2i Rete Gas and its senior unsecured bonds. Furthermore, on the basis of the activity and financial position of the combined entity, the agency placed 2i Rete Gas under positive credit watch, reflecting the possibility to raise the rating by a notch once the acquisition by Italgas is complete.
- On 24 October 2024, Italgas' Board of Directors resolved on the renewal of the EMTN Programme, launched in 2016, for a maximum nominal amount of 10 billion euros.

Capital transactions

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

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

Innovation, digitisation of the corporate networks and processes

In 2024, Italgas strengthened its commitment to innovation and digitisation of networks and business processes, with projects and initiatives that further consolidated its leadership position in the sector.
Bludigit, the Group's digital company, continues to drive digital transformation by harnessing the potential offered by AI, including generative AI (GenAI), for:

- operational efficiency, with the support of fluid-dynamic simulations and advanced algorithms for scheduling and automatic optimisation of on-call shifts;
- smart maintenance, enabling more efficient, safe and sustainable management of the gas network. Collaboration with excellent suppliers has enabled the successful development and testing of this cutting-edge technology.

The DANA (Digital Advanced Network Automation) system has been consolidated as the single point of access to the IoT world, optimising the control and management of the digitised gas network through the remote control of cathodic protection systems and the development of artificial intelligence features for network remote control and smart document search.
Leveraging the expertise developed for the innovation and digitisation of the natural gas distribution infrastructure, the Group also aims to bring about a significant reduction in the leakage of its water network with its digitisation programme launched as early as 2018.

Other events

- On 18 September 2024, the Italgas Group obtained certification of its Whistleblowing Management System from DNV, in accordance with the ISO 37002:2021 standard “Whistleblowing Management Systems – Guidelines”.
- On 12 November 2024, Italgas and SOCAR (State Oil Company of Azerbaijan Republic) signed, in the context of COP29, a Cooperation Agreement that relaunches and strengthens the collaboration between the two industrial groups to consolidate the strategic partnership aimed at promoting innovation, efficiency and sustainability in the gas distribution sector.
- On 15 November 2024, for the fourth consecutive year, Italgas received the important Gold Standard award in the 2024 report by the International Methane Emissions Observatory (IMEO) entitled “An Eye on Methan”, published by the United Nations Environment Programme with the support of the European Commission. The award recognises the ongoing commitment of Italgas in monitoring and reducing

methane emissions, highlighting the advanced level of expertise acquired in their measurement thanks also to the use of innovative technologies and the digital transformation of assets.

3.2 Key figures

To allow for a better assessment of the economic and financial performance, in addition to the conventional formats and indicators provided for by IAS/IFRS, the Directors' Report includes the reclassified financial statements and some alternative performance indicators, including, in particular, EBITDA, EBIT and net financial debt. These figures are presented in the tables below, the related notes and the reclassified financial statements. For the definition of the terms used, when not directly specified, please refer to the chapter "Financial results, Non-GAAP Measures".

Key share figures

		As of 31 December 2023	As of 31 December 2024
Number of shares of share capital		810,745,220	**811,242,309**
Closing price at the end of period	(€)	5.18	**5.41**
Average closing price in the period (a)	(€)	5.3288	**5.2046**
Market capitalisation (b)	(€ millions)	4,320	**4,222**
Exact market capitalisation (c)	(€ millions)	4,200	**4,389**

(a) Non-adjusted for dividends paid.
(b) The product of the number of shares outstanding (exact number) multiplied by the average closing price in the period.
(c) The product of the number of shares outstanding (exact number) multiplied by the closing price at the end of the period.

Key financial figures (*)

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024
Total revenues and other income adjusted	1,774.8	**1,778.8**
Adjusted EBITDA	1,183.7	**1,350.9**
Adjusted EBIT	681.2	**820.7**
Adjusted profit before Tax	586.1	**711.3**
Adjusted net profit	467.5	**535.2**
Adjusted net profit attributable to the Group	439.6	**506.6**
Adjusted Earnings per share (**)	0.542	**0.624**

(*) Unlike the legal statement, the adjusted reclassified income statement requires the listing of Total revenues and other income and Operating costs net of the impact of IFRIC 12 "Service concession agreements" (787.1 e 746.5 million euros respectively in 2023 and 2024), connection contributions (19.2 e 19.0 million euros respectively in 2023 and 2024), repayments from third parties (14.6 e 31.0 million euros respectively in 2023 and 2024) and other residual components (0.4 e 2.8 million euros respectively in 2023 and 2024). It also excludes special items (for more information, please refer to Chapter 4 under "Special Items").
(**) The indicator is calculated as a ratio between the adjusted net profit attributable to the Group and the total number of shares, which is 810,745,220 at 31 December 2023 and 811,242,309 at 31 December 2024.

(€ millions)	As of 31 December 2023	As of 31 December 2024
Net invested capital at the end of the end of period	9,235.0	**9,556.3**
Equity	2,600.7	**2,793.5**
Net financial debt	6,634.3	**6,762.8**
Lease liabilities - IFRS 16 and IFRIC 12	79.1	**90.5**
Net financial debt (excluding the effects pursuant to IFRS 16 and IFRIC 12)	6,555.2	**6,672.3**

3.3 Infrastructure

Italgas is the leader in Italy and Greece in the natural gas distribution industry and is the third largest operator in Europe. The distribution service consists of transporting gas through local pipeline networks, from points of delivery at the reduction and measurement stations interconnected with the transport networks ("city-gates") up to the final delivery points to customers (households, enterprises, etc.). Furthermore, Italgas is engaged in metering activities, which consist of determining, gathering, making available and archiving metering data on natural gas withdrawn over the distribution networks.

Collection cabins are equipment that link local distribution networks to the national gas pipeline network. They are complex systems that must perform different functions, including the measurement of the gas collected and a first reduction of the pressure to allow routing through the urban network. Currently Italgas has collection cabins equipped with advanced remote control and smart metering systems. Remote control allows the fastest possible intervention in case of anomalies; smart metering allows the continuous detection of a series of parameters related to the management of gas flows as well as the detection of the quantity of gas entering the networks.

The systems for the reduction of pressure are devices placed along the distribution network and have the task to bring the pressure of the gas at the right level in relation to the type of use.

Additions

In 2024, technical investments were made for 887.0 million euros (31 December 2023: 906.5 million euros), of which 46.6 million euros were related to investments for right of use and concessions.

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change	% Change
Distribution	**538.9**	**538.7**	**(0.2)**	-
Network maintenance and development	*420.7*	438.8	18.1	4.3
New networks	*118.2*	99.9	(18.3)	(15.5)
Digitisation	**283.4**	**243.3**	**(40.1)**	**(14.1)**
Other assets	*152.4*	100.1	(52.3)	(34.3)
Metering	*110.0*	115.9	5.9	5.4
Processes	*21.0*	27.3	6.3	30.0
Other investments	***84.2***	**105.0**	**20.8**	**24.7**
- of which Real Estate	*13.3*	*22.5*	*9.2*	*69.2*
- of which ICT	*26.2*	*22.9*	*(3.3)*	*(12.6)*
- of which right of use and concessions	*37.0*	*46.6*	*9.6*	*25.9*
	906.5	**887.0**	**(19.5)**	**(2.2)**

Investments in distribution (538.7 million euros) remain virtually unchanged compared with the corresponding period in 2023. The repurposing offset the reduction in new networks due to the completion of the networks in Sardinia.

Investments in digitisation (243.3 million euros) decreased by 14.1% compared to the same period in 2023 due to the gradual completion of network digitisation in Italy.

The item Other investments (105.0 million euros), which also includes investments in the water sector, increased by 24.7% compared to 2023 due to the inclusion of Acqua Campania in the consolidation scope.

Operating figures

The key operating figures are presented in the chapter “Operating segment operating performance” of this Integrated Annual Report.

4. Comment on the results and other information

4.1 Comment on the economic and financial results[33]

Reclassified income statement (*)

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Gas distribution regulated revenues	1,493.9	1,583.1	89.2	6.0
Other revenues	323.6	157.2	(166.4)	(51.4)
Total revenues and other income	**1,817.5**	**1,740.3**	**(77.2)**	**(4.2)**
of which special items	*(42.7)*	*38.5*	*81.2*	-
Total revenues and other income adjusted	**1,774.8**	**1,778.8**	**4.0**	**0.2**
Operating costs	**(609.9)**	**(427.9)**	**182.0**	**(29.8)**
of which special items	*18.8*	-	*(18.8)*	-
Adjusted operating costs	***(591.1)***	***(427.9)***	***163.2***	***(27.6)***
EBITDA	**1,207.6**	**1,312.4**	**104.8**	**8.7**
Adjusted EBITDA	**1183.7**	**1,350.9**	**167.2**	**14.1**
Amortisation, depreciation and impairment of assets	**(526.4)**	**(530.2)**	**(3.8)**	**0.7**
of which special items	*23.9*	-	*(23.9)*	-
Adjusted amortisation, depreciation and impairment	**(502.5)**	**(530.2)**	**(27.7)**	**5.5**
EBIT	**681.2**	**782.2**	**101.0**	**14.8**
Adjusted EBIT	**681.2**	**820.7**	**139.5**	**20.5**
Net financial expense	**(98.2)**	**(120.6)**	**(22.4)**	**22.8**
Net income from equity investments	**3.1**	**11.2**	**8.1**	**-**
of which gas distribution	1.5	1.7	0.2	13.3
of which integrated water service	1.6	9.5	7.9	-
Profit before Tax	**586.1**	**672.8**	**86.7**	**14.8**
Adjusted profit before Tax	**586.1**	**711.3**	**125.2**	**21.4**
Income taxes	**(118.6)**	**(165.3)**	**(46.7)**	**39.4**
Taxation related to special items	-	*(10.8)*	*(10.8)*	-
Adjusted income taxes	**(118.6)**	**(176.1)**	**(57.5)**	**48.5**
Profit	**467.5**	**507.5**	**40.0**	**8.6**
Profit attributable to the Group	**439.6**	**478.9**	**39.3**	**8.9**
Profit attributable to non-controlling interests	**27.9**	**28.6**	**0.7**	**2.5**
Adjusted net profit	**467.5**	**535.2**	**67.7**	**14.5**
Adjusted net profit attributable to the Group	**439.6**	**506.6**	**67.0**	**15.2**
Adjusted net profit attributable to non-controlling interests	**27.9**	**28.6**	**0.7**	**2.5**

(*) Unlike the legal statement, the adjusted reclassified income statement requires the listing of Total revenues and other income and Operating costs net of the impact of IFRIC 12 "Service concession agreements" (787.1 e 746.5 million euros respectively in 2023 and 2024), connection contributions (19.2 e 19.0 million euros respectively in 2023 and 2024), repayments from third parties (14.6 e 31.0 million euros respectively in 2023 and 2024) and other residual components (0.4 e 2.8 million euros respectively in 2023 and 2024). It also excludes special items (for more information, please refer to the following paragraph "Special Items").

For a broader representation of the sectors, reference should be made to the chapter "Operating segment operating performance".

Special items

Italgas' management assesses Group performance on the basis of alternative performance indicators[34] not envisaged by IFRS ("Alternative performance measures[35]"), obtained by excluding special items from operating profit and net profit.

The income components are classified as special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of

[33] This paragraph refers to the Italgas Group, which includes: Italgas S.p.A., Italgas Reti S.p.A., Medea S.p.A., Nepta S.p.A., Acqua S.r.l., Idrosicilia S.p.A., Idrolatina S.r.l., Acqua Campania S.p.A., L.A.C. Laboratorio Acqua Campania S.r.l., Toscana Energia S.p.A., Immogas S.r.l., Geoside S.p.A., Bludigit S.p.A., Italgas Newco S.p.A, and the Enaon Group.

[34] For the definition of alternative performance indicators, please refer to the chapter "Non-GAAP Measures" of this document.

business. The tax rate applied to the items excluded from the calculation of adjusted net profit is determined on the basis of the nature of each revenue item subject to exclusion. Adjusted operating profit and adjusted net profit are not provided for by either IFRS or other standard setters. These performance metrics allow for analysis of the business trends, making it easier to compare results. The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IFRS.

The income components classed among special items in 2024 referred to:

- the reduction in gas distribution regulated revenues following Resolution no. 207/2024/R/gas, which retroactively, for the period 2011-2016, did not recognise the costs previously approved for the natural gas metering service, relating to smart reading/remote management systems and concentrators. The amount charged to Italgas Reti was 9.9 million euros, before the related tax effect (2.8 million euros). The company does not agree with the contents of this Resolution and has, on additional grounds, appealed against this provision before the Regional Administrative Court of Lombardy, disputing its illegitimacy.
- the reduction in gas distribution regulated revenues of 4.6 million euros (with a tax effect of 1.3 million euros) as a result of Resolution no. 704/2016/R/gas, supplemented by Resolution no. 525/2022/R/gas, relating to the tariff recognition of capital costs in start-up locations starting from the 2018 financial year in which Italgas Reti did not reach the ceiling (re-delivery point density per km of network) expected in the years following the first gas supply. The amount relates to the period 2018-2023.
- the reduction in gas distribution regulated revenues following the implementation of Resolution no. 490/2024/R/gas, which cancelled the gas distribution service safety premiums for the year 2020, and therefore the non-recognition of approximately 24.0 million euros (with a tax effect of 6.7 million euros). The company does not agree with the contents of this Resolution and has, on additional grounds, appealed against this provision before the Regional Administrative Court of Lombardy, disputing its illegitimacy.

Taking into account the non-recurring nature of these items, management deemed it appropriate to classify the related amounts under special items.

The income components classified in the special items for the year 2023, with an impact of 23.9 million euros on EBITDA and nil on EBIT, related to the effects arising from the implementation of Resolution no. 737/2023/R/gas in terms of the recognition of the residual value of smart meter of a class not exceeding G6 produced up to the year 2016 and entered into operation by the year 2018 (revenue: 42.7 million euros and charges and impairments relating to defective smart meters in the same amount overall).

Below is the reconciliation table between reclassified and adjusted values:

(€ millions)	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**
Total revenues and other income	1,817.5	1,740.3
of which special items	(42.7)	38.5
- contribution pursuant to ARERA Resolution no. 737/2022/R/gas	(42.7)	-
- distribution for start-up locations	-	4.6
- reimbursements for smart metering/remote management for the years 2011-2016	-	9.9
- gas distribution service safety awards for the year 2020	-	24.0
Total revenues and other income adjusted	1,774.8	1,778.8
Total operating costs	(609.9)	(427.9)
of which special items	18.8	-
- smart meter charges	18.8	-
Adjusted total operating costs	(591.1)	(427.9)

EBITDA	**1,207.6**	**1,312.4**
of which special items	(23.9)	38.5
Adjusted EBITDA	**1183.7**	**1,350.9**
Amortisation, depreciation and impairment of assets	(526.4)	(530.2)
of which special items	23.9	-
- depreciation and impairment related to smart meters	23.9	-
Adjusted amortisation, depreciation and impairment	(502.5)	(530.2)
EBIT	**681.2**	**782.2**
of which special items	-	38.5
Adjusted EBIT	**681.2**	**820.7**
Net financial expense	(98.2)	(120.6)
Net income from equity investments	3.1	11.2
Profit before Tax	**586.1**	**672.8**
of which special items	-	38.5
Adjusted profit before tax	**586.1**	**711.3**
Income taxes	(118.6)	(165.3)
of which special items	-	(10.8)
Profit	**467.5**	**507.5**
Profit attributable to the Group	**439.6**	**478.9**
Profit attributable to non-controlling interests	**27.9**	**28.6**
Adjusted net profit	**467.5**	**535.2**
Adjusted net profit attributable to the Group	**439.6**	**506.6**
Adjusted net profit attributable to non-controlling interests	**27.9**	**28.6**

Analysis of the Reclassified Income Statement items

TOTAL REVENUES AND OTHER INCOME

(€ millions)	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**	**Abs. change**	**% Change**
Distribution revenues	**1,363.2**	**1,521.6**	**158.4**	**11.6**
of which special items	-	*14.5*	*14.5*	-
Adjusted distribution revenues	**1,363.2**	**1,536.1**	**172.9**	**12.7**
Other distribution revenues	**130.7**	**61.5**	**(69.2)**	**(52.9)**
of which special items	*(42.7)*	*24.0*	*66.7*	-
Other adjusted distribution revenues	**88.0**	**85.5**	**(2.5)**	**(2.8)**
Total gas distribution regulated revenues	**1,493.9**	**1,583.1**	**89.2**	**6.0**
Total adjusted gas distribution regulated revenues	**1,451.2**	**1,621.6**	**170.4**	**11.7**
Other revenues	**323.6**	**157.2**	**(166.4)**	**(51.4)**
Total revenues and other income	**1,817.5**	**1,740.3**	**(77.2)**	**(4.2)**
Total revenues and other income adjusted	**1,774.8**	**1,778.8**	**4.0**	**0.2**

Adjusted gas distribution regulated revenues increased by 170.4 million euros compared to 2023, due to higher distribution revenue (+172.9 million euros) as a result of the increase in RAB resulting from investments made (+40.2 million euros), WACC (+75.1 million euros), the deflator (+48.3 million euros) and remunerated operating costs (+16.9 million euros).

Other revenues decreased by 166.4 million euros compared to 2023 due to lower revenues related to energy efficiency activities linked to the Superbonus (-251.3 million euros, against a corresponding reduction in operating costs), partially offset by the increase in water revenues (+85.9 million euros) deriving from the completion of the acquisition of Acqua Campania and its consequent inclusion in the consolidation scope.

It therefore follows that **total revenues and other income adjusted** came to 1,778.8 million euros (+4.0 million euros).

OPERATING COSTS

(€ millions)	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**	**Abs. change**	**% Change**
Fixed gas distribution costs	**263.8**	**249.7**	**(14.1)**	**(5.4)**
Net personnel costs	162.8	157.7	(5.1)	(3.1)
Net external costs	101.0	92.0	(9.0)	(8.9)
Other assets	**250.5**	**95.6**	**(154.9)**	**(61.8)**

Net personnel costs	7.7	14.7	7.0	90.9
Net external costs	242.8	80.9	(161.9)	(66.7)
Other costs and provisions	**27.1**	**8.4**	**(18.7)**	**(68.9)**
of which special items	*18.8*	-	*(18.8)*	-
EEC	**1.6**	**-**	**(1.6)**	**-**
Concession-related expenses	**66.9**	**74.2**	**7.3**	**10.9**
Operating costs	**609.9**	**427.9**	**(182.0)**	**(29.8)**
Adjusted operating costs	**591.1**	**427.9**	**(163.2)**	**(27.6)**

Adjusted Operating costs amounted to 427.9 million euros, down by 163.2 million euros compared with the same period in 2023. Energy efficiency activities recorded a reduction of 200.9 million euros, while the first-time consolidation of Acqua Campania resulted in higher costs of 43.4 million euros.
On a like-for-like basis, adjusted operating costs therefore decreased by 0.5% compared to 2023.

AMORTISATION, DEPRECIATION AND IMPAIRMENT

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Amortisation and depreciation	**503.4**	**530.2**	**26.8**	**5.3**
Intangible assets IFRIC 12	413.4	435.2	21.8	5.3
Other Intangible Assets	42.6	42.0	(0.6)	(1.4)
Property, plant and equipment	47.4	53.0	5.6	11.8
of which, depreciation as per IFRS 16	*29.7*	*32.5*	*2.8*	*9.4*
Depreciation and impairment (net of utilisations)	**23.0**	**-**	**(23.0)**	**-**
of which special items	*23.9*	-	*(23.9)*	-
Amortisation, depreciation and impairment of assets	**526.4**	**530.2**	**3.8**	**0.7**
Adjusted amortisation, depreciation and impairment	**502.5**	**530.2**	**27.7**	**5.5**

Adjusted amortisation, depreciation and impairment came to 530.2 million euros, up 27.7 million euros (+5.5%) compared with 2023, mainly due to the investments made and the business combination following the acquisition of Acqua Campania (+25.7 million euros).

NET FINANCIAL EXPENSE

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Expense (income) on short-term and long-term financial debt	**94.8**	**113.6**	**18.8**	**19.8**
Upfront fee	**6.1**	**10.6**	**4.5**	**73.8**
Other net financial expense (income)	**(1.3)**	**(2.3)**	**(1.0)**	**76.9**
Expenses (income) related to the discounting of environmental provisions and provisions for employee benefits	4.0	3.8	(0.2)	(5.0)
Other net financial expense (income)	(5.3)	(6.1)	(0.8)	15.1
Financial expense capitalised	**(1.4)**	**(1.3)**	**0.1**	**(7.1)**
Net financial expense	**98.2**	**120.6**	**22.4**	**22.8**

Net financial expense increased by 22.4 million euros compared to 2023 as a result of the effects of the bond issues carried out in February and September 2024, which refinanced the bond that matured in March 2024, and the full-year impact of the expenses of the issue carried out in June 2023.

NET INCOME FROM EQUITY INVESTMENTS

Net income from equity investments amounted to 11.2 million euros and refer to the contribution of investments accounted for using the equity method.
In particular, companies in the water sector contribute 9.5 million euros. For more details, please refer to the analysis by operating segment.

INCOME TAXES

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Current taxes	152.7	164.0	11.3	7.4
Net deferred taxes	(34.1)	1.3	35.4	-
Taxation related to special items	-	*10.8*	*10.8*	-
Income taxes	**118.6**	**165.3**	**46.7**	**39.4**
Adjusted income taxes	**118.6**	**176.1**	**57.5**	**48.5**
Effective tax rate (%)	**20.2%**	**24.6%**		
Adjusted effective tax rate (%)	**20.2%**	**24.8%**		

Adjusted income taxes amounted to 176.1 million euros, an increase of 57.5 million euros compared to the previous year, due to the lower benefit associated with the patent box (21.9 million euros for the financial year 2024 and 39.4 million euros for the financial year 2023) and higher profit before tax for the period.

The **Adjusted tax rate** thus stands at 24.8% (20.2% in the financial year 2023).

The reconciliation of the theoretical tax rate with the effective tax rate is described in the note "Income taxes" in the Notes to the consolidated financial statements.

Reclassified Statement of Financial Position

The Reclassified Statement of Financial Position combines the assets and liabilities of the mandatory format included in the consolidated financial statements based on the criterion of how the business operates, conventionally split into the three basic functions of investment, operations and financing.

The statement provided represents useful information for the investor because it makes it possible to identify the sources of financial resources (own and third-party funds) and uses of financial resources in fixed and working capital.

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

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change
Fixed capital (*)	**8,421.4**	**8,777.1**	**355.7**
Property, plant and equipment	386.0	383.3	(2.7)
Intangible assets	8,250.3	8,305.6	55.3
Equity investments	153.0	176.1	23.1
Financial receivables and securities instrumental to operations	2.6	319.5	316.9
Net payables for investing activity	(370.5)	(407.4)	(36.9)
Net working capital	**872.3**	**835.1**	**(37.2)**
Provisions for employee benefits	**(65.3)**	**(61.3)**	**4.0**
Assets held for sale and directly related liabilities	**6.6**	**5.4**	**(1.2)**
NET INVESTED CAPITAL	**9,235.0**	**9,556.3**	**321.3**
Equity	2,600.7	2,793.5	192.8
- attributable to the Italgas Group	2,280.0	2,457.9	177.9
- attributable to non-controlling interests	320.7	335.6	14.9
Net financial debt	**6,634.3**	**6,762.8**	**128.5**
FUNDING	**9,235.0**	**9,556.3**	**321.3**

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

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

(€ millions)	Property, plant and equipment	IFRIC 12 assets	Intangible assets	Total
Balance at 31 December 2023	**386.0**	**7,914.3**	**336.0**	**8,636.3**
Additions	55.5	774.6	56.9	887.0
- of which IFRS 16	22.0	-	-	22.0
Amortisation and depreciation	(53.0)	(435.2)	(42.0)	(530.2)
- of which, depreciation as per IFRS 16	(32.5)	-	-	(32.5)
Awarding of the ATEM tenders	-	47.2	-	47.2
Business combination	1.7	35.4	-	37.1
Grants	-	(45.7)	-	(45.7)
Net disposals and sales	(6.9)	(37.1)	-	(44.0)
Residual concession value Rome	-	(299.6)	-	(299.6)
Other changes	-	1.8	(1.0)	0.8
Balance at 31 December 2024	**383.3**	**7,955.7**	**349.9**	**8,688.9**

Equity investments (176.1 million euros) increased by 23.1 million euros mainly due to the subscription to a capital increase in the associate Siciliacque.

Financial receivables and securities instrumental to operations (319.5 million euros) increased by 316.9 million euros, mainly due to the financial receivable due from the Municipality of Rome, contractually provided for in the gas distribution concession and which became due following its expiry during the year (299.6 million euros).

Net working capital as at 31 December 2024 amounts to 835.1 million euros and is broken down as follows:

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change
Trade receivables	694.3	751.9	57.6
Inventories	79.1	57.2	(21.9)
Tax assets	319.6	420.8	101.2
Other assets	434.5	596.6	162.1
Trade payables	(278.3)	(249.7)	28.6
Provisions for risks and charges	(109.9)	(92.1)	17.8
Deferred tax liabilities	(47.8)	(48.3)	(0.5)
Tax payables	(30.2)	(39.3)	(9.1)
Other liabilities	(189.0)	(562.0)	(373.0)
	872.3	**835.1**	**(37.2)**

The change in net working capital is due to the first-time consolidation of the working capital of Acqua Campania (-30.0 million euros).

Net financial debt

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change
Financial and bond debt	**6,920.3**	**7,185.8**	**265.5**
Short-term financial debt (*)	1,000.3	934.2	(66.1)
Long-term financial debt	5,840.9	6,161.1	320.2
Lease liabilities - IFRS 16 and IFRIC 12	79.1	90.5	11.4
Funding derivative contracts Cash flow Hedge	**(31.8)**	**(16.9)**	**14.9**
Short-term contracts	(18.1)	(5.9)	12.2
Long-term contracts	(13.7)	(11.0)	2.7
Financial receivables and cash and cash equivalents	**(254.2)**	**(406.1)**	**(151.9)**
Cash and cash equivalents	(250.0)	(402.7)	(152.7)
Financial receivables	(4.2)	(3.4)	0.8
Net financial debt	**6,634.3**	**6,762.8**	**128.5**
Lease liabilities - IFRS 16 and IFRIC 12	79.1	90.5	11.4
Net financial debt (excluding the effects pursuant to IFRS 16 and IFRIC 12)	**6,555.2**	**6,672.3**	**117.1**

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

Financial and bond debt as at 31 December 2024 amounted to 7,185.8 million euros (6,920.3 million euros as at 31 December 2023) and refer to: bonds (5,632.2 million euros), European Investment Bank/EIB loan agreements (855.9 million euros), payables to banks (607.2 million euros) and financial liabilities pursuant to IFRS 16 and IFRIC 12 (90.5 million euros).

As at 31 December 2024, fixed-rate debt accounted for 85.4% of financial and bond debt (91.9% as at 31 December 2023), while floating-rate debt stood at 14.6% (8.1% as at 31 December 2023).

The reduction in fixed-rate liabilities was due to the maturity in December 2024 of a fixed-rate derivative on an EIB loan, an effect partially offset by the bond issues in 2024 (with a total nominal value of 1 billion euros), which refinanced the repayment of the bond that matured in March (381.3 million euros) as well as certain bank loans.

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

As at 31 December 2024, there were no loan agreements containing financial covenants, with the exception of an EIB loan with a residual nominal value of approximately 53 million euros signed by Toscana Energia. As at 31 December 2024, these commitments were respected.

Statement of comprehensive income

(€ millions)	As of 31 December 2023	As of 31 December 2024
Profit	**467.5**	**507.5**
Other comprehensive income		
Components that may be reclassified subsequently to the income statement:		
Fair value gain/(loss) arising from hedging instruments during the period (Effective portion)	(21.6)	**(15.3)**
Tax effect	5.2	**3.7**
	(16.4)	**(11.6)**
Components that will not be reclassified to the income statement:		
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	0.2	**(0.6)**
Change in fair value of investments measured at FVTOCI	(0.5)	**0.1**
Tax effect	0.1	**0.1**
	(0.2)	**(0.4)**
Total other components of comprehensive income, net of tax effect	**(16.7)**	**(12.0)**
Total comprehensive income for the year	**450.8**	**495.5**
Attributable to:		
- Italgas	**423.8**	**466.9**
- Non-controlling interests	**27.0**	**28.6**
	450.8	**495.5**

Equity

(€ millions)	
Equity as of 31 December 2023	**2,600.7**
of which:	
- *Group Equity*	*2,280.0*
- *Equity of non-controlling interests*	*320.7*
Increase for:	
- 2024 profit for the year	507.5
of which:	
Profit attributable to the Group	*478.9*
Profit attributable to non-controlling interests	*28.6*
- Stock grant reserve	(1.2)
- IAS 19 valuation reserve	(0.4)
- Cash Flow Hedge valuation reserve	(16.4)
- Fair value valuation reserve for equity investments	0.1
- Reserve for costs directly attributable to capital transactions	3.0
Decrease for:	
- Italgas 2023 dividend distribution	(257.2)
- 2023 dividend distributed to non-controlling interests	(12.8)
- Other changes	
of which:	
- *Attributable to the Group*	(13.3)
- *Attributable to non-controlling interests*	(0.1)

Group Equity	***2,457.9***
Equity of non-controlling interests	***335.6***
Equity as of 31 December 2024	**2,793.5**

Reclassified Statement of Cash Flows

The reclassified statement of cash flows provided is the summary of the legally required cash flow statement. The reclassified statement of cash flows makes it possible to reconcile the change in cash and cash equivalents at the start and end of the period with the change in net financial debt at the start and end of the period. The measure which allows for the reconciliation between the two statements is the free cash flow[36], i.e. the cash surplus or deficit remaining after the financing of investments.

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Profit	**467.5**	**507.5**
Correction:		
- Amortisation, depreciation and other non-monetary components	525.5	518.0
- (Gains)/Losses arising from the disposal of fixed assets and eliminations	19.1	5.6
- Interest and income taxes	216.6	285.9
Change in working capital due to operating activities	(470.7)	(97.7)
Dividends, interest and income taxes cashed in (paid)	(202.8)	(120.6)
Cash flow from operating activities	**555.2**	**1,098.7**
Technical investments	(844.3)	(845.4)
Other changes related to investments activities	61.5	37.0
Net financial investments instrumental to operations	-	(1.9)
Divestments and other changes	20.6	27.6
Free cash flow before Merger and Acquisition transactions	**(207.0)**	**316.0**
Companies included in the scope of consolidation	(76.9)	19.8
Net acquisition of business units, plant and other financial assets	(1.4)	(77.8)
Free cash flow	**(285.3)**	**258.0**
Change in short- and long-term financial debt and financial receivables	384.9	228.6
Repayment of lease liabilities	(31.0)	(34.1)
Equity cash flow	(270.5)	(299.8)
Net cash flow for the year	**(201.9)**	**152.7**

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

Change in net financial debt

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Free cash flow before Merger and Acquisition transactions	**(207.0)**	**316.0**
Change due to acquisitions of equity investments, business units and assets	(78.3)	(58.0)
Increase in lease liabilities and fees	(36.9)	(45.5)
Equity cash flow	(270.5)	(299.8)
Other changes (Difference between interest accounted for, and paid fair value of derivatives)	(41.5)	(41.2)
Change in net financial debt	**(634.2)**	**(128.5)**

The cash flow from operating activities as at 31 December 2024 of 1,098.7 million euros increased by 543.5 million euros compared to 2023, also due to the utilisation of the annual instalment of tax credits from the "Superbonus" as a tax offset, and allowed for the full coverage of investments and Merger and Acquisition transactions as well as the partial coverage related to the payment of dividends in the amount of 299.8 million euros.

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

4.2 Comment on the economic and financial results of Italgas S.p.A.

Italgas S.p.A. was incorporated on 1 June 2016 and listed on the Milan Stock Exchange from 7 November 2016.

Reclassified income statement

In view of Italgas S.p.A.'s nature as an industrial investment holding, the following reclassified Income Statement has been prepared, which inverts the order of the income statement items under Leg. Decree 127/1991, presenting first those which relate to the financial operations, as this is the most significant income component for those companies[37].

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Income from investments	296.1	**428.2**	132.1	44.6
Interest income	103.7	**133.9**	30.2	29.12
Interest expenses and other financial expenses	(84.2)	**(130.3)**	(46.1)	54.75
Total financial income and expenses	**315.6**	**431.8**	**116.2**	**36.8**
Income from services	77.7	**79.7**	2.0	2.6
Other operating income	**77.7**	**79.7**	**2.0**	**2.6**
For staff	(48.7)	**(49.3)**	(0.6)	1.2
For performance of non-financial services and other costs	(32.5)	**(31.9)**	0.6	(1.8)
Amortisation	(2.7)	**(2.7)**	-	-
Total of other operating costs	**(83.9)**	**(83.9)**	**-**	**-**
Profit before Tax	**309.4**	**427.6**	**118.2**	**38.2**
Income taxes	(8.0)	**(5.1)**	2.9	(36.3)
Profit	**301.4**	**422.5**	**121.1**	**40.2**

Analysis of the Reclassified Income Statement items

FINANCIAL INCOME AND EXPENSES

Income from equity investments (428.2 million euros) essentially includes the dividends paid by Italgas Reti subsidiaries (415.0 million euros) and Toscana Energia (13.1 million euros).

Interest income (133.9 million euros) essentially relates to income from the intragroup loans granted by Italgas to its subsidiaries.

Interest expense and other financial expense (130.3 million euros) refers to the costs relating to financial debt, and essentially concerns bond loan expense[38] (87.8 million euros) and loans from banks (42.5 million euros).

OTHER OPERATING INCOME

Other operating income (79.7 million euros) refers mainly to chargebacks to subsidiaries of the costs incurred for the provision of services centrally managed by Italgas S.p.A.. These services are regulated by contracts stipulated between Italgas S.p.A. and its subsidiaries and concern the following areas: personnel and

[37] See Consob Communication 94001437 of 23 February 1994.
[38] The details of bond issues during the year and related terms are provided in the note "Current and non-current financial liabilities" in the Notes to the separate financial statements.

organisation; planning, administration, finance and control; procurement; general, property and security services; legal and corporate affairs and compliance; health, safety and environment; institutional relations and regulation; external relations and communication; internal audit, enterprise risk management (ERM) and Data Protection Officer.

OTHER OPERATING EXPENSES

Other operating expenses (83.9 million euros) refer to personnel costs (49.3 million euros), and to costs for non-financial services and other costs (31.9 million euros), depreciation and amortisation (2.7 million euros). Costs for non-financial services and other costs include consulting and professional services (10.8 million euros), costs for service contracts within the Group mainly related to ICT services provided by Bludigit and technical services provided by Italgas Reti (10.4 million euros), costs for insurance and banking services (2.2 million euros), and other costs for miscellaneous services (8.5 million euros).

Reclassified Statement of Financial Position

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change
Fixed capital	**8,105.5**	**7,969.9**	**(135.6)**
Property, plant and equipment	13.0	**12.3**	(0.7)
Intangible assets	1.5	**1.9**	0.4
Equity investments	3,386.3	3,441.4	55.1
Financial receivables and securities instrumental to operations	4,704.9	4,514.4	(190.5)
Net payables related to investments	(0.2)	(0.1)	0.1
Net working capital	**(7.8)**	**97.2**	**105.0**
Provisions for employee benefits	**(8.8)**	**(8.4)**	**0.4**
NET INVESTED CAPITAL	**8,088.9**	**8,058.7**	**(30.2)**
Equity	1,838.8	1,961.9	123.1
Net financial debt	6,250.1	6,096.8	(153.3)
FUNDING	**8,088.9**	**8,058.7**	**(30.2)**

Net invested capital amounted to 8,058.7 million euros, down 30.2 million euros from 31 December 2023, mainly due to lower financial receivables and securities instrumental to operations (190.5 million euros) partially offset by the increase in net working capital (105.0 million euros) and equity investments (55,1 million euros).

Equity investments amounting to 3,441.4 million euros relate to the subsidiaries Italgas Reti, Nepta, Toscana Energia, Geoside, Italgas NewCo and Bludigit (3,424.9 million euros), to the jointly controlled company Metano S. Angelo Lodigiano (1.0 million euros) and to associates and other companies (15.5 million euros).

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

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change
Trade receivables	37.5	**76.2**	38.7
Tax assets	19.0	**86.8**	67.8
Other assets	4.0	**5.4**	1.4
Trade payables	(15.8)	**(19.9)**	(4.1)
Provisions for risks and charges	(5.7)	**(4.8)**	0.9
Deferred tax liabilities	(4.6)	**(1.1)**	3.5
Tax payables	(29.1)	**(32.6)**	(3.5)
Other liabilities	(13.1)	**(12.8)**	0.3
	(7.8)	**97.2**	**105.0**

Compared to 31 December 2023, net working capital increased by 105.0 million euros, mainly due to the higher tax credit and the increase in receivables from subsidiaries for intra-group services performed by the holding company.

Net financial debt

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change
Financial and bond debt	**6,925.3**	**7,294.9**	**369.6**
Short-term financial debt (*)	1,334.6	1,356.8	22.2
Long-term financial debt	5,580.7	5,930.2	349.5
Lease liabilities - IFRS 16	10.0	7.9	(2.1)
Funding derivative contracts Cash flow Hedge	**(30.5)**	**(15.1)**	15.4
Short-term contracts	(17.2)	(4.7)	12.5
Long-term contracts	(13.3)	(10.4)	2.9
Financial receivables and cash and cash equivalents	**(644.7)**	**(1,183.0)**	**(538.3)**
Cash and cash equivalents	(205.7)	(268.3)	(62.6)
Financial receivables	(439.0)	(914.7)	(475.7)
Net financial debt	**6,250.1**	**6,096.8**	**(153.3)**
Lease liabilities - IFRS 16	10.0	7.9	(2.1)
Net financial debt (excluding the effects pursuant to IFRS 16)	**6,240.1**	**6,088.9**	**(151.2)**

(*) Includes the short-term portion of long-term financial debt and financial debt to subsidiaries.

Financial and bond debt as at 31 December 2024 totalled 7,294.9 million euros (6,925.3 million euros as at 31 December 2023) and referred to bonds (5,632.2 million euros), European Investment Bank (EIB) loan agreements (802.7 million euros), payables to banks (376.6 million euros), IFRS 16 payables (7.9 million euros) and financial debt to subsidiaries (475.5 million euros).

The breakdown of financial and bond debt by type of interest rate as at 31 December 2024 is as follows:

(€ millions)	As of 31 December 2023	%	As of 31 December 2024	%
Fixed rate	6,575.40	94.9	**6,006.3**	82.3
Floating rate	349.9	5.1	**1,288.6**	17.7
Financial and bond debt	**6,925.3**	**100.0**	**7,294.9**	**100.0**

Fixed-rate financial liabilities amounted to 6,006.3 million euros and consisted of bonds (5,632.2 million euros), three EIB loans (362.8 million euros), liabilities to subsidiaries (3.4 million euros) and financial liabilities pursuant to IFRS 16 (7.9 million euros).

Fixed-rate financial liabilities decreased by 569.1 million euros from 31 December 2023, mainly due to the repayment of certain fixed-rate bank loans and the maturity, in December 2024, of a fixed-rate derivative on an EIB loan.

Floating-rate financial liabilities increased by 938.7 million euros mainly due to a new bank loan and the maturity of the derivative in December on an EIB loan.

As at 31 December 2024, there are no loan contracts in place containing financial covenants and/or backed by real guarantees. Some of these contracts provide, inter alia, for the following: (i) negative pledge commitments pursuant to which Italgas and its subsidiaries are subject to limitations on pledging real property rights or other restrictions on all or part of the respective assets, shares or merchandise; (ii) pari passu and change-of-control clauses; and (iii) limitations on certain extraordinary transactions that the Company and its subsidiaries may carry out. As at 31 December 2024, these commitments were respected.

Reclassified Statement of Cash Flows

(€ millions)	As of 31 December 2023	As of 31 December 2024
Profit	**301.4**	**422.5**
Correction:		
- Amortisation, depreciation and other non-monetary components	1.9	0.6
- Interest and income taxes	(306.8)	(426.7)
Change in working capital due to operating activities	13.8	(106.2)
Dividends, interest and income taxes cashed in (paid)	320.8	443.7
Cash flow from operating activities	**331.1**	**333.9**
Technical investments	(2.2)	(2.5)
Equity investments	(56.1)	(30.0)

Net financial investments instrumental to operations	(382.7)	(333.8)
Other changes related to investments activities	-	(0.2)
Divestments and other changes	1.0	-
Free cash flow	**(108.9)**	**(32.6)**
Change in financial receivables not related to operations	(192.5)	24.3
Change in current and non-current financial debt	410.3	358.8
Reimbursements of lease liabilities	(1.4)	(2.3)
Equity cash flow	(257.6)	(285.6)
Cash flow for the year	**(150.1)**	**62.6**

(€ millions)	As of 31 December 2023	As of 31 December 2024
Free cash flow	**(108.9)**	**(32.6)**
Equity cash flow	(257.6)	(285.6)
Other changes (Difference between interest accounted for, and paid fair value of derivatives)	(39.0)	(28.3)
Increase in lease liabilities	(3.2)	(0.2)
Change in net financial debt	**(408.7)**	**(346.7)**

4.3 Non – GAAP Measures

Alternative performance indicators

On 5 October 2015, the ESMA (European Security and Markets Authority) published its guidance (ESMA/2015/1415) on the presentation criteria for alternative performance indicators (API or APM), which replaces the CESR/05-178b recommendations from 3 July 2016. The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IAS – IFRS.

The alternative performance indicator adopted in this report are illustrated below.

Alternative economic performance indicators	Description
Gas Distribution regulated revenues	Operating performance indicator representing revenues from regulated gas distribution activities, calculated by subtracting Other revenues from Revenues and other income. Other revenues is revenue from unregulated activities, revenue for construction and enhancement of infrastructures recognised pursuant to IFRIC 12, the release of connection contributions relating to the financial year and any other components entered in the statement of reconciliation of the income statement of the subsequent chapter “Reconciliation of the reclassified income statement, statement of financial position and statement of cash flows”.
Total revenues and other income	Total revenues and other income excludes (i) the effects of applying IFRIC 12 “Service Concession Arrangements”, (ii) connection fees, (iii) reimbursements from third parties and other residual items.
Total revenues and other income adjusted	Total revenues and other income excludes (i) the effects of applying IFRIC 12 “Service Concession Arrangements”, (ii) connection fees, (iii) reimbursements from third parties and other residual items, (iv) items classified as “special items”, i.e., deriving from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
Operating costs	Operating performance indicator representing the legally-required operating costs minus costs for construction and enhancement of the infrastructure recognised pursuant to IFRIC 12 and any other components entered in the statement of reconciliation of the income statement of the subsequent chapter “Reconciliation of the reclassified income statement, statement of financial position and statement of cash flows”.
EBITDA	Operating performance indicator, calculated as net profit excluding income taxes, net income from equity investments, net financial expense, amortisation, depreciation and impairment.
Adjusted EBITDA	Adjusted EBITDA is calculated as the net profit for the year excluding income taxes, net income from equity investments, net financial expenses, amortisation, depreciation and impairment, connection fees and items classified as “special items”, i.e. from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
EBIT	Operating performance indicator, calculated as net profit for the year excluding income taxes, net income from equity investments and net financial expense.

Adjusted EBIT	Adjusted EBIT is calculated as net profit for the year excluding income taxes, net income from equity investments, net financial expenses and items classified as "special items", i.e. from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
Adjusted profit before Tax	Net profit for the year excluding income taxes and items classified as "special items", i.e. from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
Adjusted income taxes	Income taxes excluding items classified as "special items", i.e. from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
Adjusted net profit	Net profit for the year excluding items classified as "special items", i.e. from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
Adjusted net profit attributable to the Group	Net profit for the year attributable to Owners of the parent company excluding items classified as "special items" attributable to Owners of the parent company, i.e. from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
Adjusted net profit attributable to non-controlling interests	Non-controlling interests excluding items classified as "special items" attributable to Owners of the parent company, i.e. from: (a) non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (b) events or transactions which are not representative of the normal course of business.
Adjusted Earnings per Share	Indicator of the profitability of the company's shares, calculated as the ratio between the net profit attributable to the Group and the total number of shares.
Alternative capital performance indicators	**Description**
Net working capital	A capital indicator that expresses the capital employed in current and non-financial assets and liabilities. This is defined as the sum of the values relating to Trade receivables and payables, Inventories, Tax receivables and payables, Provisions for risks and charges, Deferred tax assets, Deferred tax liabilities and Other assets and liabilities.
Fixed capital	A capital indicator that expresses the total fixed assets. It is defined as the sum of the values relating to items of Property, plant and equipment, Intangible assets net of Other liabilities relating to connection contributions, Equity investments and Net payables relating to investment activities.
Net invested capital	A capital indicator that expresses the investments made by the company in operations. This is defined as the sum of the values related to fixed capital, net working capital, provisions for employee benefits and assets held for sale and directly related liabilities.
Additions	They are calculated as the sum of investments in property, plant and equipment and investments in intangible assets.
Alternative financial performance indicators	**Description**
Cash flow from operating activities	It represents the net cash flow from the operating activity of the mandatory schemes, excluding the effects deriving from the application of the IFRS 15 accounting standard (Other liabilities relating to connection contributions).
Free cash flow before Merger *and Acquisition transactions*	It represents the cash surplus or deficit remaining after the financing of investments, excluding the flow deriving from Merger and Acquisition transactions.
Free cash flow	It represents the cash surplus or deficit remaining after financing of the investments.
Net financial debt	Determined as the sum of current and non-current financial liabilities, net of cash and cash equivalents, current financial assets, for instance securities held for trading, and other current and non-current financial assets.

Reconciliation of the reclassified Income Statement, Statement of Financial Position and Statement of Cash Flows

In line with ESM/2015/1415 guidance, the reconciliation of the Income Statements, Statements of Financial Position and Statements of Cash Flows of the Italgas Group and Italgas S.p.A., commented in the Directors' Report is provided below with the related legally required statements.

In compliance with the ESMA provisions for the taxonomy of ESEF (European Single Electronic Format) annual financial statements, a number of items in the balance sheet and income statement were reclassified, also readjusting the values as at 31 December 2024.

For more details, see the "Financial Statements" section of the notes to the consolidated financial statements and separate financial statements.

Reconciliation between reclassified consolidated financial statements and the legally required financial statements

RECLASSIFIED INCOME STATEMENT

(€ millions)	Reference to the explanatory notes of the consolidated financial statements	For the year ended 31 December 2023			For the year ended 31 December 2024		
		Figures from mandatory statements	Partial figures from mandatory statements	**Figures from reclassified statements**	**Figures from mandatory statements**	Partial figures from mandatory statements	**Figures from reclassified statements**
Revenues (from mandatory statements)		**2,638.8**			**2,539.4**		
- Revenues for construction and upgrading of distribution infrastructures IFRIC 12	(note 27)		(787.1)			(746.5)	
- Connection contribution uses	(note 27)		(19.2)			(19.0)	
- Reimbursement of faulty meters	(note 27)		(5.8)			(16.6)	
- Repayments from third parties	(note 27)		(8.8)			(14.3)	
- Operational performance vs. Campania Region	(note 27)		-			(2.6)	
- Other reimbursement	(note 27)		(0.4)			(0.1)	
Total revenues and other income (from reclassified statements)				**1,817.5**			**1,740.3**
Operating costs (from mandatory statements)		**(1,412.0)**			**(1,220.7)**		
- Revenues for construction and upgrading of distribution infrastructures IFRIC 12	(note 27)		787.1			746.5	
- Reimbursement of faulty meters	(note 27)		5.8			16.6	
- Repayments from third parties	(note 27)		8.8			14.3	
- Operational performance vs. Campania Region	(note 27)		-			2.6	
- Other reimbursement	(note 27)		0.4			0.1	
- Use of metering provision	(note 29)		-			12.6	
Operating costs (from reclassified statements)				**(609.9)**			**(427.9)**
EBITDA				**1,207.6**			**1,312.4**
Amortisation, depreciation and impairment (from mandatory statements)		**(545.6)**			**(536.6)**		
- Connection contribution uses	(note 27)		19.2			19.0	
- Use of metering provision	(note 29)		-			(12.6)	
Amortisation, depreciation and impairment (from reclassified statements)				**(526.4)**			**(530.2)**
EBIT		**681.2**		**681.2**	**782.1**		**782.2**
Net financial expense		(98.2)		(98.2)	(120.6)		(120.6)
Net income from equity investments		3.1		3.1	11.2		11.2
Profit before Tax		**586.1**		**586.1**	**672.8**		**672.8**
Income taxes		(118.6)		(118.6)	(165.3)		(165.3)
Net profit (loss)		**467.5**		**467.5**	**507.5**		**507.5**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€ millions)	Reference to the explanatory notes of the consolidated financial statements	As of 31 December 2023		As of 31 December 2024	
(Where not expressly indicated, the item is obtained directly from the legally-required statement)		**Partial figures from mandatory statements**	**Figures from reclassified statements**	**Partial figures from mandatory statements**	**Figures from reclassified statements**
Fixed capital					
Property, plant and equipment			386.0		383.3
Intangible assets, of which:			8,250.3		8,305.6
- Intangible assets	(note 14)	8,772.6		8,833.3	
from which to deduct Connection contributions	(note 21)	(522.3)		(527.7)	
Equity investments			153.0		176.1
Financial receivables and securities instrumental to operations			2.6		319.5
Net payables relating to investment activities, composed of:			(370.5)		(407.4)
- Trade and other payables (Payables for investing activities)	(note 19)	(375.8)		(412.7)	
- Trade and other receivables (Receivables from disposal of property, plant and equipment and intangible assets)	(note 9)	5.3		5.3	
Total fixed capital (from reclassified statements)			**8,421.40**		**8,777.1**
Net working capital					
Trade receivables			694.3		740.5
Inventories			79.1		57.2

Tax assets, composed of:			319.6		420.8
- Current and non-current tax receivables/liabilities (non-current tax receivables)	(note 11)	30.4		17.7	
- Other current and non-current non-financial assets (Other current taxes)	(note 12)	20.0		37.9	
- Trade and other receivables (IRES receivables for national tax Consolidation scheme)	(note 9)	5.2		5.2	
- Reclassification to Tax Receivables for Super/Ecobonus Receivables	(note 12)	264.0		360.0	
Other assets, composed of:			434.5		608.0
- Trade and other receivables (Other receivables)	(note 9)	148.6		142.0	
- Other current and non-current non-financial assets	(note 12)	278.1		379.7	
- Reclassification to Tax Receivables for Super/Ecobonus Receivables	(note 12)	(264.0)		(360.0)	
- Other current and non-current non-financial assets (Other regulated activities)	(note 12)	271.8		446.3	
Trade payables			(278.3)		(249.7)
Provisions for risks and charges			(109.9)		(92.1)
Deferred tax liabilities			(47.8)		(48.3)
Tax payables, composed of:			(30.2)		(39.3)
- Current and non-current tax receivables/liabilities (Current tax liabilities)	(note 11)	(20.4)		(25.6)	
- Other current and non-current non-financial liabilities (Other indirect tax liabilities)	(note 21)	(9.8)		(13.7)	
Other liabilities, composed of:			-189.0		(562.0)
- Trade and other payables (Other payables)	(note 19)	(175.8)		(522.2)	
- Other current and non-current non-financial liabilities	(note 21)	(13.2)		(39.8)	
Total net working capital (from reclassified statements)			**872.3**		**835.1**
Provisions for employee benefits			**(65.3)**		**(61.3)**
Assets held for sale:			6.60		**5.4**
NET INVESTED CAPITAL			**9,235.0**		**9,556.3**
Equity including non-controlling interests			**(2,600.7)**		**(2,793.5)**
Net financial debt					
Financial and bond debt, composed of:			**(6,920.3)**		**(7,185.8)**
- Non-current financial liabilities	(note 17)	(5,840.9)		(6,161.1)	
Net non-current financial liabilities, composed of:					
- Short-term portions of long-term financial debt	(note 17)	(501.6)		(637.6)	
- Short-term financial liabilities	(note 17)	(498.7)		(296.6)	
Other financial debt	(note 17)	-			
- Financial debt pursuant to IFRS 16	(note 17)	(79.1)		(90.5)	
Other current and non-current financial assets/liabilities, composed of:			**31.8**		**16.9**
Current Cash flow hedge derivative financial instruments	(note 20)	18.1		5.9	
Non-current Cash flow hedge derivative financial instruments	(note 20)	13.7		11.0	
Financial receivables and cash and cash equivalents, composed of:			**254.2**		**406.1**
Cash and cash equivalents			250.0		402.7
Current financial assets, composed of:			4.2		3.4
Financial receivables non-instrumental to operations	(note 8)	4.2		3.4	
Total net financial debt (from reclassified statements)			**(6,634.3)**		**(6,762.8)**
FUNDING			**(9,235.0)**		**(9,556.3)**

RECLASSIFIED STATEMENT OF CASH FLOWS

(€ millions) **Reclassified Statement of Cash Flows items and intersection of legally-required statement items**	**Partial figures from mandatory statements**	**Figures from reclassified statements**	**Partial figures from mandatory statements**	**Figures from reclassified statements**
Profit		**467.5**		**507.5**
Correction:				
Amortisation, depreciation and other non-monetary components:		525.5		518.0
- Amortisation and depreciation	522.5		549.1	
- Net impairment of property, plant and equipment and intangible assets	21.8		-	
- Contributions for connections - uses	(19.2)		(19.0)	
- Results from investments accounted for using the equity method	(1.8)		(11.2)	
- Non-monetary items (stock grants)	2.2		(0.9)	
Net capital losses (capital gains) on asset sales and eliminations		19.1		5.6
Interest, income taxes and other changes:		216.5		285.9
- Interest income	(5.4)		(28.9)	
- Interest expense	103.3		149.5	
- Income taxes	118.6		165.3	
Change in working capital due to operating activities:		(470.7)		(97.7)
- Inventories	33.2		29.0	
- Trade and other receivables	(366.4)		(174.7)	
- Trade and other payables	(462.9)		(172.0)	
- Change to provisions for risks and charges	(7.1)		(20.0)	
- Other assets and liabilities	339.2		247.1	
from which to deduct Deferrals for connection contributions - increases	*17.6*		-	
from which to deduct Deferrals for connection contributions - uses	*(19.2)*		(19.0)	
- Change in provisions for employee benefits	(6.7)		(7.1)	
Dividends, interest and income taxes cashed in (paid):		(202.7)		(120.6)
- Dividends cashed in	0.7		1.0	
- Interest income	4.4		13.6	
- Interest paid	(88.7)		(107.4)	
- Income taxes (paid) refunded	(119.1)		(27.8)	
Cash flow from operating activities		**555.2**		**1,098.7**
Technical investments:		(844.3)		(845.4)
- Property, plant and equipment	(24.5)		(33.5)	
- Intangible assets	(837.4)		(811.9)	
- Contributions for connections - increases	17.6		-	
- Change in payables for investing activity		60.7		37.0
- Other changes		0.8		(1.9)

Disinvestments:		20.6		27.6
- Property, plant and equipment	0.2		3.3	
- Intangible assets	21.3		11.2	
- Sale of non-controlling interests	(0.9)		-	
- Securities	-		11.0	
- Companies outside the scope of consolidation and units	-		2.1	
Free cash flow before M&A transactions		**(207.0)**		**316.0**
Change in scope of consolidation		(76.9)		19.8
- Price paid for equity	(76.5)		(14.5)	
- Cash and cash equivalents from companies in the scope of consolidation	(0.4)		65.7	
Takeover of financial debt from companies that joined the scope of consolidation	-		(31.4)	
Acquisition of companies, plant and other financial assets		(1.4)		(77.9)
Free cash flow		**(285.3)**		**258.0**
Change in financial debt:		384.9		228.6
- Change in short- and long-term financial debt	382.4		227.9	
- Cash and cash equivalents from companies in the scope of consolidation	0.4		-	
- Medium- to long-term financial receivables	2.1		0.7	
Reimbursements of lease liabilities		(31.0)		(34.1)
Equity cash flow		(270.5)		(299.8)
Cash flow for the year		**(201.9)**		**152.7**

Reconciliation between reclassified financial statements of Italgas S.p.A. and the legally required financial statements

RECLASSIFIED INCOME STATEMENT

(€ millions)	Reference to the explanatory notes of the financial statements	For the year ended 31 December 2023 **Figures from mandatory statements**	Partial figures from mandatory statements	**Figures from reclassified statements**	For the year ended 31 December 2024 **Figures from mandatory statements**	Partial figures from mandatory statements	**Figures from reclassified statements**
Revenues (from mandatory statements)		**82.7**			**85.3**		
- Income for seconded personnel	(note 24)		(5.0)			(5.7)	
Total revenues and other income (from reclassified statements)				**77.7**			**79.6**
Operating costs (from mandatory statements)		**(86.2)**			**(86.8)**		
- Income for seconded personnel	(note 24)		5.0			5.7	
Operating costs (from reclassified statements)				**(81.2)**			**(81.1)**
EBITDA				**(3.5)**			**(1.5)**
Amortisation, depreciation and impairment of assets		**(2.7)**		**(2.7)**	**(2.7)**		**(2.7)**
Operating profit		**(6.1)**		**(6.1)**	**(4.3)**		**(4.3)**
Net financial expense		19.5		19.5	3.6		3.6
Net income from equity investments		296.1		296.1	428.2		428.2
Profit before Tax		**309.4**		**309.4**	**427.6**		**427.6**
Income taxes		(8.0)		(8.0)	(5.1)		(5.1)
Net profit (loss)		**301.4**		**301.4**	**422.5**		**422.5**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€ millions) **(Where not expressly indicated, the item is obtained directly from the legally-required statement)**	Reference to the explanatory notes of the financial statements	As of 31 December 2023 **Partial figures from mandatory statements**	**Figures from reclassified statements**	As of 31 December 2024 **Partial figures from mandatory statements**	**Figures from reclassified statements**
Fixed capital					
Property, plant and equipment			13.0		**12.3**
Intangible assets			1.5		**1.9**
Equity investments, composed of:			3,386.3		**3,441.4**
Equity investments	(note 13)	3,372.7		**3,427.4**	
Other equity investments	(note 7)	13.6		**14.0**	
Net payables for investing activity			(0.2)		**(0.1)**
Financial receivables and securities instrumental to operations			4,704.9		**4,514.4**
Total fixed capital (from reclassified statements)			**8,105.5**		**7,969.9**
Net working capital					
Trade receivables			37.5		**76.2**
Tax assets, composed of:			19.0		**86.7**
- Current and non-current tax receivables	(note 9)	4.9		**4.6**	
- Other current and non-current non-financial assets	(note 10)	9.5		**79.7**	
- Group VAT receivables	(note 8)	4.6		**2.4**	
Other assets			4.0		**5.4**
Trade payables			(15.8)		**(19.9)**
Provisions for risks and charges			(5.7)		**(4.8)**
Deferred tax liabilities			(4.6)		**(1.1)**

Tax payables, composed of:			(29.2)		(32.6)
- Current and non-current tax liabilities	(note 9)	(6.5)		(7.6)	
- Other current and non-current non-financial liabilities	(note 17)	(1.6)		(2.1)	
- Payables for tax consolidation	(note 16)	-		(14.9)	
- Group VAT payables	(note 16)	(21.1)		(8.0)	
Other liabilities			(13.0)		(12.7)
Total net working capital (from reclassified statements)			**(7.8)**		**97.2**
Provisions for employee benefits			**(8.8)**		**(8.4)**
NET INVESTED CAPITAL			**8,088.9**		**8,058.7**
Equity including non-controlling interests			**(1,838.8)**		**(1,961.9)**
Net financial debt					
Financial and bond debt, composed of:			(6,925.4)		**(7,294.9)**
- Long-term financial liabilities	(note 15)	(5,580.7)		**(5,930.2)**	
- Short-term portions of long-term financial debt	(note 15)	(489.1)		**(631.3)**	
- Short-term financial liabilities	(note 15)	(845.5)		**(725.5)**	
- Financial debt pursuant to IFRS 16	(note 15)	(10.0)		**(7.9)**	
Hedging derivative contracts Cash flow Hedge, consisting of:			30.5		**15.1**
Short-term contracts	(note 18)	17.2		**4.7**	
Long-term contracts	(note 18)	13.3		**10.4**	
Financial receivables and cash and cash equivalents, composed of:			644.7		**1,183.0**
- Financial receivables non-instrumental to operations	(note 7)	439.0		**914.7**	
- Cash and cash equivalents	(note 6)	205.7		**268.3**	
Total net financial debt (from reclassified statements)			**(6,250.2)**		**(6,096.8)**
FUNDING			**(8,088.9)**		**(8,058.7)**

RECLASSIFIED STATEMENT OF CASH FLOWS

(€ millions)	As of 31 December 2023		As of 31 December 2024	
Reclassified Statement of Cash Flows items and intersection of legally-required statement items	**Partial figures from mandatory statements**	**Figures from reclassified statements**	**Partial figures from mandatory statements**	**Figures from reclassified statements**
Profit		**301.4**		422.5
Correction:				
Amortisation, depreciation and other non-monetary components:		1.9		0.6
- Amortisation and depreciation	2.7		2.7	
- Impairment of equity investments	(2.3)		-	
- Non-monetary items (stock grants)	1.5		(2.1)	
Interest, income taxes and other changes:		(306.8)		(426.7)
- Interest income and dividends	(399.3)		(562.1)	
- Interest expense	84.5		130.3	
- Income taxes	8.0		5.1	
Change in working capital due to operating activities:		13.8		(106.2)
- Trade and other receivables	103.2		(107.6)	
- Trade and other payables	(111.5)		2.8	
- Change to provisions for risks and charges	(1.1)		(0.9)	
- Other assets and liabilities	23.6		-	
Change in provisions for employee benefits	(0.4)		(0.5)	
Dividends, interest and income taxes cashed in (paid):		320.8		443.7
- Dividends and other income cashed in from equity investments	295.2		428.2	
- Interest income	103.5		106.0	
- Interest paid	(65.9)		(89.4)	
- Income taxes (paid) refunded	(12.0)		(1.1)	
Cash flow from operating activities		**331.1**		**333.9**
Technical investments:		(2.2)		(2.5)
- Property, plant and equipment	(2.2)		(2.4)	
- Intangible assets	-		(0.1)	
Equity investments		(56.1)		(30.0)
Financial receivables instrumental to operations		(382.7)		(333.8)
Other changes related to divestment activities		1.0		(0.2)
Free cash flow		**(108.9)**		**(32.6)**
Change in financial receivables not related to operations		(192.5)		24.3
Change in short- and long-term financial debt		410.3		358.8
Change in lease liabilities		(1.4)		(2.3)
Equity cash flow		(257.6)		(285.6)
Cash flow for the year		**(150.1)**		**62.6**

4.4 Other information

Treasury shares

The company did not own any treasury shares as at 31 December 2024.

Related party transactions

Based on Italgas' current ownership structure, Italgas related parties include, in addition to directors, statutory auditors, executives with strategic responsibilities, companies associated with the Group or under its joint control, also the subsidiaries directly or indirectly controlled by CDP, therefore including the shareholder Snam, and the Ministry of Economy and Finance (MEF). Transactions with these entities relate to the exchange of assets, the provision of services and, in the case of CDP, the provision of financial resources.

These transactions are part of ordinary business operations and are generally settled at arm's length, i.e. the conditions which would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group.

Pursuant to the provisions of the applicable legislation, the Company has adopted internal procedures to ensure that transactions carried out by the Company or its subsidiaries with related parties are transparent and correct in their substance and procedure.

The Directors and Statutory Auditors declare potential interests that they have in relation to the Company and the Group every six months, and/or when changes in said interests occur; in any case, they promptly inform the Chief Executive Officer (or the Chairperson, in the case of the Chief Executive Officer's interests), who in turn informs the other directors and the Board of Statutory Auditors, of the individual transactions that the Company intends to carry out and in which they have an interest.

CDP and CDP Reti consolidate Italgas pursuant to IFRS 10. In addition, through the Board of Directors' decision of 1 August 2019, CDP reclassified its investment in Italgas S.p.A. as a controlling interest pursuant to Article 2359, paragraph 1.2) of the Italian Civil Code and Article 93 of the TUF. Italgas is not subject to management and coordination activities by CDP.

As at 31 December 2024, Italgas manages and coordinates its subsidiaries, pursuant to Article 2497 et seq. of the Italian Civil Code.

The amount involved in commercial, miscellaneous and financial relations with related parties, descriptions of the key transactions and the impact of these on the balance sheet, income statement and cash flows, are provided in the section "Related-party transactions" of the Notes to the consolidated and annual financial statements.

Relations with Key Managers are shown in the section "Operating costs" of the Notes to the consolidated financial statements.

Operating performance of subsidiaries

For information on the outlook of areas where Italgas operates in whole or in part through subsidiaries, please refer to "Operating performance" and "Comment on the economic and financial results" of this Report.

Branch offices

In compliance with Art. 2428, fourth paragraph of the Italian Civil Code, note that the Italgas does not have secondary offices.

Research and development

Research and development activities carried out by Italgas are not of a considerable amount. For more details, see the notes to the Consolidated Financial Statements.

Significant events after year end

The significant transactions carried out after 31 December 2024 are summarised below. The Integrated Annual Report has been submitted to the examination of the Company's Board of Directors and its publication was authorised within the terms and in accordance with the procedure prescribed by law. Therefore, this document does not note any events that occurred subsequent to that date.

Extraordinary transactions and area tenders

- On 27 December 2022 Italgas, Toscana Energia and Alia Servizi Ambientali signed an agreement that granted Italgas an option to purchase 30,134,618 shares in Toscana Energia held by Alia Servizi Ambientali following their transfer by the Municipality of Florence.
  Italgas exercised the option on 14 January 2025. The envisaged contractual price to purchase the shares of Toscana Energia is to be determined as the "fair market value" at the date of execution of the option, calculated by an international financial institution named jointly by the parties.

Legal and Regulatory Framework

- Italgas Reti challenged on additional grounds Resolution no. 513/2024/R/com through which the Authority, following an update for the 2025-2027 sub-period of the parameters common to all regulated services and following a review of the criteria for updating the β-asset (beta asset) parameter for all regulated infrastructural services of the electricity and gas sectors, updated the WACC for the year 2025. The setting of a date for the hearing is currently pending.

Capital Transactions

- On 12 February 2025, in execution of the 2021-2023 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 April 2021, the Board of Directors resolved on the free allocation of a total of 511,604 new ordinary shares of the Company to the beneficiaries of said Plan (second cycle of the Plan) and executed the second tranche of the share capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of 634,388.96 euros, taken from retained earnings reserves.

Other events

- On 7 February 2025, Italgas was confirmed for the third consecutive year by CDP (Carbon Disclosure Project) in the "Climate A list" which groups together the best players globally in terms of transparency and performance in combating climate change.
- On 11 February 2025, Italgas was included for the sixth consecutive year in the S&P Global Sustainability Yearbook, S&P Global's annual publication that collects best practices, experiences and success stories of the world's leading companies on sustainability issues. Italgas also confirmed its leadership with inclusion in the "Top 1% S&P Global CSA Score", category, based on the results of the Corporate Sustainability Assessment (CSA) 2024.

5. Operating segment operating performance

Consistent with the manner in which Management reviews the Group's operating results and in compliance with the provisions of the international accounting standard IFRS 8 "Operating segments", the Italgas Group has identified the following operating segments: “Gas distribution”, “Water service”, “Energy efficiency” and “Corporate”[39].

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

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

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

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

Below is a breakdown of the main economic performance indicators by sector:

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2024* pro rata
Gas Distribution Sector (regulated and unregulated)	1,484.2	1,652.7	1,652.7
Water Sector	8.8	94.7	203.9
Energy efficiency sector	299.0	48.2	48.2
Corporate	82.7	85.3	85.3
Intra-sector eliminations	(99.9)	(102.1)	(102.1)
Total revenues and other income adjusted	**1,774.8**	**1,778.8**	**1,888.0**
Gas distribution sector	1,132.5	1,308.5	1,308.5
Water Sector	0.2	39.7	68.6
Energy efficiency sector	54.6	4.2	4.2
Corporate	(3.6)	(1.5)	(1.5)
Adjusted EBITDA	**1,183.7**	**1,350.9**	**1,379.8**
Gas distribution sector	636.9	812.3	812.3
Water Sector	(0.7)	12.3	27.5
Energy efficiency sector	51.2	0.4	0.4
Corporate	(6.2)	(4.3)	(4.3)
Adjusted EBIT	**681.2**	**820.7**	**835.9**

* Unaudited values

5.1 Gas distribution sector

Main economic and financial indicators

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

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024
Total revenues and other income adjusted (regulated and unregulated)	1,484.2	1,652.7
Adjusted EBITDA	1,132.5	1,308.5
Adjusted EBIT	636.9	812.3
Adjusted EBITDA margin (%)	76%	79%
Adjusted EBIT margin (%)	43%	49%

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

Total revenues and other income adjusted for the Gas Distribution segment as at 31 December 2024 amounted to 1,652.7 million euros (1,484.2 million euros in 2023), an increase of 168.5 million euros, mainly due to the combined effect of (i) the increase in distribution revenues (+172.9 million euros) and (ii) the decrease in revenues from services and other (-4.4 million euros). Adjusted operating profit increased by 175.4 million euros (+27.5% compared to the previous year), from 636.9 million euros as at 31 December 2023 to 812.3 million euros as at 31 December 2024.

Operating performance

Additions

In 2024, technical investments amounting to 850.4 million euros were made (895.0 million euros in 2023), of which 21.5 million euros were related to investments accounted for in accordance with IFRS 16, and resulted in the laying of an additional 755 km of pipeline.

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Gas distribution	**538.9**	**538.7**	**(0.2)**	**-**
Network maintenance and development	*420.7*	438.8	18.1	4.3
New networks	*118.2*	99.9	(18.3)	(15.5)
Gas digitisation	**282.5**	**242.9**	**(39.6)**	**(14.0)**
Other assets	*151.6*	99.7	(51.9)	(34.2)
Metering	*110.0*	115.9	5.9	5.4
Processes	*21.0*	27.3	6.3	30.0
Other investments	***73.6***	***68.8***	**(4.8)**	**(6.5)**
- of which Real Estate	*11.7*	*20.8*	*9.1*	*77.8*
- of which ICT	*26.0*	*22.8*	*(3.2)*	*(12.3)*
- of which the effect of IFRS 16	*32.8*	*21.5*	*(11.3)*	*(34.5)*
	895.0	**850.4**	**(44.6)**	**(5.0)**

Investments in gas distribution remained virtually unchanged compared with 2023 at 538.7 million euros. Investments in digitisation (242.9 million euros) decreased by 14.0% compared with 2023 due to the gradual completion of the digitisation process of the gas network in Italy.

Operating figures

Key operating figures for gas distribution **Italgas Group and affiliates (Italy and Greece)**	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Active meters (millions)	7.974	8.020	0.046	0.6
Municipalities with gas distribution concessions (no.)	2,050	2,099	49	2.4
Municipalities with gas distribution concessions in operation (no.)	1,967	2,024	57	2.9
Distribution network (kilometres)	82,034	83,811	1,777	2.2
Gas distributed (million cubic metres)	8,145	8,188	43	0.5

Key operating figures for gas distribution **Italgas Group (Italy and Greece)**	For the year ended 31 December 2023	For the year ended 31 December 2024	Abs. change	% Change
Active meters (millions)	7.821	7.867	0.046	0.6
Municipalities with gas distribution concessions (no.)	1,989	2,038	49	2.5
Municipalities with gas distribution concessions in operation (no.)	1,906	1,963	57	3.0
Distribution network (kilometres)	80,136	81,907	1,771	2.2
Gas distributed (million cubic metres)	7,895	7,929	34	0.4

Legislative and regulatory framework

Gas distribution tariff regulation - Italy

The distribution and metering of natural gas is regulated by the Regulatory Authority for Energy, Networks and Environment (ARERA). Among its functions are the calculation and updating of the tariffs, and the provision of rules for access to infrastructure and for the delivery of the related services.

The rate system establishes in particular that the reference revenues for the formulation of rates is determined so as to cover the costs incurred by the operator and allow for a fair return on invested capital. Three cost categories are recognised:

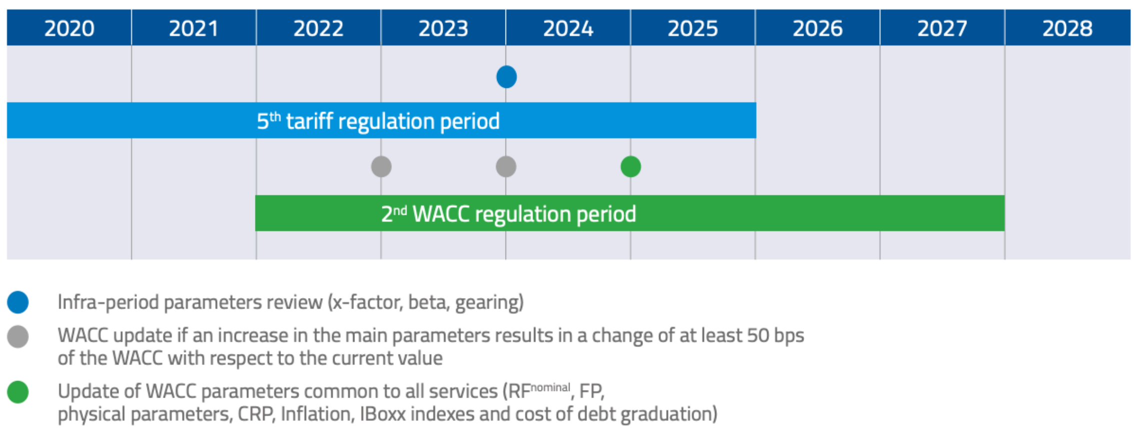
- the cost of net invested capital for RAB (Regulatory Asset Base) purposes through the application of a rate of return of the same;
- economic-technical amortisation/depreciation, hedging investment costs;
- operating costs, hedging operational costs.

The main rate elements are reported below on the basis of the regulatory framework (Resolution no. 570/2019/R/gas as amended):

Fifth Regulatory period highlights (from 1/1/2020 to 31/12/2025)

End of regulatory period (tariffs)	31 December 2025	
Calculation of net invested capital recognized for regulatory purposes	Historical cost revalued Parametric method centralized assets	
Remuneration of equity for regulatory purposes (WACC pre-tax)	Distribution and metering: • 6,3%: 2020 and 2021 years • 5,6%: 2022 and 2023 years • 6,5% 2024 year • 5,9% 2025 year	
Efficiency factor (X-factor)	Set by Delibera 570/2019/R/Gas: Operating costs A) distribution • 3,53% for large companies • 4,79% for medium-sized companies • 6,59% for small companies B) metering: 0% C) marketing: 1,57%	Rectified by Delibera 409/1023/R/Gas: Operating costs A) distribution • 3,39% for large companies • 4,62% for medium-sized companies • 6,46% for small companies B) metering: unchanged C) marketing: unchanged

The RAB of the companies currently included in the scope of consolidation, calculated by applying the criteria adopted by the Authority, with reference to investments made up to 31 December 2024, in the definition of the reference tariffs, is equal to approximately 9.1 billion euros.



- Resolution no. 570/2019/R/gas approved the tariff regulation of gas distribution and metering services for the fifth regulatory period 2020-2025 and Resolution no. 737/2022/R/gas approved the infra-period update of the tariff regulation of gas distribution and metering services, for the second half-period 2023-2025 of the current regulatory period.
- Resolution no. 614/2021/R/com approved the criteria for determining and updating the rate of return on invested capital for the infrastructural services of the electricity and gas sectors for the 2022-2027 period (TIWACC 2022-2027). The 2PWACC is split into two sub-periods, each lasting three years. Albeit maintaining a three-year update frequency of the parameters relating to the macroeconomic and fiscal context, the Authority introduced an annual update mechanism (at least for the first three-year period) for the macroeconomic variables, if the cumulative effect of the update of the parameters leads to a change in the WACC above a threshold of 50 bps (basis point spread).
- Resolution no. 556/2023/R/com updated, for the year 2024, the parameters provided for the verification of the activation of the trigger mechanism, based on which the conditions are verified for the annual update of the WACC, as per Article 8 of the TIWACC 2022-2027 (variation of 90 bps compared to the previous year). The Resolution therefore set the WACC for the natural gas distribution and metering service at 6.5% for the year 2024.
- Resolution no. 631/2023/R/gas approved, for the year 2024, the mandatory tariffs for the natural gas distribution, metering and marketing services.
- On 9 April 2024, with Resolution no. 134/2024/R/gas, the Authority redetermined the tariffs for the gas distribution and metering services for the years running from 2017 to 2022, in order to take into account the acceptance of the requests to redetermine tariffs and apply rectifications submitted by the distribution companies. The measure also redetermines the reference tariffs for the years running from 2020 to 2022, limited to the part relating to the coverage of operating costs recognised for the distribution service, in order to allow for the correction of the calculation error noted by the Regional Administrative Court when examining the appeals lodged against resolution no. 570/2019/R/gas, implemented by resolution no. 409/2023/R/gas.
- With Resolution no. 146/2024/R/gas, the Authority determined the final reference tariffs for gas distribution and metering services for 2023, calculated on the basis of the actual balance sheet figures for 2022.
- By way of Resolution no. 173/2024/R/gas, as a result of the consultation process developed with document no. 67/2024/R/gas, the Authority proceeded to recognise, on an extraordinary basis, the effects deriving from the revision, by ISTAT, of the data used to determine the rate of change of the deflator of gross fixed investments used for the purposes of updating the tariffs for gas distribution and metering services, for the year 2024. The new deflator for the tariffs of the year 2024 was set at 5.3% instead of the previous 3.8%.
- By way of Resolution no. 186/2024/R/gas, the Authority determined the provisional reference tariffs for gas distribution and metering services for the year 2024, calculated on the basis of the preliminary balance sheet data for the year 2023 and, following the redetermination of the rate of change of the deflator of gross fixed investments pursuant to resolution no. 173/2024/R/gas, it redetermined the values of certain tariff components for the same year 2024.
- With Resolution no. 283/2024/R/efr, the Authority approved the tariff contribution to be recognised to distributors fulfilling their energy saving obligations under the EEC mechanism for the mandatory year 2023.

Specifically, the Authority set a contribution equal to 248.99 euros/EEC as the weighted value between the average GME stock market price (249.33 euros/MWh) and the average price of the relevant bilateral contracts (248.22 euros/MWh).

- With Resolution no. 296/2024/R/gas of 16 July 2024, the Authority approved the new Integrated Text of the provisions on natural gas distribution tenders in order to simplify and accelerate the ongoing proceedings, make available more streamlined verification methods for those initiated after the adoption of the resolution, and speed up the execution of tenders.
- By way of Resolution no. 376/2024/R/gas, the Authority redetermined the values of the reference tariffs for natural gas distribution and metering services for the years 2015 to 2023 for the recognition of the residual value of smart meters of class less than or equal to G6, installed by 31 December 2018, with a manufacturing year of no later than 2016, decommissioned before the end of their useful life for tariff purposes according to the operating methods indicated in Determination 1/2023 DINE.
- By way of Resolution no. 489/2024/R/gas, the Authority re-determined the tariffs for gas distribution and metering services for the years 2013 to 2023, in order to take into account the requests for rectification of physical and asset data submitted by distribution companies. The measure also corrects the material error found in the calculation algorithm for the tariff recognition of the value of new investments in electronic meters made in the year 2022.
- By way of Resolution no. 513/2024/R/com, the Authority approved the updating of the relevant parameters for the purposes of determining the rate of return on invested capital for the 2025-2027 sub-period, and the beta asset parameter, with reference to the infrastructure services of the electricity and gas sectors. With reference to the beta parameter, for the gas distribution sector only, the Authority deemed it appropriate to reduce the value to 0.41 (compared to 0.439 for the three-year period 2022-2024). The trigger mechanism was also confirmed for the 2025-2027 sub-period by reducing the trigger threshold, set by Resolution no. 614/2021/R/com from 50 bps to 30 bps. For the gas distribution sector, the Resolution set the value of the WACC for the year 2025 at 5.9%.
- On 22 October 2024, the Authority published Consultation Document no. 427/2024/R/gas of 22 October 2024, outlining its guidelines for the revision of the regulation of gas distribution tariffs for the 2020-2025 period. The measures envisaged pursue the following main objectives: (i) to address the information gaps found in the courts, by means of a more precise definition of the criteria for processing the data provided by the operators in the separate statements and the determination of the actual cost for the year 2018; (ii) to rectify the illegitimacy profiles found by the Council of State with reference to the level of the actual operating costs for the year 2018 (COE 2018) and the determination of the annual rate of reduction of the costs recognised to cover operating costs (X-factor).
- By way of Resolution no. 587/2024/R/gas, the Authority approved the mandatory tariffs for natural gas distribution, metering and marketing services for the year 2025. This Resolution also provides that, for the tariffs of the year 2025, the rate of change of the deflator of gross fixed investments, determined on the basis of the criteria in force, shall be set at 0.30%, and that any redetermination of the rate for the revaluation of capital costs as a result of the proceedings initiated with Resolution no. 339/2024/R/com may already take effect when determining the definitive reference tariffs for the year 2025, scheduled by 31 March 2026.

Legal and regulatory events

- For technical reasons, Italgas Reti contested Resolution no. 134/2024/R/gas published on 9 April 2024 with which the Authority redetermined the tariffs for the gas distribution and metering services for the years running from 2017 to 2022, in order to take into account the acceptance of the requests to redetermine tariffs and apply rectifications submitted by the distribution companies. The measure also redetermines the reference tariffs for the years running from 2020 to 2022, limited to the part relating to the coverage of operating costs recognised for the distribution service, in order to allow for the correction of the calculation error noted by the Regional Administrative Court when examining the appeals lodged against Resolution no. 570/2019/R/gas, implemented by Resolution no. 409/2023/R/gas.
- For technical reasons, Italgas Reti contested Resolution no. 146/2024/R/gas, with which the Authority determined the final reference tariffs for gas distribution and metering services for 2023, calculated on the basis of the actual balance sheet figures for 2022.
- Concerning the dispute with the Municipality of Cavallino Treporti, the Municipality of Cavallino Treporti notified the appeal with the Court of Cassation against the judgement of 22 April 2024, with which the Court of Appeal of Venice, although declaring that it was not competent to rule, confirmed the judgement of the Court in the part where it declared that the Municipality only owned the assets of block A starting 1 January 2013, and rejected the petition made by the Municipality of Cavallino Treporti to have the amounts paid by way of fees for occupying public areas and spaces returned. At present, the determination of the hearing before the Court of Cassation is pending.
- With Resolution no. 207/2024/R/gas, the Authority concluded the proceedings initiated with Resolution no. 114/2022/R/gas, then extended with Resolution no. 162/2023/R/gas, for the verification of the operating costs declared by Italgas Reti for the development of the smart reading/remote management centralised system relating to the years running from 2011 to 2016, recalculating them and applying, as a result, an overall reduction of 9.9 million euros. The Company does not agree with the contents of Resolution no. 207/2024/R/gas and, on additional grounds, has appealed against this provision before the Regional Administrative Court of Lombardy, disputing its illegitimacy.
- Italgas Reti challenged Resolution no. 490/2024/R/gas with which the Authority approved the second determination of the premiums and penalties related to the safety recoveries of the natural gas distribution service for the year 2020, not granting approximately 24 million euros to the company. Italgas Reti does not agree with the contents of the Resolution, disputing in particular the non-compliance with the principle of proportionality related to the criterion used to determine to the aforesaid premiums, and appealed against the related provision before the Regional Administrative Court of Lombardy. At present, the next hearing has been set for 14 May 2025.

Tariff regulation – Greece

The licences held by the distributor of the Enaon Group extend over the entire Greek territory.
The expiry and renewal of the gas distribution licences in Greece are governed by the Greek Energy Law, partially amended (i.e. Articles 2, 80Γ and 88) by Law no. 4812/2021, enacted on 30 June 2021. According to this amendment, the duration of the licence is set at a minimum of 20 years and may be extended to a further 30 years upon expiry of the original licence, following an application by the licence holder. In this case, the

licence holder must apply for an extension one year before the expiry date (31 December 2043). The renewal takes place through an "act with declaratory effect" issued by the Regulatory Authority for Energy (RAE), the Greek Regulator, in accordance with Articles 5-9-13-16 of the Regulation of Natural Gas Permits (Decision of the Minister no. 178065/2018, published in Journal 3430/2018). Law no. 4951-2022 (Article 134) also introduced a possible repayment, for the outgoing operator, for the residual value of their assets, equal to the value of the RAB[40] at the end of the licence, plus a premium of at least 15%.

The activity of natural gas distribution and metering in Greece is regulated by the RAE: its responsibilities include the setting and updating of tariffs, as well as the establishment of rules for access to infrastructure and the provision of related services (e.g. Distribution Code - RAE Decision 589/2016).

Law 5037 ΦΕΚ Α 78 of 29 March 2023 renamed the Energy Regulatory Authority into the Regulatory Authority for Energy, Waste and Water (RAEWW) and expanded its scope with responsibilities for water services and municipal waste management.

With Decision E-14/2024, the RAEWW announced the WACC to be applied on the RAB for the Enaon Group DSOs, setting it at 8.38% for 2024, 2025 and 2026 (compared to 8.57% in 2023). The decision was made in accordance with the provisions of Article 260 of Law 5037/2023.

The duration of a tariff adjustment period is set at four years: the current adjustment period at the end of the financial year is the period from 2023 to 2026. In particular, the Greek regulation provides that, prior to the beginning of each regulatory period, the operator shall submit to the Authority, for approval, the Development Plan and the Business Plan for the following regulatory period on the basis of which the operator's distribution tariffs and regulated revenues for the relevant period are determined.

In the event that there are differences between the assumptions made in the Development Plan and the Business Plan and the actual data for the reference period, a deviation of the actual revenues from the regulated revenues will be generated: this deviation (defined as a "recoverable difference"), whether positive or negative, is considered in the definition of the regulated revenues of the following regulatory period and will therefore be recovered or returned as part of the tariffs for the following four years. To satisfy the need not to assign (only) to end customers in disadvantaged areas with limited infrastructural developments the costs of the distribution and metering service, the Authority, with Decision no. 485/22 Article 20 envisaged the possibility of socialising any potential recoverable difference between all distribution companies of a single corporate Group.

By way of Decision E-257/2024, RAEWW revised the structure of the tariffs applied by Enaon EDA for its natural gas distribution activity, providing for the progressive application of a single tariff for the same categories of users served throughout the managed territory as of 1 December 2024. The tariffs for the years 2025 and 2026 of the 2023-2026 regulatory period will be determined using the latest available percentage change in the annual average consumer price index (CPI) published by the Hellenic Statistical Authority.

The rate system establishes in particular that the reference revenues for the formulation of rates is determined so as to cover the costs incurred by the operator and allow for a fair return on invested capital. In particular, the following tariff components are identified:

[40] Net fixed asset value of assets net of contributions, capitalised interest, revenues from connection contributions and/or user fees and all costs related to planning. To increase the RAB, a percentage of Working Capital calculated parametrically.

- the cost of net invested capital for regulatory purposes RAB (Regulatory Asset Base) through the application of a rate of return (WACC); the WACC is nominal pre-tax and is defined *ex ante* for the regulatory period;
- economic-technical amortisation/depreciation, hedging investment costs;
- the operating costs, which are defined for the following regulatory period, are not re-estimated at the end of the regulatory period; thus the operator can retain the efficiency achieved during the regulatory period;
- the additional revenues obtained from activities other than gas distribution are separated;
- the recoverable difference defined by the difference between the regulated revenues (calculated based on the final balance) and the revenues obtained from invoicing;
- connection fees may be borne by the distribution operator and, in that case, taken into account in determining the RAB if the operator's penetration rate is low (letter K) point XIII Decision RAE 328/2016 - Approval of the pricing regulation).

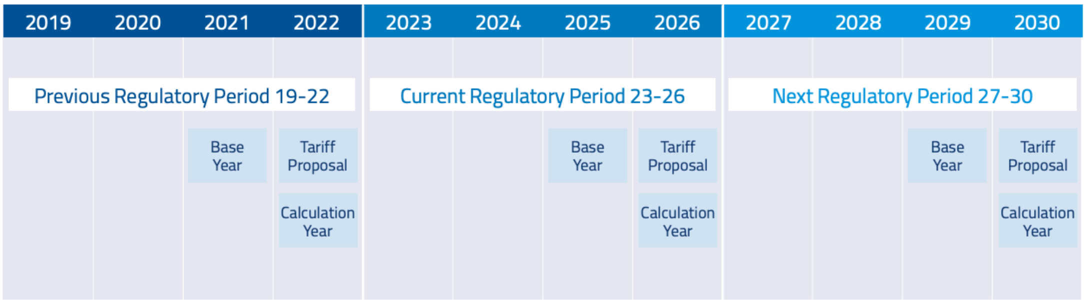
Required Revenues =	RAB x Reg. WACC	+ Depreciation	+ Opex	- Additional Revenues	± Recoverable Difference
Evaluated for each year in the Tariff Calculation Period	Return on RAB calculated by multiplying the RAB of the Operator with the Weighted Average Cost of Capital (WACC)	Fixed Assets are depreciated based on the accounting method provided by law with no strict obligation to set a specific period of depreciation. Existing DSOs have chosen different approaches regarding duration of depreciation for each category of assets	The reasonable expenses of the DSO for the operation of the Key Activity of Natural Gas Distribution	The DSO may undertake other activities: Auxiliary services (e.g. installation and maintenance of smart meters) and Optional services (e.g. energy efficiency services). For these services, the DSO submits to RAE a tariff proposal for approval	The difference between the Required Revenues and the Actual Revenues (which includes the revenues from the application of the Distribution tariffs according to the billed quantities)

Below are the main elements of the tariff regulation and its relevant reference timetable:

End of regulatory period	End of previous regulatory period: 31/12/2022 End of current regulatory period: 31/12/2026 End of next regulatory period: 31/12/2030
Net Invested Capital (RAB)* calculation for regulatory purposes	Historical cost
Weighted Average Cost of Capital ($WACC_{nominal, pre-tax}$) recognized for regulatory purposes	Distribution and Metering: 7.45% (year 2020) 7.03% (years 2021-2022) 8.57% (year 2023) 8.38% (years 2024-2025-2026)

The RAB of the Greek distribution companies, calculated by applying the criteria adopted by the local regulatory Authority, with reference to investments made up to 31 December 2024, is equal to approximately 0.8 billion euros.

The timings defined by the tariff regulation are shown below:



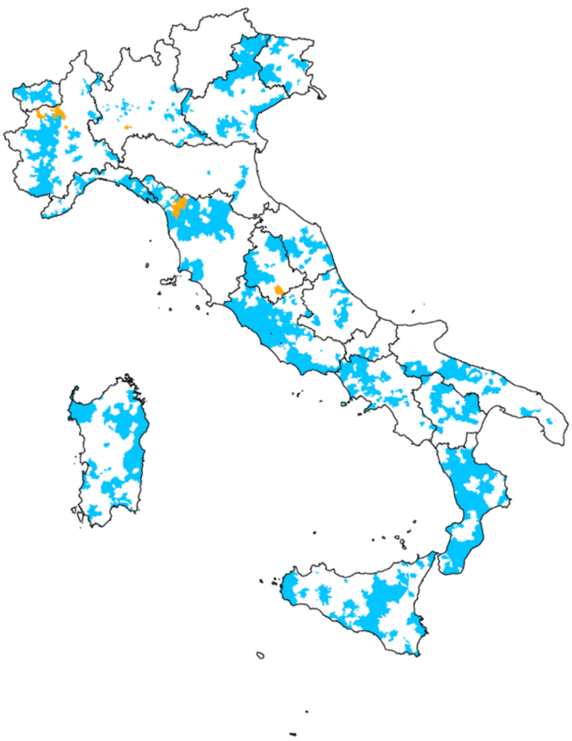
Base Year	All the data provided in the tariff proposal refer to the final data of the Base Year plus the most up-to-date data up to the submission of the tariff proposal.
Tariff Proposal	Proposal of all DSOs to RAEWW of the most up-to-date data needed to set the tariffs for the next regulatory period.
Calculation Year	The Year during which the Planned Revenues of the Natural Gas Distribution Activity are calculated and preceding the regulatory period.

On 18 July 2024, RAEWW approved the Five-Year Investment Plan submitted by its subsidiary Enaon Eda.

Municipalities in concession and local tender areas[41]

The following figure shows the presence of the Italgas Group in Italy[42]. As at 31 December 2024, as a result of the regulatory framework that provides for assigning the gas distribution service with tenders by territorial area (and not by individual municipality), 43 calls for tenders have been published.

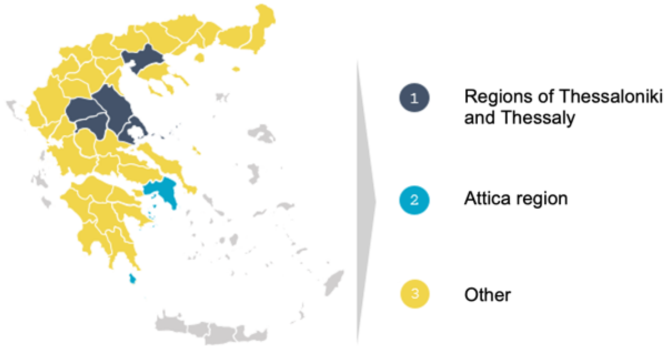
Of the 43 tender notices published to date:



- TORINO 3 - South-West, MASSA CARRARA, COMO 1 - Triangolo Lariano and Brianza Comasca, BERGAMO 3 - Surroundings West of Bergamo, BRESCIA 1 - North - West, BERGAMO 2 - North - East, MILANO 4 - North-Eastern Province, MILANO 3 - Southern Province, VICENZA 3 - Astico, Leogra and Timonchio Valleys, BIELLA (partially already annulled by the Piedmont Regional Administrative Court) and VARESE 3 - South are suspended by the Contracting Authorities;
- VENICE 1 – Laguna Veneta, ALESSANDRIA 2 – Centre and GENOVA 2 – Province were respectively annulled by the State Council, the Regional Administrative Court (TAR) of Piedmont and the Regional Administrative Court (TAR) of Liguria;

[41] For more information on the regulation concerning the assignments of gas distribution service and the related call for tenders, please see the specific paragraph in the chapter “Legislative and regulatory framework”.
[42] The territorial presence where Italgas exercises control is shown in blue, the presence through affiliates over which it does not exercise control is shown in orange.

- MONZA and BRIANZA 2 - West, LUCCA, TRIESTE, MONZA and BRIANZA 1 - East, VERONA 2 - Veronese Plains, PRATO, CREMONA 2 - Centre and CREMONA 3 - South aggregates and VARESE 2 - Centre were withdrawn by their respective contracting stations;
- TURIN 2 – Turin plant, VALLE D'AOSTA, BELLUNO, TURIN 1 – City of Turin, LA SPEZIA and CATANZARO - officially awarded to ITALGAS RETI;



In Greece, as at 31 December 2024, Italgas holds the natural gas distribution licences of Enaon EDA (the only operating company following the merger by incorporation of EDA Thess and EDA Attikis) amounting to 145 Municipalities, of which 111 are already in operation.

5.2 Water Service Sector

Main economic and financial indicators

The table below summarises the main items of the financial statements and, with a view to providing a more general overview of the business, includes a column relating to 2024*, showing the data of the operative companies Acqualatina and Siciliacque as *pro rata* consolidation (2024* *pro rata*)[43].

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2024* pro rata
Total revenues and other income adjusted	8.8	94.7	203.9
EBITDA adjusted	0.2	39.7	68.6
EBIT adjusted	(0.7)	12.3	27.5
Adjusted net profit	0.6	15.2	15.2
Group's adjusted net profit	0.6	14.9	14.9
EBITDA margin (%)	2%	42%	34%
EBIT margin (%)	(8%)	13%	13%

* Unaudited values

Operating performance

The following table summarises the main operating figures for the sector:

Key operating figures for the water segment **Italgas Group and affiliates**	For the year ended 31 December 2023	For the year ended 31 December 2024*	Abs. change	% Change
Customers served directly and indirectly (millions)	2.3	6.3	4.0	-
Managed water distribution network (kilometres)	8,643	8,982	339	3.9

* The figures for 2024 include, in addition to Nepta, Acqualatina and Siciliacque, the effect of the inclusion of Acqua Campania in the scope of consolidation.

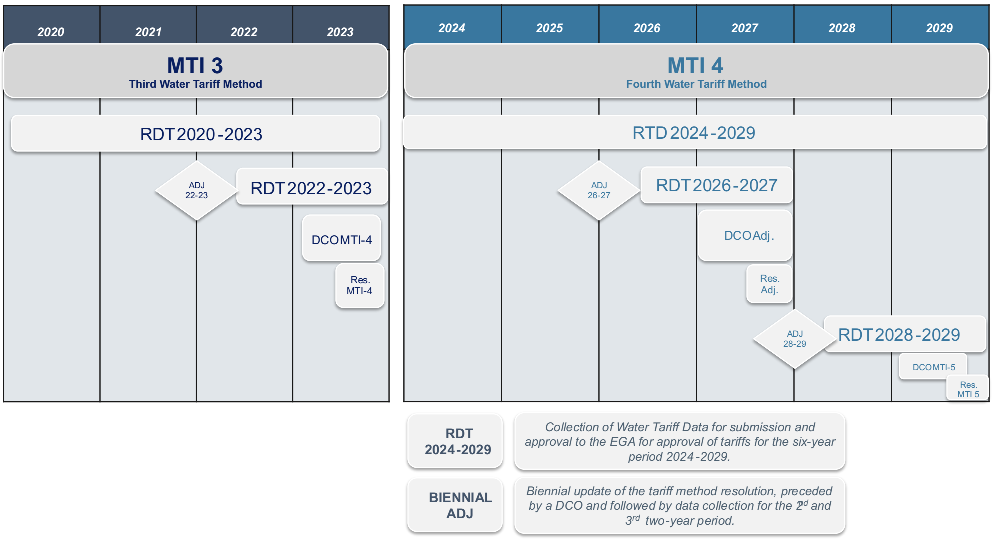
[43] In addition to Acqualatina and Siciliacque, the fully consolidated companies (Nepta, Acqua, Idrolatina, Idrosicilia and Acqua Campania from the date of acquisition) are included. On the other hand, in the reclassified income statement table, the result of Acqualatina and Siciliacque is included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

Legislative and regulatory framework

The group of public services for the collection, adduction, and distribution of water for civil use, sewage, and wastewater purification, including the collection adduction and purification services, which are part of the Integrated Water Service (IWS), are regulated by ARERA pursuant to Article 21, subsections 13 and 19, of Decree Law no. 201/11. Among the functions of regulation and control of water services are the determination and updating of tariffs, as well as the preparation of rules to guarantee the conditions of efficiency and quality of the services provided and the protection of the interests of users and consumers.

The tariff system provides that the competence of submitting tariff proposals to the Authority lies with the area governing body, Ente di Governo d'Ambito (EGA), which provides for the approval of the data and documents prepared by the operator.

For the fourth regulatory period (2024-2029), the Authority adopted the Water Tariff Method MTI-4, introduced by Resolution no. 639/2023/R/idr of 28 December 2023.



The main elements of tariff regulation are as follows:

Highlights 2024-2029 regulation period

End of regulation period (tariffs)	31 December 2029	
Calculation of net invested capital recognised for regulatory purposes (RAB)	Historical cost revalued	
Remuneration of net invested capital recognised for regulatory purposes (**Financial Expense + Tax Expense**)		2024-2025
	Investments before 2012	6,13%
	Investments post 2012	7,13%
Incentives for new investments	Possibility of recognition of the tariff component (new investment fund) for operators positioned in Schedules IV, V and VI (*operators with a ratio of expected new investments to RAB from the previous regulatory period greater than 0.5*)	

The RAB pro quota of the sector, resulting from the application of the criteria adopted by the Authority, with reference to the investments made up to 31 December 2024, within the scope of the definition of the reference tariffs, is equal to approximately 0.1 billion euros.

The following components contribute to the tied revenues recognised by the Guaranteed Revenue Constraint (VRG) method to the operator:

VRG =	CAPEX +	FONI +	OPEX +	ERC +	RC
Guaranteed Revenue Constraint	Represents the **cost of fixed assets**, including **finance, tax and depreciation expense**	Represents the **possible advance for financing new investments**, supporting the specific objectives and resulting interventions	Component consisting of **operating costs**, other than ERCs, understood as the sum of operating costs **endogenous** to management, **upgradable** operating costs, and operating costs **associated with specific purposes**	Component covering **environmental and resource costs**	**Adjustment** component related to the Guaranteed Revenue Constraint for the year (t-2), **required to recover approved costs related to previous years**

With Resolution no. 639/2023/R/IDR of 28 December 2023, the Authority approved the water tariff method for the fourth regulatory period 2024-2029 (MTI-4), defining the rules for calculating the costs that are eligible for recognition in the tariff.

On 30 January 2024, the Authority published Resolution no. 26/2024/R/idr with which it initiated a procedure aimed at defining and introducing the incentive mechanism to favour water resilience, provided for in the updating of the regulation of technical quality as per Resolution no. 637/2023/R/idr, with a view to mitigating, also through the development of large strategic works, the effects of climate change.

On 6 February 2024, the Authority published Resolution no. 37/2024/R/idr and Resolution no. 39/2024/R/idr concerning, respectively, the commencement of proceedings for the quantitative assessments, for the two-year period 2022-2023, provided for by the incentive mechanism for the contractual and technical quality of the water service.

By way of Resolution no. 358/2024/R/idr of 10 September 2024, the Authority initiated proceedings for the ex officio determination of the tariff multiplier for the integrated water service managements falling within the cases specified in paragraph 5.8 of Resolution no. 639/2023/R/idr. This resolution also mandated the Tariffs and Environmental Fees Department to issue a formal warning to the governing bodies of the relevant area or other competent parties in case of non-compliance with their obligations to update the tariff structure following a request from the operator, in accordance with paragraph 5.6 of Resolution no. 639/2023/R/idr. On 12 September 2024, the Authority warned both Ente Idrico Campano (EIC) and the Region of Sicily to comply within the next 30 days, following the submission of tariff update applications by Nepta and Siciliacque to their respective Governing Bodies and to the Authority. Once this deadline had expired, the two entities asked the Authority for additional time to evaluate the regulatory schemes proposed by the companies for the 2024-2029 period, highlighting the elements that would not allow them to proceed with tariff approval. The operators are waiting for a ruling from the Authority following the feedback formally transmitted by both the EIC and the Sicilian Region to the warnings received. Instead, about Acqua Campania S.p.A. and Acqualatina S.p.A., the tariffs for MTI-4 have already been approved.

With Resolution no. 570/2024/R/IDR of 17 December 2024, the Authority identified the theoretical purchase mix for the definition of the reference cost of electricity for the purpose of calculating the adjustments related to electricity for the year 2027, in accordance with MIT-4.

Concessions

At 31 December 2024 Nepta operates the water service for five Municipalities in the Province of Caserta: Caserta, Baia and Latina, Casaluce, Galluccio and Roccaromana. The concessions naturally expired in 2020 and 2021, therefore, the management is extended, under the prorogatio system, until the management is entrusted to the new Operator of the Integrated Water Service in the District of Caserta.

Acqualatina is the operator of the Integrated Water Service in the territory of ATO4 Lazio Meridionale – Latina with a managed territory of 38 Municipalities.

Siciliacque is the 40-year concession holder of the collection, storage, drinking water and adduction service in the Sicily Region.

Acqua Campania manages the Western Campania concession in Naples and Caserta for the capture, purification, adduction and transport of drinking water destined for water distribution companies. For the Company, the concession has come to its expiration and has been further extended to 31 December 2025.

5.3 Energy efficiency sector

Main economic and financial indicators

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

(€ millions)	For the year ended 31 December 2023	For the year ended 31 December 2024
Total revenues and other income adjusted	299.0	48.2
Adjusted EBITDA	54.6	4.2
Adjusted EBIT	51.2	0.4
EBITDA margin (%)	18%	9%
EBIT margin (%)	17%	1%

The revenues of the Energy Efficiency segment, amounting to 48.2 million euros as at 31 December 2024, decreased due to the decline in “Superbonus” activities. In this context, ESCo Geoside is now focused on industrial efficiency projects and the integration of the offer for the residential sector. The company also deals with “heat management” activities, whose contracts, stipulated with the Public Administration and residential customers, provide for the construction, efficiency, operation, ordinary and extraordinary maintenance of plants and the related services aimed at achieving the required efficiency standards.

Regulatory framework

The "Superbonus" business developed as a result of the tax incentives provided by the legislature, which, through the mechanism of the "assignment of the tax credit" or the "invoice discount", facilitated access to these tax incentives to end customers (mainly condominiums) for such efficiency-boosting interventions.

Decree-Law no. 11/2023 subsequently introduced a generalised prohibition on exercising the options of discount on the invoice and assignment of the tax credit deriving from building bonuses, with exceptions provided for IACPs (Autonomous Public Housing Institutes), non-profit organisations and condominiums in which the CILA and the resolution of the shareholders' meeting are submitted and adopted before 17 February 2023. Moreover, on 31 December 2023 the 110% Superbonus came to an end and a mechanism came into force, according to which services invoiced in 2024 will benefit from a 70/30 tax incentive mechanism (where the tax credit corresponds to 70% of the expenditure and the condominium pays the remaining 30%), while those invoiced in 2025 will benefit from a 65/35 tax incentive mechanism.

6. Business Outlook

With the acquisition of 2i Rete Gas, Italgas will go down in history as the European leader in gas distribution, further strengthening its commitment to the digital transformation of infrastructure for the benefit of the entire country.

The new dimension of the Group combined with innovation and digital transformation is the key factor in ensuring the achievement of energy transition targets, security of supply and sustainability of energy costs for people and businesses.

The investments envisaged in the 2024-2030 Strategic Plan will give further strong impetus to the growth path: the largest share is once again earmarked for the development, digitisation and repurposing of the gas distribution network in both Italy and Greece. Commitment to the widespread use of Artificial Intelligence will usher in a new era of digital transformation.

The Group will also continue to work to strengthen its role as a key player in the water sector and to grow in energy efficiency as an indispensable tool in achieving its energy transition goals.

7. Consolidated Sustainability Statement

7.1 General Information

ESRS 2 – General disclosures

General basis for preparation of sustainability statements and disclosures in relation to specific circumstances (BP-1, BP-2)

This Sustainability Statement (Statement) has been prepared on a consolidated basis. The scope of consolidation is the same as that used for the financial statements, which can be found in Directors' Report - Methodological Note.

With regard to the company Acqua Campania, values are reported as of the date of first consolidation (30 January 2024).

In accordance with the recent regulatory changes in sustainability reporting, introduced by Legislative Decree no. 125/2024 to implement the Corporate Sustainability Reporting Directive 2022/2464/EU (CSRD), the structure and content of this Statement differs from the sustainability reporting published in previous years (Consolidated Non-Financial Statements), which was prepared under Legislative Decree no. 254/2016, which implemented Non-Financial Reporting Directive 2014/95/EU[44]. Where relevant, the Statement includes also information on the value chain. Specifically:

- the description of relevant impacts on the value chain is included in disclosures ESRS 2 IRO-1 and ESRS 2 SBM-3. The value chain is also described in disclosure SBM-1;
- references to the value chain are included, where relevant, in all Minimum Disclosure Requirements (MDR) relating to significant impacts. This category includes MDR disclosures specific to standards S2 and S3 which, by definition, refer to actors in the value chain;
- the qualitative descriptions required by Disclosure Requirement (DR) E1-1 and E5-4, as well as the description of procured materials in DR E5-5, show information related to the value chain.

The only quantitative data points that also include data related to value chain are those concerning GHG Scope 3 emissions, reported in DR E1-6. For this KPI, indirect sources of calculation were also used: 27% of Scope 3 emissions were calculated through direct access to consumption and emission data from suppliers, while the remaining 73% were calculated through a spend-based approach using sectoral emission factors. In order to be able to better monitor the effectiveness of engagement initiatives with suppliers in terms of reducing its Scope 3 - Supply chain[45] emissions, the Group aims to increase as much as possible the share of these emissions calculated using direct data, thus obtaining more refined calculations that are increasingly linked to the actual energy and emission performance of suppliers.

Included in the Statement are forward-looking KPIs and economic data that by their nature present a degree of uncertainty. In particular, future CapEx and OpEx figures for sustainability topics management are based on assumptions incorporated in the Group's Strategic Plan, which has a time frame of 7 years. This includes

[44] The Group has not made use of the option to omit specific information relating to intellectual property, know-how or innovation; nor did it make use of the exemption from disclosing information regarding upcoming developments or matters in negotiation, in accordance with Article 19-*bis*, subsection 3, and Article 29-*bis*, subsection 3, of Directive 2013/34/EU.

[45] Please refer to items 1, 2, 4, 5, and 8 of the GHG Scope 3 categories. For 2024, the calculation perimeter for Scope 3 – Supply Chain emissions does not include Acqua Campania in the tabular representation of DR E1-6. Please refer to that section and the related notes for the estimation used.

data on the transition plan, i.e. the contribution in quantitative terms to the reduction of CO_2 emissions of individual levers, as well as the economic amounts supporting them. For these indicators, the sources of measurement uncertainty are related to several factors, including dependence on the results of future events, such as developments in the regulatory or technological environment, the adoption of new solutions and the progress of national and international climate policies, and possible updates of measurement methodologies and/or techniques used. The main assumptions and approximations used in the preparation of forecasts therefore concern future trends in energy consumption, the performance of emission reduction technologies and estimates of the costs associated with the various sustainability initiatives.

Finally, the billed volumes, used for the calculation of water losses, are partially subject to estimation as required by ARERA[46].

In preparing the Statement, the Group established the following time horizons: short term up to one year, medium term up to 5 years and long term beyond 5 years.

The role of the administrative, management and supervisory bodies and Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-1, GOV-2)

The Board of Directors of Italgas S.p.A. currently in office consists of 9 Directors, including 1 executive Director (Mr Paolo Gallo, Chief Executive Officer) and 8 non-executive Directors, including the Chairperson without management powers. Below is the composition of the Board of Directors and the Board of Statutory Auditors[47].

Board of Directors

Criteria	Category	Number and % of Directors
Gender diversity	Female	4[48] (45%)
	Male	5 (55%)
Age diversity	46-52 years	3 (33%)
	53-60 years	3 (33%)
	61-68 years	3 (33%)
Seniority diversity	1st term	7 (77%)
	2nd term	1 (11%)
	3rd term	1 (11%)
Independence requirements	Independent[49]	5 (55%)
	Non-independent	4 (45%)
Geographical origin	Italy	8 (89%)
	China	1 (11%)

Board of Statutory Auditors, consisting of 3 Standing Auditors and 2 Alternate Auditors

Criteria	Category	Number and % of Statutory Auditors
Gender diversity	Female	3[50] (60%)
	Male	2 (40%)
Age diversity	55-60 years	4 (80%)

[46] For details, please refer to the chapter "Water Losses" related to the metrics (MDR-M)
[47] Considering both governing bodies together, 7 out of 14 members (50%) are female.
[48] Including the Chairperson of the Board of Directors.
[49] 4 Directors qualified as independent on the basis of both the independence requirements of the TUF (Articles 147-*ter*, subsection 4, and 148, subsection 3, of the TUF) and the Corporate Governance Code (Article 2), including the Chairperson of the Board of Directors; 1 Director qualified as independent on the basis of the independence requirements of the TUF (Articles 147-*ter*, subsection 4, and 148, subsection 3, of the TUF).
[50] 2 Standing Auditors, including the Chairperson of the Board of Auditors, and 1 Alternate Auditor belong to the female gender. 1 Standing Auditor and 1 Alternate Auditor belong to the male gender.

	61-65 years	1 (20%)
Seniority diversity	1st term	3 (60%)
	2nd term	2 (40%)

The members of the Board of Directors and the Board of Statutory Auditors have a balanced combination of managerial and professional profiles, with complementary skills that guarantee the correct and diligent performance of the duties entrusted to them, including those within the sphere of ESG. The Directors and Statutory Auditors have significant experience in the fields of finance, industry, ESG and Climate Change, Audit, Enterprise Risk Management, People and HR, and Governance. These skills have also been developed in international contexts.

No member of the Board of Directors or the Board of Statutory Auditors has held a comparable position in public administration (including regulatory authorities) in the two years prior to their appointment in the current reporting period.

Within the corporate bodies of Italgas, there are no appointments in representation of employees.

Sustainability is the principle through which Italgas enhances its business strategies; consequently, the Group's corporate governance system assigns a key role to corporate bodies in matters of sustainability. The supervision of impacts, risks and opportunities is delegated to several corporate bodies, each according to their respective responsibilities:

1. Board of Directors: (i) it guides the Company by pursuing the objective of long-term value creation for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company; (ii) it is responsible for the ordinary and extraordinary management of the Company and, on the recommendation of the CEO, it defines the strategic guidelines and objectives for the Italgas Group, including the strategy relating to sustainability objectives and climate change impacts, as well as sustainability policies, monitoring their implementation; (iii) it is called upon annually to approve Italgas' seven-year Strategic Plan and updates to the Sustainable Value Creation Plan, ensuring the creation of value in the short and medium-long term for shareholders and stakeholders; (iv) it examines and approves the Company's integrated annual report, the half-yearly report and the interim and consolidated reports on operations, which include sustainability reporting; (v) it defines and updates, on the recommendation of the CEO, after hearing the opinion of the Control, Risk and Related Party Transactions Committee ("CRRPTC"), the Guidelines on the Group's internal control and risk management system; (vi) it defines the nature and level of risk compatible with the strategic objectives of the Company and the Group, with a view to the pursuit of sustainable success, and assesses, subject to the opinion of the CRRPTC, the adequacy of the internal control and risk management system, as well as its effectiveness in relation to the strategic objectives of the Company and the Group, with a view to the pursuit of sustainable success.

2. Chief Executive Officer: (i) is responsible for the administration of the Company and the elaboration of the key strategic objectives and sustainability initiatives, which are then submitted to the Board for approval; (ii) submits the Strategic Plan and the Sustainable Value Creation Plan to the Board of Directors on an annual basis for approval, after review by the Sustainable Value Creation Committee ("SVCC") for the parts concerning non-financial objectives and indicators; (iii) chairs the Sustainability Business Review, an internal managerial committee, in which a detailed assessment of the most important environmental sustainability KPIs is carried out and the progress of related initiatives is discussed. This monthly meeting is attended by the Top Management of each Group company and the process owners and managers of the activities with the main

sustainability impacts; (iv) chairs the Innovation Committee, an internal managerial committee which examines and evaluates efficiency initiatives in Group operations, including those with a focus on reducing emissions and/or increasing energy efficiency.

3. Sustainable Value Creation Committee: It provides proposals and advice to the Board regarding the processes and activities which contribute to the company's sustainable development along the value chain, aimed at pursuing sustainable success and for periodic non-financial reports, coordinating with the CRRPTC for evaluation by this committee of the suitability of the periodic, financial and non-financial reporting.

4. Control, Risk and Related Party Transactions Committee: It assesses the suitability of the periodic financial and non-financial information, so that it correctly represents the company's business model, strategies, impact of its activities, and performance achieved, while coordinating with the SVCC.

These responsibilities are institutionalised within the operating regulations of the aforementioned bodies. Italgas' Board of Directors' Operating and Organisational Rules[51] (art.3) provide that the Board of Directors leads the company by pursuing the objective of long-term value creation for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company ("Sustainable Success"). The SVCC Regulation[52] governs the tasks and functions of the SVCC as summarised above.

As provided for in the Board Regulation, in compliance with the recommendations of the Corporate Governance Code (CG Code) for "large companies other than those with concentrated ownership", the Board carries out at least annually, in accordance with the procedures set out in the CG Code and with the support of the Chairperson of the Board of Directors and the Appointments and Compensation Committee, which are responsible for its adequacy and transparency, an assessment of the size and composition of the Board itself and its Committees, as well as their operation, also taking into account the role played by the Board in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system, including the management and monitoring of sustainability issues. For the purposes of evaluating its own composition and that of the Committees set up within it, the Board also takes into account elements such as diversity in terms of gender, age, nationality, and history, such as the professional characteristics, experience, including managerial experience, and gender of its members, as well as their seniority in office; all in accordance with the provisions of the "Diversity of Corporate Bodies Policy" [53] in force at the time.

The Board of Directors and their respective Committees are constantly informed about the significant Impacts, Risks and Opportunities, the implementation of the duty of care, and the results and effectiveness of the policies, actions, metrics and targets adopted to address them. During the financial year 2024, the Sustainable Value Creation Committee met 8 times.

Furthermore, the SVCC reports to the Board of Directors (i) at the first possible Board meeting following each of its own meetings, regarding the topics discussed and observations, recommendations, opinions provided therein and (ii) on the activities carried out at least every six months and, as a rule, at (or prior to) the meetings for approving the annual and half-yearly financial reports.

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[51] The Board of Directors' Regulations can be found at the following link https://www.italgas.it/wp-content/uploads/sites/2/2024/03/RULES-FOR-THE-FUNCTIONING-AND-ORGANISATION-OF-THE-BOARD-OF-DIRECTORS-OF-ITALGAS-S.P.A.pdf.
[52] The Regulations of the SVCC can be found at the following link https://www.italgas.it/en/investors/governance/committees/.
[53] The "*Diversity of Corporate Bodies Policy*" can be found at the following link https://www.italgas.it/en/investors/governance/board-directors/.

On 20 February 2024, the Directors and Statutory Auditors also participated in an induction session that focused on sustainability issues, with the aim of illustrating the main global and European trends in the area of ESG, and to examine the new provisions of the Corporate Sustainability Reporting Directive, transposed into Italian law by Legislative Decree no. 125/2024, as well as examining in depth the new regulatory requirements concerning the reporting of sustainability information.

On 11 June 2024, the Board of Directors reviewed the ESG targets that the Group aims to achieve over the time frame of the 2024-2030 Strategic Plan. On 4 October 2024, the Board of Directors approved the 2024-2030 Strategic Plan, which includes the 2024-2030 Sustainable Value Creation Plan. The sustainability targets were therefore approved in conjunction with the Strategic Plan, in which they are included, with a view to fully integrating business and sustainability.

All material Sustainability Impacts, Risks and Opportunities have been addressed by the relevant corporate bodies, both through the monitoring activities described above, and through the approval of the sustainability targets contained within the 2024-2030 Strategic Plan.

At the managerial level, the management of Sustainability Impacts, Risks and Opportunities is entrusted to the Chief Executive Officer, who is responsible for the administration of the Group and the development of strategic objectives and sustainability initiatives. The CEO annually proposes the Strategic Plan (which includes updates to the Sustainable Value Creation Plan) for consideration by the SVCC and, subsequently, for approval by the BoD. These plans include the definition of strategies, actions and related sustainability targets. The CEO also chairs the Innovation Committee to evaluate initiatives to improve the efficiency of Group operations, including those with a focus on various sustainability issues and, in particular, on reducing GHG emissions and/or increasing energy efficiency.

In managing sustainability IROs, the CEO is supported by the executive team, which includes all the directors (Chief Financial Officer, General Counsel, Director of Human Resources & Organisation, etc.), who as members of the Executive Leadership Team, are responsible for sustainability initiatives in their respective areas of expertise.

The Sustainability Unit, part of the External Relations and Sustainability Department, oversees the definition of the Group's sustainability model and coordinates the input of the various company departments for the planning and execution of all sustainability initiatives (strategy, planning, reporting, stakeholder engagement and communication).

Integration of sustainability-related performance in incentive schemes (GOV-3)

The incentive schemes for top management (MBO, Co-investment Plan and LTI Plan) and the related performance targets are defined by the Board of Directors, on the proposal of the Appointments and Compensation Committee and after hearing the opinion of the Board of Statutory Auditors. In particular, the performance targets are identified among the priorities for the business strategy, consistent with the provisions of the Strategic Plan and the Sustainable Value Creation Plan. The finalisation of the performance at the end of the vesting period is examined and approved by the Board of Directors, upon the proposal of the Appointments and Compensation Committee and after hearing the opinion of the Board of Statutory Auditors. At the request of the Appointments and Compensation Committee, the process of assigning, monitoring and reporting on targets may involve other corporate bodies and departments, including the corporate management of People, Innovation & Transformation Department, General Counsel, Chief Financial Officer and External

Relations and Sustainability Department, as well as the Sustainable Value Creation Committee on matters concerning sustainability.

The Appointments and Compensation Committee also periodically assesses the adequacy, overall consistency and practical application of the remuneration policy adopted, in particular with reference to the definition of performance targets and the reporting of company results related to the implementation of incentive plans and the definition of variable remuneration.

Information on the characteristics of the incentive systems in place is provided in the first section of the Report on the Remuneration Policy and Compensation Paid[54] ("Remuneration Policy"), while information on the finalisation of performance targets at the end of the vesting period is provided in the second section. The Report on the Remuneration Policy and Compensation Paid is submitted annually to the Shareholders' Meeting for approval, which expresses its opinion, in accordance with current regulations, with a binding vote on the first section and an advisory vote on the second section.

The Remuneration Policy is approved annually by the Board of Directors, on the proposal of the Appointments and Compensation Committee, and by the Shareholders' Meeting, and provides for the participation of top management in both short-term and long-term incentive schemes, both based on the achievement of predefined sustainability targets.

In particular, the 2024 short-term incentive scheme (MBO) takes into account specific sustainability KPIs:

- Combined employee and contractor accident index (weight 5%) - measured as a combination of the frequency index (number of accidents per million hours worked) and severity index (number of days of absence per thousand hours worked) of accidents recorded at Group level during the year;
- Leakage on the distribution network (weight 7.5%) - expressed in terms of the percentage of network km inspected at Group level during the year out of the total network km managed;
- Energy consumption (weight 7.5%) - reduction of net energy consumption at Group level, calculated on the basis of the same amount of gas injected in 2023;
- Diversity and Inclusion (weight 5%) - gender equity pay gap for the Italian scope, calculated as the change in the average ratio of women's and men's hourly basic pay for clusters of employees comparable by organisational weight with respect to 2023.

In addition, the 2023-2025 long-term incentive scheme (LTI Plan) takes into account the following sustainability KPIs:

- Reduction of CO_2 emissions - scope 1 and 2 compared with 2020 at constant scope (weight 10%);
- Energy efficiency (weight 10%) - reduction of net energy consumption compared with 2020 at constant scope.

The evaluation of these KPIs refers to the relevant three-year period. Italgas is committed to ensuring that its remuneration policy supports and encourages sustainable business development, in line with the provisions of the Strategic Plan and Sustainable Value Creation Plan.

Statement on due diligence (GOV-4)

[54] https://www.italgas.it/en/investors/governance/remuneration/

In 2024, Italgas conducted due diligence activities in accordance with the guidelines of the United Nations Global Compact Network on business and human rights. The following table outlines the due diligence processes and their corresponding sections within the Consolidated Sustainability Statement:

Core elements of due diligence	Sections in the Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, GOV-3, SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, SBM-2, IRO-1, S1-2, S2-2, S3-2
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, SBM-3
d) Taking action to address those adverse impacts	S1-3, S1-4, S2-3, S2-4, S3-3, S3-4
e) Tracking the effectiveness of these efforts and communicating	S1-5, S2-5, S3-5

Risk management and internal controls over sustainability reporting (GOV-5)

The sustainability reporting process falls within the scope of the Group's Enterprise Risk Management (ERM) system, which manages business risks for all consolidated Group companies. The ERM methodology is based on international models such as the COSO Framework and ISO 31000, and is applied to all business risks, including sustainability risks. This method is described in detail in Section 2.2 Risk Management. In addition, in order to ensure the reliability, accuracy and timeliness of the information disclosed to shareholders and the market, sustainability reporting is supported by a Corporate Reporting Internal Control System (SCIS), adopted by Italgas and its subsidiaries in accordance with the provisions of Article 154-*bis* of the Consolidated Law on Finance. The COSO Framework, on which SCIS bases its methodology, was updated in May 2013 and is the latest version available. The SCIS provides for scoping, identification and assessment of risks and controls (at corporate and process level, through risk assessment and monitoring activities) and related information flows (reporting), and also applies to the process of collecting and consolidating sustainability information for reporting purposes. In 2024, a review of all sustainability process controls was planned to assess their adequacy in relation to the requirements of the CSRD. Additionally, in 2024, the scope of Acqua Campania was set to be expanded with the definition of new controls for sustainability processes, specifically regarding emissions and waste, which are subject to scoping. The integration of Enaon with existing SCIS controls for all sustainability processes subject to scoping was also planned.

Within the scope of ERM, the main risk associated with the sustainability reporting process is the risk of incomplete or ineffective reporting. This risk has a “high” rating and is monitored on a half-yearly basis. Mitigation strategies include:

- organisational sustainability procedures and policies, and stakeholder engagement;
- the Sustainability Business Review process, which monitors energy consumption, emissions and waste management on a monthly basis;
- the Sustainable Value Creation Plan, which defines clear objectives aligned with the strategic plan, and provides for periodic reporting that verifies the progress of sustainability KPIs.

In addition, SCIS provides for periodic checks to verify the correctness and completeness of the reporting information.

The results of the risk assessment are integrated into the company's processes through its risk ownership model, which assigns each risk to the organisational unit responsible for managing it, and the periodic mapping (quarterly for “critical” risks, half-yearly for “high” risks, annual for all risks) of actions for dealing with it. The results of ERM mapping are periodically shared with company management at various levels (Risk Owners, 2nd and 3rd level control units, Top Management) and with the Supervisory Board, the Control, Risk and Related Party Transactions Committee, the Sustainable Value Creation Committee, the Board of Statutory Auditors and the Board of Directors. The SCIS also provides for independent monitoring activities entrusted to the Internal Audit Department, which operates according to an annual plan agreed upon with the Officer responsible for the preparation of financial reports, in order to define the scope and objectives of its intervention, also with reference to sustainability reporting.

Strategy, business model and value chain (SBM-1)

The Italgas Group, which had 4,339 employees as of 31 December, operates in 4 main sectors:

- gas distribution: Italgas is the European and national leader in Italy and Greece;
- management of the water system: Italgas directly and indirectly serves over 6 million people in Lazio, Campania and Sicily;
- energy efficiency: through the subsidiary Geoside, ESCo, the Group offers innovative energy saving solutions;
- information technology: through its subsidiary Bludigit, the Group implements innovative solutions and digital business transformation.

The Group does not produce goods or provide services that are prohibited in the reference markets for the sectors in which it operates.

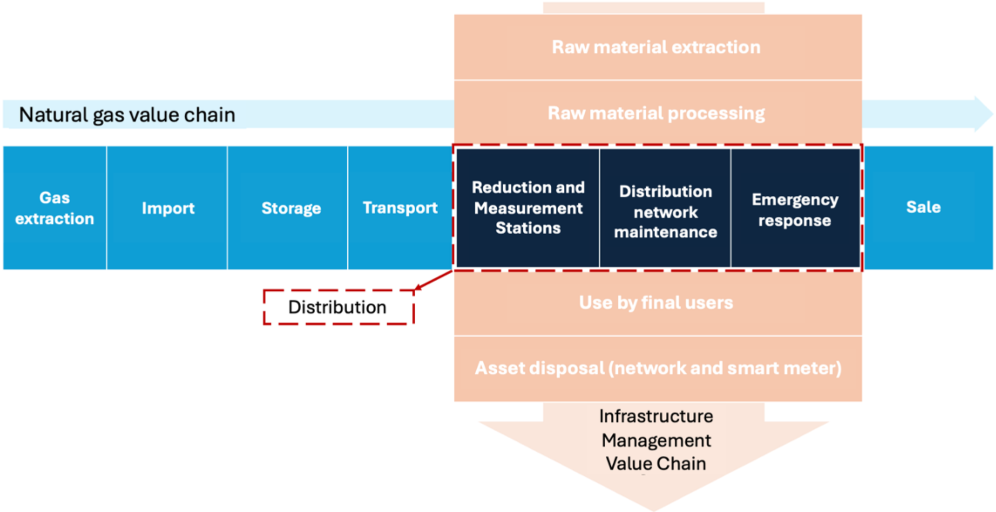
The Group is active in the gas distribution sector with total revenues and other income as at 31 December 2024 equal to 2,408.4 million euros (total revenues and other income adjusted equal to 1,652.7 million euros). Of these, 495.0 million euros, net of the impact of IFRIC 12, are in line with the Taxonomy of eco-sustainable activities, as detailed in the paragraph “Disclosure pursuant to Article 8 of Regulation (EU) 2020/852”.

The Group is not active in the fields of chemical production, unconventional weapons production, tobacco cultivation or production.

For an understanding of the Group's business model, refer to Note 34 “Information by operating segment” in the Consolidated Financial Statements. Through an analysis of the Group's value chain, it was possible to define the most relevant value chain, i.e., the one considered most representative of the Group's activities, to be considered for sustainability reporting purposes. This includes gas distribution and integrated water service activities. The upstream section of the value chain refers to the production activities of the network components and the related raw material extraction phase. The downstream phases refer to the sale of gas to the end user (through sales companies outside the Group) and the use by citizens of the service guaranteed by network operation and network disposal activities.

Italgas is committed to maintaining adequate planning and management of procurement flows of the materials required to implement industrial plans, as well as the management of logistics activities, including warehouse operations. The Group supports its partners at every stage of the process, ensuring that procurement is guaranteed to optimise efficiency and reduce risks in the supply chain, adopting continuous and periodic monitoring of contractual agreements, verifying the quality of execution, compliance with technical specifications, timelines, regulations and ESG commitments across the entire supply chain.

The activities are aimed at generating long-term value for customers, investors and all other stakeholders. The Group's commitment, as a player in the path towards energy and ecological transition, aims at continuous improvement of the quality of service and promoting sustainable development from an economic, social and environmental perspective, offering development opportunities for employees and communities impacted by the service.



The strategy is intrinsically linked to the sustainability issues relevant to the Group:

- Gas distribution in Italy and Greece

A digitisation programme has been operating for years, involving both infrastructure and business processes. This programme aims to make the gas distribution network smarter, more flexible and capable of handling renewable gases such as biomethane and hydrogen. By 2025, the network in Italy will be fully digitised and remotely manageable through the DANA (Digital Advanced Network Automation) system, and by 2027 DANA is expected to be applied to the 2i Rete Gas network, which is the subject of the acquisition. The same process has also been started in Greece, where ENAON's new networks will be digital native and subsequently entirely digitised. By the end of 2026, installations in Greece may also be managed on DANA. The digitisation of the network allows 24/7 remote monitoring and control, improving operational efficiency and allowing data-driven decision-making in real time. To manage the network even more efficiently, a new smart meter, "Nimbus", has been developed in-house, designed to improve reading performance and ensure security. The new smart meter is manufactured from recyclable materials, it is compatible with different gas mixtures, including hydrogen, and is equipped with special tamper, seismic and fire sensors. The prototype was field-tested in 2024 and large-scale installation will begin in 2025.

With a view to promoting sustainability and the energy transition, Italgas' strategy also focuses on supporting the development of biomethane and green hydrogen, with the aim of increasing the number of biomethane production plants connected to the Italian and Greek distribution networks by 2030. Furthermore, Italgas is working in Italy and Greece with the authorities to define the regulatory framework required for reverse flow projects, to allow excess biomethane to be injected back into the transmission network. Two pilot projects are currently underway to test reverse flow solutions.

With regard to green hydrogen, Italgas' strategy includes a testing phase (focused on "Power to Gas" with a pilot project in Sardinia that aims to test the entire green hydrogen value chain), thus contributing to the decarbonisation of the country.

• Energy efficiency

Through the ESCo Geoside, the Group offers a wide range of services to improve the energy efficiency of buildings, industries and public administrations, using proprietary technologies and advanced digital solutions based on big data analysis and artificial intelligence, thus contributing to the achievement of EU climate objectives.

• Water resource management

Italgas' strategy in the water sector focuses on modernising infrastructure, many of which are currently leaking significantly, with peaks of over 70%. The implementation of advanced digital technologies for the monitoring and management of water networks, including smart meters and predictive maintenance systems (leveraging experience gained in gas distribution) will contribute to the early detection of leaks, significantly reducing them and thus contributing to the sustainable development of the communities served.

Many of the Italgas Group's sustainability objectives, contained in the Sustainable Value Creation Plan (approved by the Board of Directors on 4 October 2024), have a direct impact on the type of products/services offered, markets and/or end customers served[55]. They mainly refer to the Group's activities to promote energy transition by enabling the network to distribute green gases (biomethane, hydrogen), to ESCo activities with a focus on energy efficiency services, and the activities related to utility activation and emergency response.

With regard to energy transition, the Group has established the following objectives:

- 100% of the gas distribution network ready for hydrogen by 2028;
- 400 biomethane production plants, built by third parties, connected to the distribution network by 2030;
- 200 tonnes of green hydrogen produced and distributed in the Group's P2G pilot plant in Sardinia by 2028.

With regard to ESCo activities, the Group has defined the following objectives:

- 115,000 tonnes of CO_2 saved through investments in energy performance contracts (including photovoltaic) for industrial, residential and public administration customers;
- 107,000 tonnes of CO_2 saved from 2024 to 2030 through energy efficiency solutions for industrial and residential customers.

The Group has defined the following objectives with regard to utility activation and emergency response activities for gas distribution:

- 90% compliance within 10-day and 100% compliance within 20-day time limit to complete procedures within Italgas' remit, from request for a quotation to activation of the gas supply to the end-customer by 2028[56]
- 98% of interventions with Emergency Response arrival at site within 60 minutes (target value for each year[57]).

Interests and views of stakeholders (SBM-2)

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[55] The targets, included in the 2024-2030 Sustainable Value Creation Plan, refer to the scope of consolidation of the financial data, with the inclusion of the 2i Rete Gas perimeter, unless otherwise indicated.

[56]Target applies solely to interventions to be performed by the distributor that do not call for network extensions; target currently based only on the Italian scope.

[57] ARERA Target: the distributor is required to comply with service obligations relating to the frequency of network inspection, equal respectively to 100% in the 3 mobile years for high and medium pressure networks and 100% in the 4 mobile years for low pressure networks, and Greek (RAE target: 2-4 times a year for ductile networks in densely populated areas, while targets for other types of networks vary from once a year to once every 4 years, depending on the characteristics of the network).This target refers to an entity-specific KPI, which is extensively disclosed within ESRS S3.

Continuous dialogue with stakeholders is a priority for the Group so that it can monitor the level of satisfaction with its operations, gather useful ideas on how to improve the quality of its services and operational and management models, promote more sustainable business practices, also in the long term, and create and maintain an ongoing relationship with the territories and communities in which the Group operates, in Italy and Greece.

The categories of stakeholders and their specific methods of engagement are listed below.

- Investors and lenders: Regular financial reports, conference calls, business plan presentations, shareholder meetings, physical and virtual meetings, corporate website, social networks;
- Suppliers: Dedicated meetings, conventions, information and training initiatives, thematic engagement activities;
- Customers and sales companies: Direct and ongoing relations, conventions, regular workshops, contact centres and customer portals, customer satisfaction surveys;
- Authorities and associations: Periodic meetings, workshops for debate and discussion of sustainability topics;
- Employees: Theme-based events and training, regular meetings, annual meetings, engagement projects, company climate analysis, company intranet;
- Communities and local areas: Meetings with representatives of local communities, associations and organisations, social and cultural initiatives.

The outcomes of stakeholder engagement events are taken into consideration by Italgas in order to make continuous improvements to its services and operational processes, responding in a flexible and diversified manner to the needs and expectations of its stakeholders.

The perspective of its stakeholders contributes to determining relevant issues. During the year, in addition to stakeholder engagement events, meetings and discussions were held with the various company departments in order to thoroughly assess the existence, extent and likelihood of Sustainability Impacts, Risks and Opportunities.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

For the description of Impacts, Risks, and Opportunities resulting from the materiality analysis, please refer to the tables at the end of this chapter[58].

Description of processes to identify and assess material impacts, risks and opportunities (IRO-1)

In compliance with the requirements of the CSRD, the Italgas Group has conducted the double materiality exercise in accordance with the European Sustainability Reporting Standards (ESRS). The analysis is the starting point for the identification of the most relevant issues for the Group and its main stakeholders, as well as for the definition of the topics to be addressed and deepened within the Sustainability Statement.

[58] During 2024, the materiality analysis was carried out using the new methodology provided by the ESRS, with particular reference to topics and sub-topics. Compared to 2023, a new entity-specific impact on water loss has been included in the analysis, and the topics “Management of ecosystems and biodiversity”, “Network development”, “Corporate identity” and “Economic value generation and ESG finance” have been excluded. From the detailed assessment carried out during the year, the topic of biodiversity was not relevant, either from the point of view of impact or financial significance, as Italgas operates mainly in urban and street environments, from city gates to meters. The other threetopics were excluded because they did not appear in the ESRS list of topics and sub-topics, but they were included in the general qualitative disclosures of the company profile.

The main Impacts, Risks and Opportunities (IROs) linked to environmental, social and governance issues for the Group's direct operations, as well as along the value chain, have been identified in a structured and systematic way, considering three different time horizons in which they are expected to be implemented: short term (< 1 year); medium term (1 to 5 years); long term (over 5 years).

These two parallel processes are closely interconnected**:** the ERM assessment of Risks and Opportunities serves as input for the assessment of possible Impacts; at the same time, the updated list of impacts is again critically analysed by ERM in identifying possible Dependencies and Impacts as sources of potential Risks and/or Opportunities with financial effects, identifying possible alignments, synergies, contributions and possible trade-offs between Risks and Opportunities, and Impacts.

This process is closely integrated into the Group's ERM system, in line with international best practices and standards, such as the COSO Framework and ISO 31000; it has also been shared with company departments competent in the subject matter, and with the Group's Top Management, ensuring that the data collected is validated and a complete view of the impacts and risks is obtained.

The decision-making process involves the SVCC and the CRRPTC, which evaluate the results of the analysis before their final approval by the Board of Directors.

Impact materiality

Regarding the impact materiality analysis, Italgas has identified and assessed the impacts generated by its activities, considering both direct operations and indirect activities along the entire value chain, adopting an inside-out perspective, with the aim of identifying the current and potential positive and negative effects that the Group and the stakeholders operating along its value chain generate or could generate on the environment and people.

Benchmark analysis and specific analysis of the context in which Italgas operates were conducted, taking into account international peers, established and emerging sustainability standards and reference regulations, as well as media reports, in order to acquire a complete and contextualised view of the landscape in which the Group operates. This activity made it possible to draw up a preliminary list of the impacts generated, which was then subjected to a validation process conducted by Italgas' sustainability team in collaboration with the ERM Department and the Departments responsible for each impact area.

The significance of actual impacts was assessed on the basis of the severity of each impact, measured through the three parameters of scale, scope and irremediability assigned according to a “gross” approach, i.e. without considering any existing mitigation measures:

- scale measures the strength of the impact, i.e. the intensity of the effects generated on the environment and people;
- scope, which assesses the extent of the impact generated, was determined according to specific parameters, such as the presence of the impact along the stages of the value chain involved;
- irremediability, which represents the level of difficulty in remedying the impact generated, considers both the financial and time resources required to remedy the impact.

Each of the three parameters is defined according to scales of five levels, which allow for a total severity assessment (also divided into five levels). In the case of positive impacts, irremediability is not a parameter considered in the assessment.

In the case of potential impacts, materiality is determined on the basis of a further parameter, namely the likelihood of an impact to occur (also determined on a five-level scale).

In the Impacts assessment phase, both internal sources including the Group's strategic objectives and input from the due diligence analysis carried out during 2024, as well as nationally and internationally recognised external sources, such as the sectoral materiality assessments prepared by SASB[59] were analysed.

Specifically, the due diligence activity was carried out in accordance with the guidelines of the United Nations Global Compact Network on business and human rights and included the following phases: mapping and assessment of key risks through interviews with responsible functions, positioning of these risks within the Heat Map, and the identification of an action plan to prevent and mitigate the most significant human rights risks. For each significant impact, the type of impact, the involved stakeholders, the existing mitigation actions, the actions to be implemented, the KPIs, and the responsible functions were thoroughly analyzed.

The Impacts of material relevance that have been assigned a severity and likelihood rating above the predetermined materiality threshold determine the sustainability issues to be reported in accordance with the ESRS[60].

Financial materiality

In the second stage of the process, the financial materiality analysis, an outside-in perspective was adopted, aimed at identifying risks and opportunities that affect or could affect the Group's financial position, economic results and cash flow, as well as access to the financial market and cost of capital, in the short, medium and long term.

The significant risks/opportunities have been outlined for each applicable ESRS Topic/Sub-Topic. Each event was assessed using thresholds of probability of occurrence and impact on the economic-financial dimension, taking into account the persistence of the impact in the short, medium or long term. The combination of the level of probability and maximum impact on the economic-financial impact scale constitutes a rating (critical, high, medium and low) associated with each risk/opportunity, and represents its prioritisation. The methodology followed by the Group for the prioritisation of risks and opportunities does not depend on the type of risk; in fact, sustainability risks are prioritised using the same criteria as those used for other types of risk. Risks/opportunities rated "relevant" or "highly relevant" are considered significant; the presence of at least one significant risk/opportunity determines the financial materiality of the ESRS Topic/Sub-Topic to which the event is connected.

Significant risks are linked to those present in the mapping of ERM risks; if there is no link, the ERM Department assesses the integration of the significant risk into the Group's risk mapping. Relevant opportunities are incorporated into the strategic agenda of the Italgas Group.

The main inputs taken into consideration for the analysis of the significant risk relating to the topic of Climate Change refer to energy scenarios developed by external sources (ENTSOG-ENTSOE Distributed Energy and Global Ambition). For the analysis of relevant opportunities relative to the topic of Climate Change, the investments and assumptions set forth in the Group's Strategic Plan were taken into consideration.

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[59] Sustainability Accounting Standards Board.

[60] The impacts considered relevant are those identified as "relevant" or "critical".

Disclosure requirements in ESRS covered by the company's sustainability statement (IRO-2)

The Group outlined the relevant information to be disclosed, following a process that firstly considered all datapoints related to the issues identified as relevant from the perspective of Impacts, Risks and Opportunities. Subsequently, datapoints were selected that were not deemed relevant for the Group, as they related to aspects that were not applicable or not significant for a correct representation of the Group's strategy with respect to significant impacts and risks.

Financial materiality: Sustainability Risks and Opportunities

Standard	Risk / Opportunity	Time Frame	Description of the effects	Current financial effects	Expected financial effects	Positioning in the Value Chain	Management actions
E1	Risk of negative developments in the technological and market environment: Weakening of the weight of gas as an energy carrier for the residential segment	Long	The risk reflects the potential occurrence of an energy scenario involving a greater transition towards electrification of consumption, which, in the long term, would lead to a decline in the use of gas (natural+biomethane+hydrogen) in the residential segment (e.g. ENTSOG-ENTSOE Distributed Energy and Global Ambition). The occurrence of these scenarios is sensitive to the uncertainty related to multiple demand and supply factors in the energy market, including: the timeline for achieving grid parity between conventional sources and renewable energy; the development pathway of renewable gas production, particularly concerning the potential volumes of biomethane and hydrogen, as well as their final uses; incentive schemes for renewable fuels; the timeline for infrastructure adaptation to scenarios of renewable penetration and electrification of consumption; and the development and adoption of available technological solutions for civil use. The effect of energy efficiency actions and the adoption of good consumption practices may not be sufficient to "respect" the drop in gas volumes forecast by these scenarios, and electrification would lead, in the long term, to an increase in the use of	With regard to current effects, no current impacts of the risk have emerged in the financial materiality assessment.	As part of the financial materiality assessment, a qualitative economic estimate was made that considers the potential long-term effects of an increase in the number of deactivations and/or a decrease in the activations of new re-delivery points in the residential segment, with a consequent negative impact on Group revenues (given the current regulatory mechanism that, in Italy, provides for a parametric revenue component dependent on the number of re-delivery points managed by the Group).	End-user use	- Promotion of responsible business practices, by joining the UN Global Compact and the OGMP 2.0 of the UNEP. - Guidance to define unitary business positions in Italy and abroad. - Active participation in consultations called by the Italian government or by European community organisations on relevant topics. - Active participation in the activities of European sector associations to oversee technological changes. - Process of converting the network into digital infrastructure to enable the distribution of gas other than methane, such as hydrogen, biomethane and e-gas. - Development and adoption of Nimbus, the next-generation smart meter, a state-of-the-art device equipped with remote control features and safety sensors, compatible with methane, biomethane, hydrogen, and synthetic gas blends.

			systems powered by electricity, rather than by natural gas / renewable gas. In this scenario, the impact for the Group would be a long-term increase in the number of deactivations and/or a decrease in the activations of new redelivery points in the residential sector, with the resulting negative impact on the Group's revenues (given the current regulatory mechanism which, in Italy, provides for a revenue component that is parametric and dependent on the number of re-delivery points managed by the Group).				- Development of power-to-gas technology powered by renewable energy in order to produce renewable gas that can be used in the existing networks. - The Group's presence in the energy efficiency sector through its subsidiary Geoside, with prospects for growth. - Group presence in the water business through its subsidiary Nepta, with prospects for growth.
E1	Opportunities to enable the use of renewable gas in order to meet residential demand	Medium	The opportunity related to Climate Change is in reference to the opportunity to enable the use of renewable gas to meet residential demand. Gas distribution infrastructures, due to their extension and coverage over the territory and the flexibility they provide to the system, play a key role in decarbonisation. In this context, Italgas' commitment to digitisation represents a fundamental step to: i) Accelerating the distribution of renewable gases; ii) Reducing our carbon footprint; iii) Making the network more reliable and able to adapt to the impacts of climate change. The digitisation of the gas distribution networks in Italy and Greece is an important part of Italgas' Strategic Plan, in line with European decarbonisation and renewable gas development targets. In particular, the Strategic Plan includes investments in network metering and repurposing in order to increase its flexibility and ensure the necessary connections for the distribution of biomethane and hydrogen. Given the current regulatory mechanism, these	With reference to the current effects, no current impacts emerged as part of the financial materiality assessment of the opportunity (the effects are medium-long term impacts that will contribute to climate change mitigation and adaptation in the Group's areas of operation).	As part of the financial materiality assessment, a qualitative economic estimate was made that considers the potential long-term effects of the digitisation of the gas distribution networks in Italy and Greece. In particular, the Strategic Plan provides for investments in the metering and repurposing of the network to increase its flexibility and guarantee the connections necessary for the distribution of biomethane and hydrogen. Given the current regulatory mechanism, these investments are subject	Direct Group Operations – End-user use	- Development of power-to-gas technology powered by renewable energy, which involves the production of renewable gas and can be used in existing networks: the Power-to-Gas pilot project in Sardinia, near Cagliari, is its first application in the EU. The initiative includes the testing phases of the entire green hydrogen supply chain, from the production of hydrogen from electricity produced by photovoltaic panels, to distribution in networks and end-use. Italgas sees Power-to-Gas technology as demonstrating that the gas and electricity sectors are merging. P2G can offer a reliable solution to the problem of reduced programmability of renewable sources. - Network and facility analysis initiatives for the

			investments are subject to remuneration, and therefore contribute to generating value for the Group.		to remuneration, and therefore contribute to generating value for the Group.		evaluation of their adequacy and of interventions intended to enable the distribution of gas other than methane, such as hydrogen, biomethane and e-gas. - Process of converting the network into digital infrastructure to enable the distribution of gas other than methane, such as hydrogen, biomethane and e-gas. Development and adoption of Nimbus, the next-generation smart meter, a state-of-the-art device equipped with remote features and safety sensors, compatible with methane, biomethane, hydrogen, and synthetic gas blends.
G1	Risk of commission of offences to the advantage of the body / related to the organisational model referred to in Legislative Decree no. 231/2001	Short	According to Italian law, in particular, Legislative Decree no. 231 of 2001 ("Decree 231"), the Group is subject to liability in the event of alleged offences committed, including abroad, in its interest or to its advantage, by individuals holding representative, administrative, or managerial functions, as well as by individuals under the direction or supervision of any such persons. Although the Italgas Group has countermeasures in place to prevent and counteract possible risks of non-compliance, in the event of conviction, the Italgas Group would face fines and, depending on the case, disqualifying sanctions, as well as confiscation of the profit gained from the offence, and publication of the judgement of conviction in the event of applying the disqualifying sanction	With regard to current effects, no current impacts of the risk have emerged in the financial materiality assessment	As part of the financial materiality assessment, a qualitative economic estimate was made that considers the potential short-term effects, if any, of possible fines to which the Italgas Group would be subject, of disqualifying sanctions, as well as of the confiscation of the profit gained from the offence and the publication of the conviction in the event of the application of the	Direct Group Operations	- Internal control and risk management system and areas of responsibility defined in terms of compliance - Code of Ethics, Model 231, Policy for the prevention of and fight against corruption, ISO 37001 anti-bribery certification - Monitoring, analysis, distribution and implementation of legislative measures on topics of interest for the Italgas Group and verification of correct implementation - Training for personnel on compliance issues; - Analysis and monitoring of the reputational requirements of the Group's counterparties

					disqualifying sanction.		- “Supplier Code of Ethics”

Impact materiality: Sustainability impacts

					Value chain				
Standard	**Impact name**	**Positive / negative**	**Description of impact and connections with the business model, strategy and/or value chain**	**Time frame**	**Raw material extraction**	**Raw material processing**	**Direct Group Operations**	**End-user use**	**Asset disposal (network and smart meter)**
E1	Benefits from the ESCo's network digitisation and energy efficiency works	**Positive**	The Group is committed to repurposing and digitising its distribution networks in order to enable the transmission of green gases such as biomethane and hydrogen in the future. Through the ESCo Geoside, the Group offers energy efficiency services to reduce energy consumption and related third-party emissions, actively contributing to the fight against climate change.	Short-medium-long			x	x	
E1	Contribution to climate change	**Negative**	The extraction phases of the main raw materials used in the Group's assets (steel, polyethylene) generate greenhouse gas emissions that are related to the use of vehicles and machinery powered by fossil fuels for site development. The processing of raw materials results in additional greenhouse gas emissions: in the case of steel, blast furnaces and steel mills use energy-intensive processes that burn fossil fuels, emitting large quantities of CO_2 and other greenhouse gases. With regard to polyethylene production, processes such as cracking naphtha or methane gas, pipe extrusion and cooling consume large amounts of energy and release additional emissions into the environment. Italgas Group's core operations also generate significant emissions, contributing negatively to climate change. Direct energy consumption in the company's operations stems mainly from the use of natural gas for industrial purposes (e.g. for pre-heating at city gates of gas distributed in the distribution network) and from the use of automotive fuels, used in company vehicles used for transport and maintenance. Property management contributes further, with energy consumption related to heating, to the management of buildings. If this consumption is not based on energy from renewable source, it generates CO_2 emissions and other greenhouse gases. In addition, fugitive emissions may occur during network maintenance activities, caused by accidents or leaks along the distribution network, releasing methane.	Medium-long	x	x	x		

Entity-specific	Water losses along the distribution network of the Group's water business	**Negative**	As far as Italgas' water business is concerned, potential impacts are related to leaks along the distribution network, causing a potential waste of the resource, as well as increased energy consumption due to pumping activities. Through targeted interventions and advanced technologies such as digitisation, districtisation and innovation, Italgas works to optimise distribution efficiency and ensure that water resources are used sustainably. As far as gas distribution activities are concerned, the impact of water consumption is not significant, as water is mainly used for civil purposes and not in industrial processes.	Medium-long			x[61]		
E5	Damage caused by waste production	**Negative**	Waste management is a relevant issue along the Group's value chain. The extraction and processing of steel and polyethylene pipe materials can generate hazardous waste and scrap, requiring proper management to avoid environmental and health risks. Pipe maintenance activities carried out by contractors produce waste, including excavated soil and solvents which, if not properly managed, could become a source of contamination.	Short-medium-long	x	x	x		x
E5	Benefits of implementing circular economy principles	**Positive**	By introducing circular economy principles into business processes, pressure on natural resources can be reduced. The implementation of these principles consists mainly in the use of renewable materials for the procurement of materials and products (e.g. bio-ethylene pipes).	Short-medium-long	x	x	x		
S1-S2	Failure to respect human rights	**Negative**	Activities in the upstream phase of the Group's value chain are subject to potential human rights violations due to the employment conditions of heavy industry sectors and/or suppliers operating in non-European countries. Activities carried out directly by the Group on construction sites may cause harm to its employees in the event of inadequate working conditions.	Short-medium-long	x	x	x		
S1-S2	Failure to respect diversity and equal opportunities of workers	**Negative**	The upstream stages of the value chain may be characterised by working conditions, locations and required skills that may lead to discrimination and inequalities based on gender, age, ethnicity or religion. In particular, the metal industry may require skills and jobs that may generate barriers to entry for female applicants. In the direct operations of Italgas, incidents of discrimination and gender inequality may occur in all professional categories.	Short-medium	x	x	x		

[61] Applies to the Group's consolidated water companies.

S1-S2	Failure to protect the health and safety of workers	**Negative**	The activities carried out in the upstream stages of the value chain in which Italgas operates, including the extraction of raw materials and the processing of polyethylene and steel, can pose risks to the health and safety of workers as they are in close contact with hazardous machinery and harmful substances, which, in the absence of appropriate training and protective equipment, can put the health of those in contact with them at risk. Similarly, the Group's direct activities, in particular the installation and maintenance of gas and water meters, expose employees to risks of accidents.	Short	x	x	x		
S1-S2	Increasing the professionalism and preparedness of employees through upskilling and reskilling	**Positive**	The Group has a positive impact in developing the knowledge and skills of its employees due to the attention and importance given to training, including upskilling and reskilling. Proper training increases staff retention and the ability to attract new talent. In addition, proper training also has positive consequences for the health and safety of workers.	Short-medium			x		
S1	Contribution to employee welfare through the implementation of welfare initiatives and measures	**Positive**	The good work-life balance is reflected in the performance of the Group's employees. In order to guarantee optimal results and ensure the well-being of its employees, the Group adopts appropriate welfare measures that take into account the distinction between the two dimensions of the employee and an inclusive and open culture.	Short-medium			x		
S3	Damage to the health and safety of local communities resulting from the lack of asset integrity	**Negative**	The activities carried out along the Group's value chain and in its direct operations could have consequences in terms of citizens' safety, who may have to be evacuated from their homes or have their safety compromised. Some of the consequences generated by problems with the integrity of assets managed by the Group could involve gas leaks that could ultimately lead to explosions or fires. Incidents involving a failure of asset integrity along the Group's value chain can have significant impacts on communities located near gas extraction and processing sites, as well as raw material processing/production facilities, as incidents in these locations can lead to serious explosions and fires, with irreversible consequences on land and people.	Short	x	x	x		
G1	Promoting a healthy and transparent corporate culture	**Positive**	An ethical corporate culture generates a positive impact on the conduct of its people and society, as it stimulates the adoption of ethical behaviour that promotes positive and socially beneficial values such as loyalty, fairness, transparency, honesty and integrity	Short			x		
G1	Supply chain resilience through transparent and clear relationships with their suppliers	**Positive**	Fair and timely payment practices can help suppliers maintain sustainable operations, avoiding the use of labour practices that violate human rights or create unsafe working conditions. In addition, positive relationships with local suppliers can stimulate the local economy, creating jobs and improving	Medium-long			x		

			the well-being of communities. The Group's commitment to take measures to ensure transparent relationships with its suppliers generates a positive impact in terms of expanding the culture of environmental and social responsibility along the supply chain.						
G1	Damage caused by incidents of corruption	**Negative**	Corruption causes significant negative impacts, such as the general weakening of institutions, with the further possibility of perpetuating and exacerbating social inequalities, as resources are diverted from those actually in need to those who have the economic opportunity to engage in corrupt behaviour.	Short-medium-long	x		x		
G1	Contributions from the activities of trade associations	**Positive**	Trade associations play a strategic role in representing the collective interests of companies and in contributing to public policy making, acting as a bridge between the private sector and institutions. In fact, trade associations can exert a significant influence on defining legislation, regulations and economic, social and environmental policy initiatives, helping to create a favourable environment for the development of the sector and its member companies. Italgas recognises the importance of a constructive and transparent dialogue with trade associations, ensuring continuous alignment with the guidelines of these organisations. This commitment translates into the constant updating and adjustment of its advocacy strategies, with the aim of promoting effective communication and synergy with shared objectives.	Medium-long			x		

Disclosure Requirement	Page	Information derived from other EU legislative acts
ESRS 2		
BP-1	76-77	
BP-2	76-77	
GOV-1	77 to 80	Gender diversity in the board, paragraph 21, letter d) **SFDR** Annex I, Table 1, Indicator No. 13 **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
		Percentage of independent members of the board of directors, paragraph 21, letter e) **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
GOV-2	77 to 80	
GOV-3	80 to 82	
GOV-4	82	Due diligence statement, paragraph 30 **SFDR** - Annex I, Table 3, Indicator No. 10
GOV-5	82 to 83	

SBM-1	83 to 86	Involvement in activities related to fossil fuels, paragraph 40, letter d), point i) **SFDR** - Annex I, Table 1, Indicator No. 4 **Third pillar** - Article 449-bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1 – Qualitative information on environmental risk and Table 2 – Qualitative information on social risk **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
		Involvement in activities related to the production of chemicals, paragraph 40, letter d), point ii) **SFDR** - Annex I, Table 2, Indicator No. 9 **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
		Participation in activities connected to controversial weapons, paragraph 40, letter d), point iii) **SFDR** - Annex I, Table 1, Indicator No. 14 **Regulation on Benchmarks** - Article 12, paragraph 1, of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816
		Involvement in activities related to tobacco cultivation and production, paragraph 40, letter d), point iv) Regulation on Benchmarks - Article 12, paragraph 1, of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816
SBM-2	86	
SBM-3	87, 89 to 98	
IRO-1	87	
IRO-2	89	
E1		
E1-1	120 to 123	Transition plan to achieve climate neutrality by 2050, paragraph 14 **EU Climate Regulation** - Article 2, paragraph 1, of Regulation (EU) 2021/1119
		Companies excluded from benchmarks aligned with the Paris Agreement, paragraph 16, letter g) **Third pillar** - Article 449-bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Banking portfolio – Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, emissions, and remaining maturity **Regulation on Benchmarks** - Article 12, paragraph 1, letters to to g, and paragraph 2, of Delegated Regulation (EU) 2020/1818
ESRS 2- GOV-3	120 to 123	
ESRS 2 SBM-3	123 to 127	
ESRS 2 IRO-1	123 to 127	
E1-2	127	
MDR-P	127	
MDR-A	127 to 129	
E1-3	127 to 129	
MDR-T	130-131	

E1-4	130-131	GHG reduction targets, paragraph 34 **SFDR** - Annex I, Table 2, Indicator No. 4 **Third pillar** - Article 449-bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Banking portfolio – Indicators of potential transition risk related to climate change: Alignment metrics **Regulation on Benchmarks** - Article 6 of Delegated Regulation (EU) 2020/1818
E1-5	131-132	Energy consumption from fossil fuels disaggregated by source (only high climate impact sectors), paragraph 38 **SFDR** - Annex I, Table 1, Indicator No. 5 and Annex I, Table 2, Indicator No. 5
		Energy consumption and energy mix, paragraph 37 **SFDR** - Annex I, Table 1, Indicator No. 5
		Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43 **SFDR** - Annex I, Table 1, Indicator No. 6
E1-6	133-134	Gross emissions Scope 1, 2, 3 and total GHG emissions, paragraph 44 **SFDR** - Annex I, Table 1, Indicators No. 1 and 2 **Third pillar** - Article 449-bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Banking portfolio – Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, emissions, and remaining maturity **Regulation on Benchmarks** - Article 5, paragraph 1, Article 6, and Article 8, paragraph 1, of Delegated Regulation (EU) 2020/1818
		Gross GHG emission intensity, paragraphs 53 to 55 **SFDR** - Annex I, Table 1, Indicator No. 3 **Third pillar** - Article 449-bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Banking portfolio – Indicators of potential transition risk related to climate change: Alignment metrics **Regulation on Benchmarks** - Article 8, paragraph 1, of Delegated Regulation (EU) 2020/1818
E1-7	134	GHG absorptions and carbon credits, paragraph 56 **EU Climate Regulation** - Article 2, paragraph 1, of Regulation (EU) 2021/1119
E1-8	134-135	
E1-9	Phase-in	
E2	Non material	
E3	Non material	
E4	Non material	
E5		
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MDR-P	135-136	
E5-1	135-136	
MDR-A	135 to 137	
MDR-M	135 to 137	
MDR-T	136 to 138	
E5-2	135 to 137	
E5-3	136 to 138	
E5-4	138	
E5-5	138-139	Non-recycled waste, paragraph 37, letter d) **SFDR** - Annex I, Table 2, Indicator No. 13

		Hazardous and radioactive waste, paragraph 39 **SFDR** - Annex I, Table 1, Indicator No. 9
E5-6	Non material	
Water losses		
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ESRS 2 SBM-2	143	
ESRS 2 SBM-3	143 to 145	Risk of forced labor, paragraph 14, letter f) **SFDR** - Annex I, Table 3, Indicator No. 13
		Risk of child labor, paragraph 14, letter g) **SFDR** - Annex I, Table 3, Indicator No. 12
S1-1	145 to 147	Political commitments on human rights, paragraph 20 **SFDR** - Annex I, Table 3, Indicator No. 9 and Annex I, Table 1, Indicator No. 11
		Policies regarding due diligence on issues covered by the fundamental conventions 1 to 8 of the International Labour Organization, paragraph 21 **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
		Procedures and measures to prevent human trafficking, paragraph 22 **SFDR** - Annex I, Table 3, Indicator No. 11
		Policy for the prevention or management of workplace accidents, paragraph 23 **SFDR** - Annex I, Table 3, Indicator No. 1
MDR-P	145 to 147	
S1-2	147-148	
S1-3	148-149	Complaint/grievance mechanisms, paragraph 32, letter c) **SFDR** - Annex I, Table 3, Indicator No. 5
S1-4	149 to 153	
S1-5	153	
MDR-T	153	
MDR-M	153	
S1-6	153 to 155	
S1-7	155	
S1-8	155 to 157	
S1-9	157-158	
S1-10	158	
S1-11	158	
S1-12	158	
S1-13	159	
S1-14	159-160	Number of deaths and number and rate of work-related injuries, paragraph 88, letters b) and c) **SFDR** - Annex I, Table 3, Indicator No. 2 **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
		Number of lost days due to injuries, fatal accidents, or illnesses, paragraph 88, letter e) **SFDR** - Annex I, Table 3, Indicator No. 3
S1-15	160	

S1-16	160-161	Unadjusted gender pay gap, paragraph 97, letter a) **SFDR** - Annex I, Table 1, Indicator No. 12 **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
		Excessive gender pay gap in favor of the CEO, paragraph 97, letter b) **SFDR** - Annex I, Table 3, Indicator No. 8
S1-17	161	Discrimination-related incidents, paragraph 103, letter a) **SFDR** - Annex I, Table 3, Indicator No. 7
		Failure to comply with the UN Guiding Principles on Business and Human Rights and OECD guidelines, paragraph 104, letter a) **SFDR** - Annex I, Table 1, Indicator No. 10 and Annex I, Table 3, Indicator No. 14 **Regulation on Benchmarks** - Annex II of Commission Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1, of Commission Delegated Regulation (EU) 2020/1818
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ESRS 2 - SBM-3	162-163	Severe risk of child or forced labor in the labor chain, paragraph 11, letter b) **SFDR** - Annex I, Table 3, Indicators No. 12 and 13
S2-1	164-165	Political commitments on human rights, paragraph 17 **SFDR** - Annex I, Table 3, Indicator No. 9 and Annex I, Table 1, Indicator No. 11
		Policies related to workers in the value chain, paragraph 18 **SFDR** - Annex I, Table 3, Indicators No. 11 and 4
		Failure to comply with the UN Guiding Principles on Business and Human Rights and OECD guidelines, paragraph 19 **SFDR** - Annex I, Table 1, Indicator No. 10 **Regulation on Benchmarks** - Annex II of Commission Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1, of Commission Delegated Regulation (EU) 2020/1818
		Policies regarding due diligence on issues covered by the fundamental conventions 1 to 8 of the International Labour Organization, paragraph 19 **Regulation on Benchmarks** - Commission Delegated Regulation (EU) 2020/1816, Annex II
MDR-P	164-165	
S2-2	165-166	
S2-3	166-167	
S2-4	167-168	Issues and incidents related to human rights in its upstream and downstream value chain, paragraph 36 **SFDR** - Annex I, Table 3, Indicator No.
S2-5	168-169	
MDR-T	168-169	
MDR-M	168-169	
S3		
ESRS 2 SBM-2	169	
ESRS 2 SBM-3	169	
S3-1	169-170	Political commitments regarding human rights, paragraph 16 **SFDR** - Annex I, Table 3, Indicator No. 9 and Annex I, Table 1, Indicator No. 11

		Non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO principles, or the OECD Guidelines, paragraph 17 **SFDR** - Annex I, Table 1, Indicator No. 10 **Regulation on Benchmarking** - Annex II of Commission Delegated Regulation (EU) 2020/1816 and Article 12, Paragraph 1, of Commission Delegated Regulation (EU) 2020/1818
MDR-P	169-170	
S3-2	170	
S3-3	171	
S3-4	171-172	Human rights issues and incidents, paragraph 36 **SFDR** - Annex I, Table 3, Indicator No. 14
MDR-A	171-172	
S3-5	172-173	
MDR-M	172-173	
MDR-T	172-173	
S4	Non material	
G1		
ESRS 2 GOV-1	174	
ESRS 2 IRO-1	174	
G1-1	174 to 176	UN Convention Against Corruption, paragraph 10, letter b) **SFDR** - Annex I, Table 3, Indicator No. 15
		Whistleblower protection, paragraph 10, letter d) **SFDR** - Annex I, Table 3, Indicator No. 6
MDR-P	174 to 176	
G1-2	176	
G1-3	176-178	
G1-4	178	Fines imposed for violations of active and passive corruption laws, paragraph 24, letter a) **SFDR** - Annex I, Table 3, Indicator No. 17 **Regulation on Benchmarking** - Annex II of Commission Delegated Regulation (EU) 2020/1816
		Rules on fighting active and passive corruption, paragraph 24, letter b) **SFDR** - Annex I, Table 3, Indicator No. 16
G1-5	178-179	
G1-6	179	
MDR-A	179-180	
MDR-M	179-180	
MDR-T	179-180	

7.2 Environmental information

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

EUROPEAN TAXONOMY

The European taxonomy for sustainable activities was instituted with EU Regulation 2020/852 in order to define a unique criterion for the classification of sustainable economic activities from an environmental viewpoint. The European Union aims to provide companies, investors and policy managers with appropriate definitions for environmentally-sustainable activities, useful on the one hand to achieve the medium- and long-term European objectives, directing their investments, and on the other to offer greater security to investors and companies in their green investment choices. With its investments in the gas networks aimed at making them carriers of renewable gases, in electronic meters, in energy efficiency and the ever greater reduction of potential grid losses (gas and water), Italgas helps pursue that energy transition process necessary to achieve the European Green Deal objectives, while at the same time ensuring the stability of energy systems.

EU Regulation 2020/852 defines an activity as environmentally-sustainable if it makes a substantial contribution to achieving one of the following six environmental objectives:

- climate change mitigation,
- climate change adaptation,
- the sustainable use and protection of water and marine resources,
- the transition to a circular economy,
- pollution prevention and control,
- the protection and restoration of biodiversity and ecosystems.

In particular, the Taxonomy, as it is defined today, establishes that an activity shall be:

- **eligible**, when included in the list of environmentally sustainable economic activities contained in delegated acts EU 2021/2139, EU 2023/2485 and EU 2023/2486, regardless of whether they meet the relevant technical screening criteria and/or DNSH (*Do No Significant Harm)*.
- **aligned**, eligible activity that makes a substantial contribution to the achievement of one or more of the environmental objectives described in Regulation (EU) 2020/852, in accordance with the technical screening criteria defined by the Commission itself and that does not harm the remaining objectives (Do No Significant Harm – DNSH), in compliance with the minimum safeguards regarding the protection of labour and human rights.

Starting 2022, and therefore applicable already from the 2021 financial statements, non-financial companies required to publish non-financial information in accordance with Article 19 bis or Article 29 bis of Directive 2013/34/EU reported the share of revenues, capital expenditure and operating expenses considered Taxonomy-eligible and non-eligible. As of the year 2023 and therefore applicable from the 2022 financial statements, the reporting obligation covers the share of turnover, capital expenditure and operating expenditure considered aligned, eligible and not eligible to the Taxonomy broken down by activity, with respect to climate change mitigation and adaptation objectives. Under the 2023 financial statements, the reporting obligation with respect to the eligibility criterion also covered the last four objectives. In 2025, based on the

2024 financial statements, the reporting obligation concerns the share of turnover, capital expenditure and operating expenses considered aligned, eligible and not eligible for the Taxonomy, with respect to all the environmental objectives described in Regulation (EU) 2020/852. Italgas is subject to this obligation.

The data reported in this section therefore satisfies the reporting obligation.

Main assumptions

To define the share of revenues, operating expenses and capital expenditure deriving from activities that are eligible or aligned with the taxonomy, for lack of a consolidated, shared practice on a sector level and in light of possible different technical interpretations of the EU Delegated Regulations 2021/2139, 2021/2178, 2023/2485 and 2023/2486 that supplemented Regulation 2020/852, Italgas has defined its own reporting criteria. As a result, the resulting values, expressing the best assumptions presently available for the Group, could be subject to future updates in view of changes or updates of the internal assessment, the reference regulations or the emergence of new shared standards or changes in the scope of some of the activities carried out. Compared to the interpretation given last year, the Draft Commission Notice approved by the European Union and published on 29 November 2024[62], has been taken into account; this explains some changes in the reporting of eligible and aligned activities compared to what was done in 2023.

The portion of non-eligible activities includes all those activities that are not described in the Delegated Regulation EU 2021/2139, 2023/2485 and 2023/2486 irrespective of whether or not these activities can significantly contribute to one of the six environmental objectives defined in the Regulation EU 2020/852.

Methodology

The mapping of activities looked in detail at the individual activities carried out by Italgas S.p.A. and its subsidiaries. The NACE code associated with the operating company has not been considered as a restriction for inclusion or exclusion, given that, in the case of Italgas and its subsidiaries, the NACE code in most cases reflects the core business and does not necessarily reflect the details required by the Taxonomy. For the definition of "eligible activity" or "aligned activity", consistency with the definition of activities included in delegated acts was therefore considered.

In 2024, the contribution of Acqua Campania, which was consolidated during the reporting period, was also included in the data, as well as the investment related to the consolidation of the Belluno ATEM.

Where an activity can be considered both in light of climate mitigation and climate adaptation, the main aim for which this activity was implemented and the prevailing impacts were assessed, thereby guaranteeing no duplication of data. In general, it was found that the Italgas activities considered meet the climate mitigation objective, with the exception of the activities included under *(2.1) Water supply* which fall under the environmental objective of “*sustainable use and protection of water and marine resources*”[63]. Compliance with technical screening criteria, DNSH (Do No Significant Harm to environmental criteria) criteria (Do No Significant Harm to the environment criteria) and compliance with the minimum safeguard thresholds were assessed to determine which eligible assets were also aligned according to the Taxonomy.

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62 https://finance.ec.europa.eu/document/download/b799db63-a034-4023-9f77-3e9a69be4de9_en?filename=241129-draft-commission-notice-eu-taxonomy-delegated-acts_en.pdf

63 Acqua Campania engages in transportation activities with water loss levels of 2.6%, improving year-on-year. The nature of the transportation activity makes the application of the Infrastructure Leakage Index (ILI) described in the technical screening notes not feasible, as it is related to water distribution.

No minimum materiality thresholds were defined for the inclusion/exclusion of individual activities of the scope described above in line with the analysis conducted last year.

It should be noted that Italgas mainly carries out the gas distribution activity and therefore acts to create the best possible conditions to ensure that its network is "enabled" for the distribution of hydrogen and/or other renewable gases. It is not, however, responsible for the production of such gases nor for the definition of the blending thresholds, which are the responsibility of other parties. In considering the activities, it was assessed how far the Group can act to facilitate and make possible, within the plan horizon, the distribution of green gases in addition to methane.

Eligible activities

In accordance with Delegated Regulations no. 2021/2139, 2023/2485 and 2023/2486, which supplement Regulation no. 2020/852, the analysis carried out by Italgas starting from 2021 led to the identification of the following eligible activities set forth below in order of significance:

- (4.14) Renewable gas and low carbon emission gas distribution and transmission networks in respect of the gas distribution business
- (7.5) Installation, maintenance and repair of devices related to metering, regulation and energy performance control of buildings in respect of metering
- (7.3) Installation, maintenance and repair of energy efficiency devices for all energy efficiency activities
- (3.10) Manufacture of hydrogen
- (4.11) Storage of thermal energy
- (2.1) Water supply
- (5.1) Construction, expansion and management of water collection, treatment and supply systems
- (5.2) Renewal of water collection, treatment and supply systems
- (4.1) Production of electricity by means of solar-photovoltaic technology,
- (4.15) Distribution of district heating/district cooling,
- (7.1) Construction of new buildings
- (7.2) Renovation of existing buildings
- (7.4) Installation, maintenance and repair of electric vehicle charging stations in buildings
- (7.6) Installation, maintenance and repair of renewable energy technologies
- (8.1) Data processing, hosting and connected activities
- (9.3) Professional services related to energy performance of buildings

Compared to 31 December 2023, due to the consolidation of Acqua Campania as of 30 January 2024, the list of environmental objectives pursued has been expanded to include *(2.1) Water supply* under the environmental objective "*sustainable use and protection of water and marine resources*".

Revenues aligned or eligible for taxonomy

The share of revenues aligned with or eligible for the taxonomy for the year 2024, in compliance with subsection 1.1.1 of Annex 1 to Delegated Regulation 2021/2178, is calculated as the sum of revenues derived from products or services associated with activities respectively aligned with or eligible for the taxonomy, proportionally to the total net revenues of the Group (of the scope described above) recorded in compliance with International Accounting Standard (IAS) no. 1, subsection (82: (a)), illustrated in the Notes to the consolidated financial statements in subsection 27.

Aligned revenues include activities for which technical screening, DNSH criteria and minimum guarantees of safeguards are met. More specifically, revenues from the construction and upgrading of gas distribution and metering infrastructure related to services under concession arrangements are considered aligned, in accordance with IFRIC 12, for (i) the share referring to activities aimed at making the network suitable for the distribution of renewable and low-carbon gases including all requalification of the distribution network and its extensions, carried out with materials suitable for the new renewable gases (activity 4. 14); (ii) the share referring to activities involving the detection of leaks, the repair of existing gas pipelines and other elements of the network, aimed at reducing methane leaks (activity 4. 14); and (iii) the share referring to the activities of installation, maintenance and repair of smart gas meters (activity 7.5). Also included is the share of gas metering service remuneration related to the costs recognized for the installation and maintenance of smart meters (activity 7.5). Revenues deriving from activities relating to energy efficiency, water service and ICT have also been included, consistently with the taxonomy criteria.

All those activities that, although included in the list of Delegated Regulation EU 2021/2139, do not meet all the technical screening and/or DNSH criteria, are considered eligible but not aligned.

The share of revenues considered ineligible includes all activities not covered by the previous points.

Operating expenses aligned with or eligible for taxonomy

The portion of aligned or eligible operating expenses (OpEx) is calculated as the ratio between operating costs related to activities or processes respectively aligned or eligible for the taxonomy, in proportion to the operating expenses incurred, in compliance with the provisions of subsection 1.1.2 of Annex 1 to Delegated Regulation 2021/2178. Operating expenses include by Delegated Regulations, direct non-capitalized costs related to research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment necessary to ensure the continued and effective functioning of such assets

The operating expenses referred to in subsection 1.1.2 of Annex 1 to Delegated Regulation 2021/2178 are a part of those shown in subsection 28 of the Notes to the Consolidated Financial Statements.

The activities to which these expenses refer are those described in the previous sections, in addition to the operating expenses related to real estate services.

Capital expenditures aligned with or eligible for taxonomy

The portion of capital expenses (CapEx), in compliance with paragraph 1.1.2 of Annex 1 to Delegated Regulation 2021/2178, is calculated as the ratio between investments in activities or processes eligible to the taxonomy with respect to the increases in tangible and intangible assets in 2024, considered before amortisation/depreciation, impairment and any value adjustment, including those resulting from the recalculation and reduction in value and excluding changes in fair value. As indicated in Delegated Regulation 2021/2178, the increase in assets also includes the increases in tangible and intangible assets deriving from business combinations. Capital expenditure are recognized in accordance with IAS 16 (73: (e) (i) and (iii)), IAS

38 (118: (e) (i)), and IFRS 16 (53: (h)) and are shown in the Notes to the Consolidated Financial Statements in sections 13 and 14 as well as in the Directors' Report in section *"3. Operating performance"*. Capital expenditure is considered gross of grants.

As a result, the CapEx aligned with the taxonomy includes all investments related to the installation, maintenance and repair of digital meters. For the gas distribution activity, the following has been included: the investments made in the network for the distribution of renewable and low-carbon gases, including all requalification of the distribution network and its extensions, carried out with materials suitable for the new renewable gases and the portion of investments relating to activities involving the detection of leaks, the repair of existing gas pipelines and other elements of the network, aimed at reducing methane leaks. The CapEx related to energy efficiency, the water service, real estate and ICT were also included in line with the taxonomy criteria.

All those activities that, although included in the list of EU Delegated Regulation 2021/2139, 2023/2485 and 2023/2486, do not comply with all the technical screening criteria are considered eligible, but not aligned. In particular, the CapEx eligible but not aligned with the taxonomy includes expenses related to Power-to-Gas project since, for that project, which qualifies for the production of green hydrogen from renewable sources (hence without carbon production), when this analysis was closed, the third-party assessment of the emission level was not available. Once this certification has been obtained and in view of the nature of the activities, it is considered that the project is meeting the technical and DNSH screening criteria. The investments relating from the business combination of Acqua Campania are considered eligible, but not aligned, in line with the provisions of Delegated Regulation no. 2021/2178.

The CapEx considered as not eligible, in continuity with last year, includes all activities not described in EU Delegated Regulations 2021/2139, 2023/2485 and 2023/2486..

Do Not Significant Harm to environmental goals (DNSH)

Climate change mitigation: the activities considered meet the climate change mitigation objective. In the case of the activity *(2.1) Water supply* a significant damage assessment with respect to this objective is not required.

Climate change adaptation: the analysis of the physical climate risks affecting Italgas' activities is integrated into the Group's strategic planning process and ERM model. It takes into account the vulnerability of specific activities, the mitigation actions implemented and the adaptation solutions integrated where appropriate. To facilitate the identification of risks related to climate change, the ERM Department carries out a specific analysis based on physical scenarios to identify the main drivers of climate change that could impact Italgas' activities in the short (1 year), medium (2 to 5 years) and long term (more than 5 years), and, for each of these drivers, a predefined list of risk/opportunity events applicable to Italgas is provided. The physical risks are assessed as low in consideration of the mitigation actions implemented. The list of risks considered was compared with the list in Appendix A, Annex I of Delegated Regulation EU 2021/2139. From the comparison made, it emerged that the activities do not pose significant harm to the ability to adapt to climate change, i.e. do not lead to a worsening of the negative effects of the current or future climate on humans, nature or assets.
Furthermore, in the case of newly constructed physical assets, adaptation solutions that reduce the main climate risks affecting them are incorporated into the design and construction phases. Other activities

considered to be aligned were assessed as not posing significant harm to the ability to adapt to climate change, i.e. not leading to a worsening of the negative effects of the current or future climate on humans, nature or assets.

Sustainable use and protection of water and marine resources: Italgas is not required, for its gas and water distribution activities, to carry out an environmental impact assessment pursuant to Directive 2011/92/EU. This absence of such requirement is inherent in the nature of the distribution business. It should be noted, however, that the laying of gas distribution pipes and related items is carried out in compliance with regulations, including those of an environmental and water protection nature, both national and local, and is subject to authorisation by the competent authorities. By way of example, in Italy it is required that the laying of pipes is carried out with a minimum coverage of 1.00 m (save for derogations) resulting, in case of diameters at the upper limit of the range permitted for use, a maximum excavation depth of approximately 1.70 m, which limits interference with the water system. The laying of cathodic protection, which can have impacts at greater depths, is also carried out with prior authorisation and with consideration of the risks associated with groundwater interference. Since the networks distribute gas, there is no risk of pollutants leaching into the groundwater.
In the case of Nepta, the actions put in place are aimed at the efficient use of water resources. Nepta distributes only drinking water and is not involved in wastewater treatment activities.
Finally, Italgas' HSEQE Policy commits the Group to the efficient use of water in the conduct of business activities. On the basis of the analyses carried out, the activities are not considered to be detrimental to the good potential status of water bodies or sea waters

Transition towards a circular economy: in its activities, Italgas pursues the reduction and prevention of pollution. Italgas' HSEQE Policy commits the Group to the reduction of waste produced and promotion, where possible, of its recovery. For the aligned activities, the principle of absence of significant damage is respected, in line with the provisions of Delegated Regulation (EU) 2021/2139. Considering the components and construction materials used, waste management and construction techniques and projects in the activities relating to point 7.1 and 7.2 respect the criteria of Delegated Regulation (EU) 2021/2139.

Pollution prevention and reduction: in its activities, Italgas pursues the reduction and prevention of pollution. Italgas' HSEQE Policy commits the Group to the reduction of waste produced and the promotion, where possible, of its recovery. As regards distribution, the equipment considered as aligned in terms of the taxonomy, falls within the scope of Directive 2009/125/EC, is compliant therewith and represents the best available technology. With regard to building components and materials used in activities related to Section 7.1, 7.2 and 7.3, the criteria in Appendix C, including the related regulations on the treatment and disposal of asbestos, are met.

Protection and restoration of biodiversity and ecosystems: the Italgas' HSEQE Policy commits the Group to the protection of the environment and the responsible management of the significant environmental impacts associated with its activities, pursuing the protection and care of the natural environment and combating climate change, avoiding deforestation, ensuring restoration and maintaining the balance of the ecosystem and biodiversity.

Italgas is not required, for its gas and water distribution activities, to carry out an environmental impact assessment pursuant to Directive 2011/92/EU. For both networks, the laying of the pipelines, related structures and excavation works are carried out in compliance with environmental regulations, limiting impacts on biodiversity and ecosystems. For large-scale water supply activities, Acqua Campania is subject to an environmental impact assessment in accordance with Directive 2011/92/EU. The laying of the pipelines, related structures and excavation works are carried out in compliance with environmental regulations also for this company, limiting impacts on biodiversity and ecosystems.

Minimum safeguards guarantees

The Italgas Code of Ethics, the Supplier Code of Ethics and the Human Rights Policy outline the reference principles and actions taken to protect human rights, compliance with laws and the principle of competition, and the fight against corruption in the performance of the Group's activities and, in general, in any context in which Italgas people and business partners operate. These principles are in line with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the International Labour Organisation (ILO) Fundamental Conventions. The Policy for the Prevention of Discrimination and Protection of the Dignity of Group Personnel and the Diversity and Inclusion Policy reinforce the Group's commitments to the protection of Human Rights.

Italgas and its subsidiaries have adopted Organisation, Management and Control Models (Models 231), aimed at preventing the perpetration of offences that could result in administrative liability to the Company, as well as Internal Control and Risk Management systems that guarantee compliance with minimum safeguards.

All suppliers are also required to meet important criteria in terms of human rights and work by accepting the Italgas Policy on Human Rights, health and safety, environmental protection and the ethical and responsible management of the business. The Group conducts human rights due diligence involving both Group Companies and suppliers. Please refer to sections S1 and S2 for a description of the actions taken to 1) guarantee the protection of human rights through policies, actions, targets, whistleblowing channels and remedial measures; 2) promote and verify respect for human rights by suppliers, including reputational verification, qualification process, supplier engagement and training initiatives, ESG and health and safety audits, availability of whistleblowing channels and mechanisms for remedial action.

For taxation-related issues, the Italgas Group has adopted a Tax Strategy, intended as a set of principles and guidelines inspired by the values of the Italgas Code of Ethics, transparency and legality, which guide not only fiscal choices, but also those related to the core business of the Group as a whole. In order to ensure adequate control of the tax variable, it has also adopted an integrated internal control system on tax-related risks (the Tax Control Framework - TCF). The TCF is part of the Italgas Group's broader Internal Control and Risk Management System and ensures oversight of the tax variable. In addition, in 2019, a process was launched aimed at the gradual admission of the Group's Italian companies to the Cooperative Compliance regime referred to in Legislative Decree no. 128/2015 as amended, aimed at reducing the level of uncertainty on tax issues and preventing the emergence of tax disputes through continuous and preventive forms of dialogue on situations likely to generate tax risks. Currently, the companies under the Cooperative Compliance regime are:

Italgas S.p.A., Italgas Reti S.p.A., Toscana Energia S.p.A., Medea S.p.A., BluDigit S.p.A., Geoside S.p.A. and Newco S.p.A.. Remaining in the regime allows for continuous and preventive dialogue with the Revenue Agency and is an indicator of the constant application of those principles of fairness, transparency and awareness of the fulfilment of tax obligations that characterise the Company's behavioural policy in relation to tax variable. Also, with regard to suppliers, reputational checks are carried out and about the possession of general requirements, including those inherent in tax and contribution regularity. Please refer to section S2 for more details.

Revenues are reported, along with CapEex and OpEx associated with the eligible activities. No information is supplied in respect of other KPIs, apart from that required by the Delegated Regulation (EU) 2021/2178.

2024

	Eligible activities		
	environmentally sustainable activities (aligned with the taxonomy)	activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy)	**Not eligible Activities**
Revenues	34.1%	0.0%	65.9%
OpEx	69.6%	7.5%	22.8%
CapEx	78.8%	4.6%	16.6%

2024 Share of revenues from products or services associated with economic activities aligned with the taxonomy

	Code	Absolute revenues	Revenue Share	Criteria for the substantial contribution: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Criteria for "Do No Significant Harm" DNSH: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards guarantees	Share of eligible revenue aligned to Taxonomy (N-1)	Category (enabling activity)	Category (transition activity)
		€M	%	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	%	E	T
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																			
A.1 environmentally sustainable activities (aligned with the taxonomy)																			
2.1 Water supply	WTR 2.1	74.8	2.9%	N/EL	N/EL	Yes	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%		
4.1 Production of electricity by means of solar-photovoltaic technology;	CCM 4.1	3.9	0.2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%		
4.14 Renewable gas and low carbon emission gas distribution and transmission networks in respect of the gas distribution business;	CCM 4.14	601.3	23.7%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	14.6%		
5.1 Construction, expansion and management of water collection, treatment and supply systems;	CCM 5.1	7.6	0.3%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.5%		
7.3 Installation, maintenance and repair of energy efficiency devices for all energy efficiency activities;	CCM 7.3	38.9	1.5%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	16.0%	E	
7.5 Installation, maintenance and repair of metering, regulation and energy performance control devices and instruments of buildings in respect of metering;	CCM 7.5	138.1	5.4%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8.3%	E	
7.6 Installation, maintenance and repair of renewable energy technologies;	CCM 7.6																0.0%	E	
9.3 Professional services related to energy performance of buildings.	CCM 9.3	1.1	0.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	E	
Revenues from environmentally sustainable activities (aligned with the taxonomy) (A.1)		**865.7**	**34.1%**	**31.2%**	**0%**	**2,9%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**39.6%**		
Of which are enabling		178.1	7.0%	7.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Of which are transitional		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
A.2 activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy)																			

		€M	%	EL; N/EL	EL; N/EL;	EL; N/EL;	EL; N/EL;	EL; N/EL;	EL; N/EL;		%
4.15 Distribution of district heating/district cooling;	CCM 4.5	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%
Revenues from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		**0.1**	**0.0%**	**0.0%**	**0%**	**0%**	**0%**	**0%**	**0%**		**0.0%**
Total A.1 + A.2		**865.8**	**34.1%**	**31.2%**	**0%**	**2.9%**	**0%**	**0%**	**0%**		**39.6%**
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY											
Income from activities not eligible for the taxonomy (B)		1.673.7	65.9%								
TOTAL A+B		**2,539.4**									

Values for 2023 are aligned with what is reported in the 2023 Integrated Annual Report.

The code contains the abbreviation of the goal to which the economic activity can make a substantial contribution, and the section number of the activity in the corresponding goal annex, i.e., CCM climate change mitigation; CCA climate change adaptation; WTR water and marine resources; CE circular economy; PPC pollution prevention and control; BIO biodiversity and ecosystems.

Please refer to the following definitions for abbreviations included in the criteria for substantial contribution: Yes - Activity is eligible for taxonomy and aligned with taxonomy with respect to the relevant environmental objective; No - Activity is eligible for taxonomy but not aligned with taxonomy with respect to the relevant objective; EL - Activity eligible for taxonomy for the relevant objective; N/EL - Not eligible; activity is not eligible for taxonomy for the relevant objective

2024 revenue share	**Aligned**	**Eligible**
Climate change mitigation CCM	31.2%	31.2%
Climate change adaptation CCA	0.0%	0.0%
Sustainable use and protection of water and marine resources WTR	2.9%	2.9%
Transition to a circular economy EC	0.0%	0.0%
Pollution prevention and reduction PPC	0.0%	0.0%
Protection and restoration of biodiversity and BIO ecosystems	0.0%	0.0%

2024 Share of operating expenses from products or services associated with economic activities aligned with the taxonomy

				Criteria for the substantial contribution						Criteria for "Do No Significant Harm" DNSH									
	Code	Absolute revenues	Revenue Share	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards guarantees	Share of eligible revenue aligned to Taxonomy (N-1)	Category (enabling activity)	Category (transition activity)
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY		€M	%	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	%	E	T
A.1 environmentally sustainable activities (aligned with the taxonomy)																			
2.1 Water supply	WTR 2.1	9.9	10.3%	N/EL	N/EL	Yes	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
4.1 Production of electricity by means of solar-photovoltaic technology;	CCM 4.1	0.6	0.6%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%		
4.14 Renewable gas and low carbon emission gas distribution and transmission networks in respect of the gas distribution business;	CCM 4.14	21.8	22.9%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9.4%		
5.1 Construction, expansion and management of water collection, treatment and supply systems;	CCM 5.1	0.1	0.1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%		
7.3 Installation, maintenance and repair of energy efficiency devices for all energy efficiency activities;	CCM 7.3	30.8	32.3%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76.2%	E	
7.5 Installation, maintenance and repair of metering, regulation and energy performance control devices and instruments of buildings in respect of metering;	CCM 7.5	1.8	1.9%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	3.4%	E	

7.6 Installation, maintenance and repair of renewable energy technologies;	CCM 7.6																0.1%	E
9.3 Professional services related to energy performance of buildings.	CCM 9.3	1.3	1.4%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.3%	E
Revenues from environmentally sustainable activities (aligned with the taxonomy) (A.1)		**66.4**	**69.6%**	**59.3%**	**0%**	**10.3%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**89.7%**	
Of which are enabling		34.0	35.6%	35.6%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
Of which are transitional		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
A.2 activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy)																		
		€M	%	E; N/EL;	E; N/EL;	E; N/EL;	E; N/EL;	E; N/EL;	E; N/EL;								%	
4.15 Distribution of district heating/district cooling;	CCM 4.15	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
8.1 Data processing, hosting, and related activities.	CCM 8.1	7.2	7.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.4%	
Operating expenses from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		**7,2**	**7.5%**	**7.5%**	**0%**	**0%**	**0%**	**0%**	**0%**								**2.4%**	
Total A.1 + A.2		**73.6**	**77.1%**	**66.8%**	**0%**	**10.3%**	**0%**	**0%**	**0%**								**92.1%**	
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																		
Capital expenditures from activities not eligible for the taxonomy (B)		21.8	22.8%															
TOTAL A+B		**95.3**	**100%**															

Values for 2023 are aligned with what is reported in the 2023 Annual Consolidated Report.

The code contains the abbreviation of the goal to which the economic activity can make a substantial contribution, and the section number of the activity in the corresponding goal annex, i.e., CCM climate change mitigation; CCA climate change adaptation; WTR water and marine resources; CE circular economy; PPC pollution prevention and control; BIO biodiversity and ecosystems.

Please refer to the following definitions for abbreviations included in the criteria for substantial contribution: Yes - Activity is eligible for taxonomy and aligned with taxonomy with respect to the relevant environmental objective; No - Activity is eligible for taxonomy but not aligned with taxonomy with respect to the relevant objective; EL - Activity eligible for taxonomy for the relevant objective; N/EL - Not eligible; activity is not eligible for taxonomy for the relevant objective

2024 share of operating expenses	**Aligned**	**Eligible**
Climate change mitigation CCM	59.3%	66.8%
Climate change adaptation CCA	0.0%	0.0%
Sustainable use and protection of water and marine resources WTR	10.3%	10.3%
Transition to a circular economy EC	0.0%	0.0%
Pollution prevention and reduction PPC	0.0%	0.0%
Protection and restoration of biodiversity and BIO ecosystems	0.0%	0.0%

2024 Share of capital expenditures from products or services associated with economic activities aligned with the taxonomy

				Criteria for the substantial contribution						Criteria for "Do No Significant Harm" DNSH									
	Code	Absolute capital expenditures	Capital expenditures share	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards guarantees	Share of eligible revenue aligned to Taxonomy (N-1)	Category (enabling activity)	Category (transition activity)
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY		€M	%	Yes; No N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No; N/EL;	Yes; No	Yes; No	Yes; No	Yes; No	Yes; No;	Yes; No	Yes; No;	%	E	T
A.1 environmentally sustainable activities (aligned with the taxonomy)																			
2.1 Water supply	WTR 2.1	3.0	0.3%	N/EL	N/EL	Yes	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%		
4.1 Production of electricity by means of solar-photovoltaic technology;	CCM 4.1	2.0	0.2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%		
4.11 Heat energy storage;	CCM 4.11	0.2	0.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%	E	
4.14 Renewable gas and low carbon emission gas distribution and transmission networks in respect of the gas distribution business;	CCM 4.14	622.0	64.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	67.9%		
5.1 Construction, expansion and management of water collection, treatment and supply systems;	CCM 5.1	0.5	0.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%		
5.2 Renewal of water collection, treatment and supply systems;	CCM 5.2	1.7	0.2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%		
7.3 Installation, maintenance and repair of energy efficiency devices for all energy efficiency activities;	CCM 7.1	3.0	0.3%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%		
7.5 Installation, maintenance and repair of metering, regulation and energy performance control devices and instruments of buildings in respect of metering;	CCM 7.2	7.2	0.7%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%		T
7.6 Installation, maintenance and repair of renewable energy technologies;	CCM 7.3	7.4	0.8%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.7%	E	

7.3 Installation, maintenance and repair of energy efficiency devices for all energy efficiency activities;	CCM 7.4																0.0%	E
7.5 Installation, maintenance and repair of metering, regulation and energy performance control devices and instruments of buildings in respect of metering;	CCM 7.5	117.3	12.1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	11.3%	E
7.6 Installation, maintenance and repair of renewable energy technologies;	CCM 7.6	1.1	0.1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%	E
Revenues from environmentally sustainable activities (aligned with the taxonomy) (A.1)		**765.3**	**78.8%**	**78.5%**	**0%**	**0.3%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**		**80.9%**	
Of which are enabling		126.0	13.0%	13.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes			
Of which are transitional		7.2	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes			
A.2 activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy)																		
		€M	%	EL; N/EL;	EL; N/EL;	EL; N/EL;	EL; N/EL;	EL; N/EL;	EL; N/EL;								%	
2.1 Water supply;	WTR 2.1	37.1	3.8%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.0%	
3.10 Hydrogen production;	CCM 3.10	8.0	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
5.1 Construction, expansion and operation of water collection, treatment and supply systems.	CCM 5.1																7.8%	
8.1 Data processing, hosting, and related activities.	CCM 8.1	0.2	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Operating expenses from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		**45.3**	**4.6%**	**0.8%**	**0%**	**3.8%**	**0%**	**0%**	**0%**								**7.8%**	
Total A.1 + A.2		**810.6**	**83.4%**	**79.3%**	**0%**	**4.1%**	**0%**	**0%**	**0%**								**88.8%**	
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																		
Capital expenditures from activities not eligible for the taxonomy (B)		160.8	16.6%															
TOTAL A+B		**971.4**	**100%**															

Values for 2023 are aligned with what is reported in the 2023 Annual Consolidated Report.

The code contains the abbreviation of the goal to which the economic activity can make a substantial contribution, and the section number of the activity in the corresponding goal annex, i.e., CCM climate change mitigation; CCA climate change adaptation; WTR water and marine resources; CE circular economy; PPC pollution prevention and control; BIO biodiversity and ecosystems.

Please refer to the following definitions for abbreviations included in the criteria for substantial contribution: Yes - Activity is eligible for taxonomy and aligned with taxonomy with respect to the relevant environmental objective; No - Activity is eligible for taxonomy but not aligned with taxonomy with respect to the relevant objective; E - Activity eligible for taxonomy for the relevant objective; N/E - Not eligible; activity is not eligible for taxonomy for the relevant objective

2024 share of capital expenditures	Aligned	Eligible
Climate change mitigation CCM	78.5%	79.3%
Climate change adaptation CCA	0.0%	0.0%
Sustainable use and protection of water and marine resources WTR	0.3%	4.1%
Transition to a circular economy EC	0.0%	0.0%
Pollution prevention and reduction PPC	0.0%	0.0%
Protection and restoration of biodiversity and BIO ecosystems	0.0%	0.0%

Annex XII – Revenues, Operating expenses and Capital expenditures

Template 1 Nuclear and fossil gas related activities

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

ESRS E1 – Climate Change

Transition plan for climate change mitigation and Integration of sustainability-related performance in incentive schemes (E1-1, ESRS 2 GOV-3)

Italgas has adopted a transition plan that aligns the Group's business model and operations with the pathway to limiting global warming to 1.5°C, as outlined in the Paris Agreement and the European Union's climate goals. The plan aims to achieve net zero carbon emissions for Scope 1 and 2 market-based emissions and Scope 3 supply chain emissions by 2050[64], setting specific interim targets:

Gas distribution[65]:

- - 42% Scope 1 and Scope 2 market-based emissions by 2030 compared to 2020 levels;
- - 33% Scope 3 - supply chain emissions by 2030 compared to 2020 levels;
- - 33% of net energy consumption by 2030 compared to 2020 levels.

Water Sector[66]:

- - 33% Scope 1 and 2 market-based emissions by 2030 compared to 2023 levels;
- - 33% of net energy consumption by 2030 compared to 2020 levels.

Italgas'[67] transition plan, built on the pillars of sustainability, growth and innovation, is fully integrated into the Group's 2024–2030 Strategic Plan. The latter, approved by the Board of Directors[68], ensures alignment with the company's strategic direction. The integration ensures that climate-related risks and opportunities, as well as the key elements of the transition plan – decarbonisation efforts, operational improvements, efficiency gains and infrastructure modernisation – are aligned with the strategy and financial planning. Together, they provide a structured framework for addressing the challenges of the energy transition.

The Strategic Plan incorporates these considerations into financial planning, including the strategic planning of CapEx and OpEx, ensuring that sustainability goals influence decisions at all levels – from revenue generation to asset management.

The Group's Remuneration Policy is aligned with the objectives of the transition plan. The document, drafted by the Appointments and Compensation Committee and submitted to the Board of Directors for review and approval, provides for short-term and long-term compensation for Group Management, including the CEO, linked to the achievement of climate targets (please refer to datapoint GOV-3).

The transition plan includes the Group's strategy to proactively address both physical climate risks – related to the impact of natural disasters on the integrity of networks, ensuring their resilience to increasing climate variability – and transition risks, primarily related to the potential negative evolution of the technological and market landscape due to a declining role of gas as an energy carrier for the residential sector.

A central element of the plan is the crucial role of gas distribution networks as a key infrastructure for achieving European climate targets. The complete digitisation of the networks planned and implemented by the Group will allow the safe transport of renewable gas mixtures, such as biomethane, synthetic methane and hydrogen, which will progressively replace fossil natural gas. This technological upgrade therefore contributes directly to

[64] Excluding the water sector.
[65]The targets apply to gas distribution companies consolidated within the financial data consolidation perimeter as of December 31, 2024. Upon approval of the 2024-2030 Sustainable Value Creation Plan, these targets were also extended to the financial data consolidation perimeter as of June 30, 2024, with the addition of the 2i Rete Gas perimeter, while excluding the water sector, which has specific energy and greenhouse gas emission targets.
[66] These targets, included in the 2024-2030 Sustainable Value Creation Plan, exclude Acqua Campania S.p.A., while they include Nepta S.p.A. and the non-consolidated companies Acqualatina S.p.A. and Siciliacque S.p.A.
[67] It includes elements with a time horizon extending up to 2050.
[68] Approved on Monday, October 7, 2024 https://www.italgas.it/wp-content/uploads/sites/2/2024/10/PR_Italgas_Strategic_Plan_2024_2030.pdf

reducing emissions, while confirming the relevance of the existing gas infrastructure beyond 2050. By integrating renewable gases, the Italgas Group supports an inclusive, economically sustainable and resilient energy transition in all the territories in which it operates.

Despite the absence of a methodology specific to the Science-Based Targets initiative (SBTi) for the oil & gas sector, in particular for gas distribution, Italgas' targets are in any case aligned with the trajectory provided by the SBTi's cross-sector approach for a 1.5°C scenario, in line with the objective of "limiting global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels", as set out in the Paris Agreement. This is currently the most effective option available for alignment with the SBTi criteria. Italgas also remains committed to obtaining formal SBTi validation as soon as the methodology is available.

Furthermore, in this regard, Italgas obtained confirmation of this alignment from an independent consultant (Carbonsink, a Southpole company), specialised in the analysis of climate scenarios.

The analysis of the Group's[69] alignment with a 1.5° scenario of Scope 1 and Scope 2 market-based greenhouse gas emission targets and trajectories is based on the following activities:

- an assessment of the emissions profile and targets, against a set of 157 publicly available global pathways for CO_2 and CH_4 emissions in Eastern and Western Europe, collected by the IPCC in its 6th Assessment Report. These pathways are designed to limit the global temperature increase to 1.5 °C with a probability of more than 50%, with or without exceeding this limit before reaching net zero emissions by 2050 at the latest. Italgas' 2030 target was more ambitious than 151 of these scenarios (96%, top quintile), indicating that the Group's Scope 1 and Scope 2 market-based target for 2030 falls well within the range of those included in the IPCC 1.5°C global pathways;
- a comparison performed using the absolute contraction approach of the Science Based Targets initiative (SBTi) indicated that Italgas' targets exactly match the SBTi 1.5°C curve in terms of trajectory from 2020 to 2030. The target envisages an annual reduction of 4.2% over the 10-year period under analysis and is, therefore, aligned with the global annual emission reduction rate needed to meet 1.5 °C assuming a general industry pathway;
- an application of the Temperature Scoring Methodology to the Group's 2030 target, a temperature scoring methodology developed by the Carbon Disclosure Project (CDP) and the World Wide Fund For Nature (WWF) to translate the ambition of corporate greenhouse gas emission reductions into temperature assessments for companies. This methodology has shown that the Group's targets are in line with a temperature increase scenario within 1.5 °C. Leveraging SBTi's work, the temperature assessment methodology expands the temperature assessment of corporate ambitions in the short-to-medium term from a wide range of possible end-of-century (2100) temperatures between 1.5 and 5 °C, and aims to translate reported corporate targets into long-term temperature trajectories;
- a comparison with emission reduction pathways in line with the 1.5°C Net Zero Emission (NZE) scenario of the International Energy Agency (IEA) showed that they are compatible with Italgas' medium-term (2030) targets within that specific time frame, when referencing absolute emissions for "Other Industries" within advanced economies (the pathway would require a 29% reduction in emissions by 2030 compared to a 2020 baseline, while Italgas' target is for a 42% reduction over the same period).

[69] Reference perimeter: Group gas distribution companies (-42% Scope 1 and Scope 2 market-based emissions by 2030 compared to 2020 levels; net zero carbon by 2050).

The alignment of Scope 3 – supply chain[70] targets for reducing greenhouse gas emissions with the 1.5°C and well below 2°C scenario pathways has been assessed through:

- an assessment of the emissions profile and targets against a set of 157 publicly available global pathways in Eastern and Western Europe, collected by the IPCC in its 6th Assessment report. Italgas' 2030 targets were found to be more ambitious than 72 of these scenarios (46%). These results indicate that Italgas' Scope 3 supply chain targets are in the lower half of those in the IPCC's 1.5°C global pathways. The same exercise was carried out with respect to a set of 221 publicly available global pathways in Eastern and Western Europe, collected by the IPCC in its 6th Assessment report, designed to limit the global temperature increase to 2.0°C with a probability of more than 67% ("well below 2°C"). Compared to these scenarios, Italgas' targets were found to be more ambitious than 165 of those considered (75%). These results indicate that Italgas' Scope 3 supply chain targets are within the range of those in the IPCC well below 2°C global pathways;
- A comparison with the SBTi Absolute Contraction Approach indicated that Italgas' target exceeds the minimum ambition required by the SBTi for a Scope 3 supply chain target aligned with a "well below 2°C" scenario, in terms of a trajectory from 2020 to 2030. The target provides for an annual reduction of 3.3% over the 10-year period under analysis, and thus aligns with the overall annual rate of emissions reduction required to meet the well below 2°C scenario, considering a "General Sector" SBTi pathway;
- an application of the Temperature Scoring Methodology for the Group's Scope 3 GHG emissions targets from the supply chain by 2030. The application for Scope 3 GHG emissions from the Group's supply chain demonstrated the alignment of the targets' ambition with a long-term temperature outcome of 1.68°C, corresponding to a scenario well below 2°C, in line with the Paris Agreement's;
- A comparison with emission reduction pathways in line with the International Energy Agency's 1.5°C Net Zero Emission scenario showed that Italgas' medium-term (2030) targets are compatible with a 1.5°C NZE pathway over that specific time frame, when referencing absolute emissions for "Other Sectors" in advanced economies. This trajectory would require a 29% reduction in Scope 3 GHG emissions from the supply chain by 2030 compared to the 2020 baseline, while Italgas' target is for a 33% reduction over the same period.

The Group has defined specific decarbonisation levers with which to implement the transition plan to support its targets for reducing greenhouse gas emissions, presented in detail in DR E1-3 / MDR-A. The Italgas Group has also carried out an assessment of the "locked-in" [71] GHG emissions from the company's main assets and products, identifying residual fugitive emissions that remain after all leakage minimisation measures as potential "locked-in" emissions, since they are intrinsically linked to the reference assets and the sector in which the company operates.

These investments aim to ensure the gradual integration and supply of renewable gas blends (hydrogen or other low-carbon gases), in line with the Group's commitment to support a sustainable energy transition and assist in the implementation of the climate transition plan. The activity includes leak detection and repair of

[70] Reference perimeter: Group gas distribution companies (-33% Scope 3 emissions – Supply chain by 2030 compared to 2020 levels; net zero carbon by 2050).

[71] This refers to the estimated Scope 1 and 2 GHG emissions over the operational life of key assets and those planned with certainty. Key assets are those owned or controlled by the company and consist of existing or planned assets (such as fixed or mobile installations, plants and equipment) that are a source of significant GHG emissions, caused directly or indirectly by energy generation. Key assets planned with certainty are those that the company will most likely start using within the next five years.

existing gas pipelines and other elements of the network to reduce methane leaks. This explains the high level of alignment of the capital investments implemented in gas distribution networks in 2024 according to the criteria of Commission Delegated Regulations (EU) 2020/852, 2021/2139, 2023/2485 and 2023/2486 (Delegated Regulations on Taxonomy) relating to the European Taxonomy. In defining its Strategic Plan, Italgas takes into account the environmental objectives as described in the Delegated Regulations on Taxonomy with the aim of increasing the Group's share of revenues, operating expenses (OpEx) and capital expenditures (CapEx) over time, as well as the improvement of the reported KPIs.
According to the exclusion criteria defined in the Commission Delegated Regulation (EU) 2020/1818, which sets minimum standards for indices used as benchmarks for financial instruments and contracts or for measuring the performance of investment funds aligned with the Paris Agreement, the Group is excluded as it falls within the subset of companies deriving more than 50% of their revenue from the exploration, extraction, production, or distribution of combustible gases.

Material impacts, risks and opportunities and their interaction with strategy and business model and Description of the processes to identify and assess material climate-related impacts, risks and opportunities (ESRS 2 SBM-3, ESRS 2 IRO-1)

Italgas' strategy is profoundly influenced by climate change: the analysis of climate scenarios and related Impacts, Risks and Opportunities (IRO) are constantly considered during the drafting of the Strategic Plan. The identification and assessment of climate-related IROs is part of the double materiality analysis, which considered significant impacts from an inside-out perspective and significant risks/opportunities from a financial perspective.
As part of the financial materiality assessment, the following climate-related risks/opportunities were identified as significant:

- Risk of negative developments in the technological and market environment: Declining significance of gas as an energy carrier for the residential sector
- Opportunities to enable the use of renewable gas in order to meet residential demand

Both of these events are considered Climate-related Transition Risks.
The assessment of the resilience of the Group's strategy to mitigate and adapt to climate change was developed following an analysis based on climate scenarios that best represent the context in which Italgas operates, both transitional and physical, qualitative and quantitative, which are publicly available and do not exclude any physical or transitional risks of climate scenarios. The analysis helps identify and assess potential business impacts, and define the responses and actions needed to manage these risks and opportunities.
Details of the scenarios used in the resilience analysis are provided below.

Transition scenarios

The transition scenarios on decarbonisation and energy transition highlight the relevance of the future role of gas in the energy mix, ensuring consistency with international and European objectives. The scenarios considered for the development of the 2024-2030 Strategic Plan are based on forecasts from the European Commission, the International Energy Agency's (IEA) World Energy Outlook, ENTSOG, ENTSO-E, IRENA, and national contributions (National Energy and Climate Plan for Italy and Greece, Snam-Terna scenarios).

In particular, the IEA STEPS, APS and NZE scenarios were analysed with a focus on emission reduction and mitigation actions necessary to achieve the Net-Zero target by 2050.
ENTSO scenarios (e.g. ENTSOG-ENTSOE Distributed Energy and Global Ambition) were analysed to focus on European CO_2 trends, gas supply and demand within the Group's reference perimeter (Europe, Italy, Greece), the projected evolution of the gas mix (fossil fuels, biomethane, hydrogen and other renewables) and energy efficiency. The Snam-Terna scenarios focus on the Italian perimeter and are developed with an integrated approach by the main gas and electricity TSOs in Italy. They show an evolution of the energy mix towards 2030 and 2040, with overall gas demand remaining almost stable in the coming decades, thanks to a progressive shift to green gas, with an increasing role of biomethane in the decarbonisation of the residential sector. With reference to the Greek perimeter, the DESFA 2022-2030 demand forecast study is also considered. This scenario up to 2030 forecasts an increase in gas demand, due to the gasification of new areas planned by the Greek TSO (Western Macedonia, Western Greece, Peloponnese, Epirus). All scenarios are in line with the Paris Agreement and the European Union's ambition to reach the Net-Zero target in 2050.
The potential occurrence of an energy scenario of a greater transition towards electrification of consumption, which would result in a long-term decline in the use of gas (natural gas, biomethane and hydrogen) in the residential segment, is sensitive to uncertainty related to multiple demand and supply factors in the energy market, including: the timing of reaching grid parity between conventional sources and renewable energy; the development pathway of renewable gas production, particularly with reference to the potential volumes of biomethane and hydrogen, as well as their end uses; the incentive schemes for renewable fuels; the timing of infrastructure adaptation to renewable penetration scenarios and electrification of consumption, and the development and dissemination of technological solutions available for civil use. The effect of energy efficiency actions and the adoption of good consumption practices may not be sufficient to “meet” the drop in gas volumes forecasted by these scenarios, and electrification would lead, in the long term, to an increase in the use of systems powered by electricity, rather than by natural gas / renewable gas. In this scenario, the impact for the Group would be that of a long-term increase in the number of deactivations and/or a decrease in the activations of new redelivery points in the residential sector, with the resulting negative impact on the Group's revenues (given the current regulatory mechanism which, in Italy, provides for a revenue component that is parametric and dependent on the number of re-delivery points managed by the Group).

Physical scenarios

Although the physical risks of climate change have not been assessed as material, some details of the Physical Scenarios considered in the risk assessment are provided: the physical scenarios considered are the Representative Concentration Pathways (RCP) 8.5 and 4.5 of the Intergovernmental Panel on Climate Change, both quantitative, based on climate physics, and defined by greenhouse gas concentrations in the atmosphere. The first one selected by Italgas is RCP 8.5, which represents the IPCC worst-case scenario in which there would be extreme and potentially irreversible consequences on weather and climate variables if no action is taken to reduce emissions. In this scenario, emissions growth at current rates will lead to high levels of greenhouse gas concentrations, resulting in the failure to combat global warming. With the assumption that, by 2100, atmospheric CO_2 concentrations will triple or quadruple (840-1120 ppm) compared to pre-industrial levels (280 ppm). This is an energy-intensive scenario with total consumption continuing to grow over the century, reaching well over three times current levels. Secondly, Italgas has factored in the RCP

4.5 scenario, which does not take into account further mitigation commitments by states than those already adopted, apart from the implementation of some initiatives, such as the use of new technologies and strategies to reduce GHG emissions. For this reason, moderate transitional measures and a considerable worsening of the planet's physical parameters are expected. It is considered a stabilisation scenario because it predicts that CO_2 emissions will peak around mid-century and fall below current levels by 2070. By the end of the century, atmospheric concentrations will stabilise at around twice (520 ppm) pre-industrial levels. These scenarios project an increase in average temperatures of between 1.25° and 2.5°C in the 30-year period between 2030 and 2050. This increase varies depending on the climatic zone and involves a change in physical parameters, including in Italgas' areas of operation (Italy and Greece). The main parameters and risks considered by Italgas in the assessment are:

i. the increase in temperatures (KPIs used for the scenario analysis: average temperature and heating degree days) and the consequent decrease in heating degree days in Italgas' areas of operation, and therefore an increase in the number of municipalities in mild climate zones (resulting in fewer activations/increased deactivations of re-delivery points). The scenarios analysed in the literature, IPCC RCP 8.5 and 4.5, do not involve, in the short, medium or long term, a significant increase in municipalities in mild climate zones that could have potentially significant negative effects on the Group.
ii. Increase in the frequency/intensity of extreme natural events (KPI: days with extreme rainfall): one of the effects of the IPCC 8.5 and 4.5 scenarios is an increase in the frequency of extreme natural events. For the Italgas areas of operation and for the type of business, the natural events observed in the past that resulted in damage to assets and/or extra costs, which were not negligible but in any case had a minor impact, were attributable to landslides/floods/tsunamis.

The results obtained from the scenario and resilience analyses constituted key elements for the preparation of the Group's Strategic Plan. In fact, the analyses supported the forecasting of investments in infrastructure upgrades and innovation, including the repurposing and digitisation of gas networks, to facilitate the transition to green gases and reduce greenhouse gas emissions. Also with the aim of enhancing the resilience and security of the Group's infrastructure and ensuring a continuous and reliable service, strategic objectives, including targets for the reduction of greenhouse gas emissions, defining specific KPIs, investments in the distribution network and in the energy and water efficiency sectors, are included in the Strategic Plan (which in turn contains and complements the Group's Transition Plan) and the Sustainable Value Creation Plan. This approach, developed from the analysis of scenarios, ensures the optimal positioning of the Group in the transition to a low-carbon economy, capitalising on new opportunities while managing the risks associated with climate change and regulatory developments[72]. The impact significance analysis conducted by Italgas in 2024 identified the following positive and negative impacts related to climate change:

- **Contribution to climate change**: the extraction, processing and delivery phases of the raw materials used by the Group generate greenhouse gas emissions due to the use of fossil fuels in the processes involved. The main activities of the Italgas Group also generate greenhouse gas emissions, contributing negatively to climate change: in particular, fugitive methane emissions can be produced during the operation and maintenance of the network.

[72] It is specified that, regarding the economic-financial balance sheet data reported in the appropriate sections of the document, there are no considerations related to climate scenarios.

- **Benefits deriving from network digitisation and energy efficiency upgrades by ESCo**: the Group is committed to repurposing and digitising its distribution networks to enable the future transmission of green gases such as biomethane, hydrogen and synthetic gases. In addition, through the ESCo Geoside, the Group offers energy efficiency services to reduce energy consumption and related third-party emissions, actively contributing to the fight against climate change.

The identification of impacts is based on a detailed analysis by the Group of the climate impact of its assets and business activities. Regarding the direct and indirect contribution to climate change, qualitative and quantitative information from the Group's Scope 1, Scope 2, and Scope 3 emissions inventory was used, along with a screening of positive contributions and activities undertaken to address climate change. For a more detailed description of the impact assessment methodology, refer to DR ESRS 2 IRO-1. The process of identifying and assessing climate risks, both physical and transitional, is conducted consistently with financial materiality assessment requirements, taking into account the time frame necessary to promptly assess the occurrence and/or impact of climate risks and opportunities. Therefore, both short-term (1 year), medium-term (up to 5 years) and long-term (beyond 5 years) time frames were considered. Risk considerations include the overall gas infrastructure, both upstream and downstream of the Group's activities. Regarding the physical risks and opportunities related to climate change, the analysis was based on the RCP 1.9, 4.5, and 8.5 climate scenarios. The main physical parameters considered by the model are heating degree days and days with heavy precipitation.

Climate change transition risks and opportunities are analysed on the basis of various third-party climate and energy scenarios, and with the involvement of the main process data owners in order to investigate the main transition drivers, the assumptions of the Group's Strategic Plan and the related risks and opportunities.

The final assessment of the effects of climate risks and opportunities, both physical and transitional, is conducted based on the parameters of risk/opportunity impact and probability of occurrence, consistent with the assessment of financial materiality. Each event was assessed using the thresholds of probability of occurrence and impact on the economic-financial dimension, considering the persistence of the impact in the short (1 year), medium (up to 5 years) or long term (beyond 5 years). The combination of the level of probability and maximum impact on the economic-financial impact scale of each risk/opportunity constitutes its “rating” (“critical”, “high”, “medium” and “low”). Risks/opportunities rated “high” or “critical” are deemed “significant”.

Policies related to climate change mitigation and adaptation (E1-2, MDR-P)

For optimal management of the impacts, risks and opportunities related to climate change, the Group has adopted a Climate Change Policy that outlines the Group's strategic response and is in line with the goal of the Paris Agreement. The Policy is structured on two pillars: mitigation and adaptation. Regarding climate change mitigation, it includes the Group's commitments to reducing fugitive emissions along the network and digitising the same network to accommodate green gases such as biomethane, hydrogen, and synthetic gases, improving energy efficiency, and sourcing energy from renewable sources. Adaptation initiatives relate to infrastructure optimisation, the use of predictive analytics and collaboration with local authorities to improve infrastructure resilience. Italgas' commitment to sustainable development and its role in driving the energy transition is constantly reaffirmed, ensuring greater long-term operational resilience. The Policy applies to all company activities, in every geographical area in which it operates, including relations with suppliers and partners, upstream and downstream in the value chain, to ensure sustainable management throughout the supply chain. Italgas actively involves its business partners, establishing specific guidelines and requirements to ensure that their practices are in line with the company's emission reduction targets. The Group CEO is responsible for overseeing the Group's implementation of the Policy, while the CEOs of Group companies are responsible for overseeing and implementing the Policy for each company for which they are responsible. The principles of the Policy are inspired by the guidelines of global initiatives such as the United Nations Global Compact and the Oil and Gas Methane Partnership 2.0 (OGMP 2.0), of which the Group is a member. In pursuing its corporate objectives, Italgas considers continuous and productive dialogue with all stakeholders to be strategic: in the case of the Climate Change Policy, engagement activities with suppliers are particularly relevant, having the aim of sharing sustainability best practices along the entire value chain. The Policy is publicly available on the Italgas Group website and is accessible to all Group employees and stakeholders.

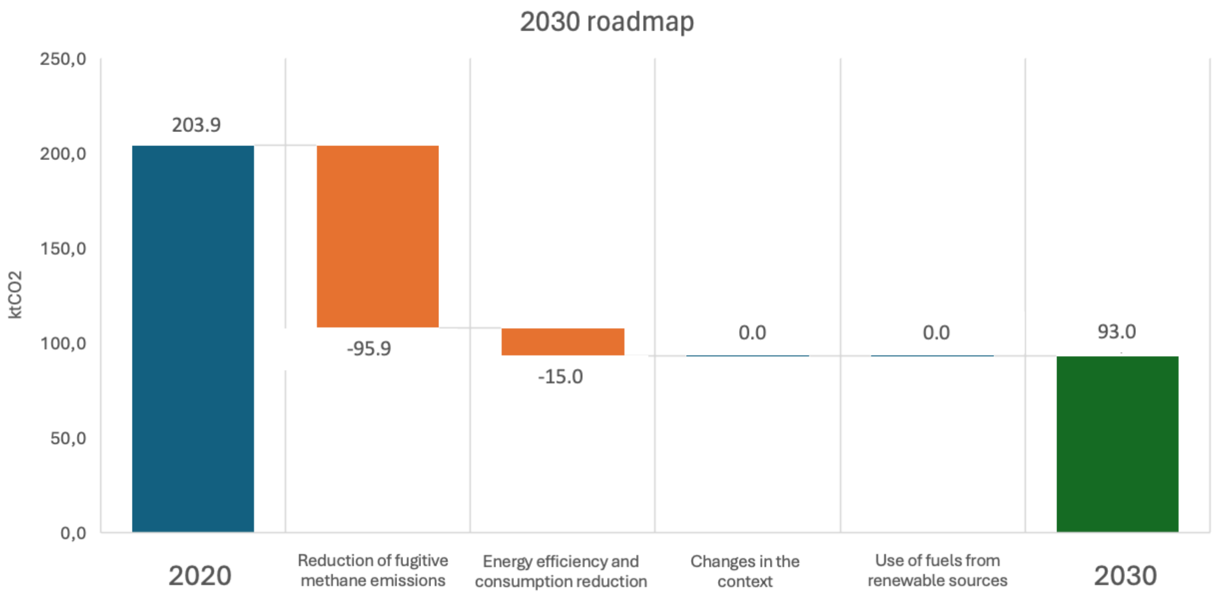
Actions and resources in relation to climate change policies (E1-3, MDR-A)

In detail, the actions implemented by the Group to actively contribute to climate change mitigation, reducing Scope 1 and 2 emissions related to the gas distribution sector by 2030 and 2050, are divided into the following decarbonisation levers.

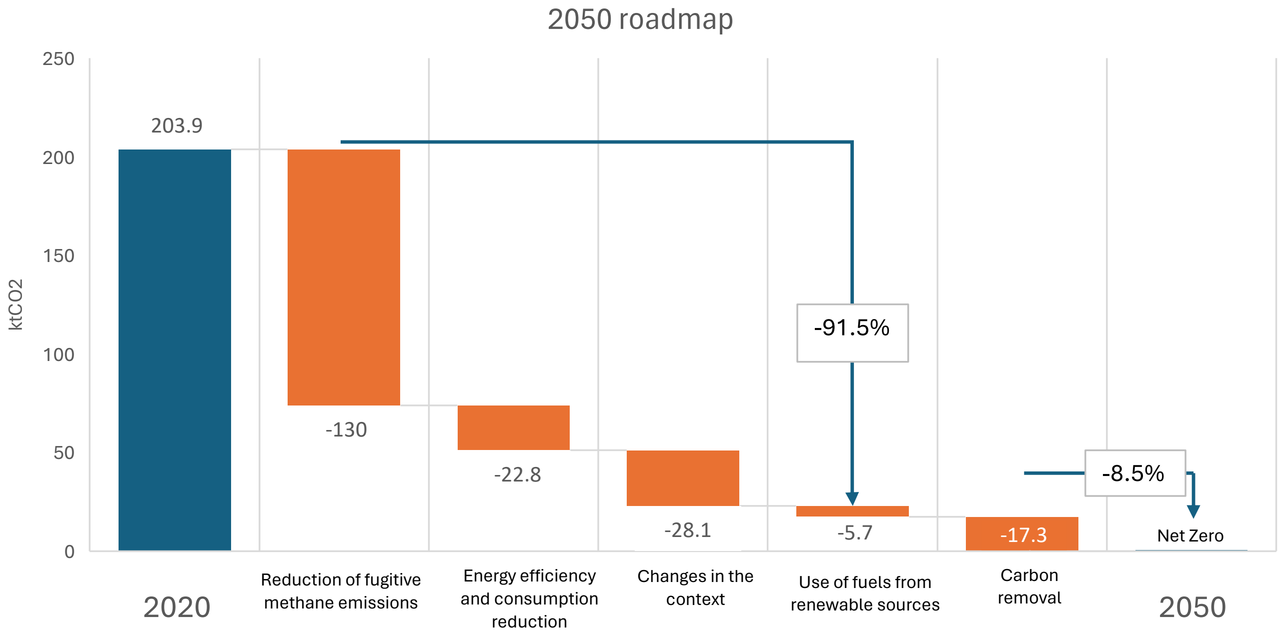
Decarbonisation lever	**Shares**	**Reference scopes**	**GHG reduction[73]: -10^3 tCO_2eq - % contribution of leverage reduction compared to baseline (203.9 10^3 tCO_2eq)**		
			2024	**2030 (Expected)**	**2050 (Expected)**
Reduction of fugitive methane emissions	• Leak detection and repair with innovative technologies: implementation of advanced and innovative tools for high-precision leak detection (such as Picarro's Cavity Ring-Down Spectroscopy system) and rapid repairs, significantly reducing fugitive emissions and improving operational safety. • Network digitisation: real-time monitoring systems that enable renewable gas distribution and timely leak detection and repair. • AI-based predictive maintenance: algorithms that enable interventions for digitised individual network sections, minimising fugitive emissions and reducing unscheduled operational interruptions.	Scope 1	-74.6 (-36.6%)	-95.9 (-47.1%)	-130.0 (-63.8%)
Energy efficiency and reduction of consumption	• Digitisation for remote monitoring: intelligent platforms that optimise network pressure and flow, reducing energy consumption. • Innovative pre-heating systems: automated and innovative systems that ensure the control of gas pre-heating parameters in IPRMs (withdrawal, reduction and measurement sites), increasing efficiency. • Building energy renovations: complete energy renovations of civil business assets integrating the use of innovative monitoring and control systems.	Scope 1 & Scope 2 market-based	-10.1 (-5.0%)	-15.0 (-7.3%)	-22.8 (-11.2%)
Contextual changes	• Green gas integration: injection of green gases into the distribution network (e.g. biomethane and green hydrogen), reducing the impact of climate-altering gas losses from the network.	Scope 1	-	-	-28.1 (-13.8%)
Use of fuels from renewable sources	• Fleet decarbonisation: shifting the fleet to hydrogen and biofuel powered vehicles, resulting in a reduction/zeroing of operational emissions. • Decarbonisation of civil and industrial consumption: use of guarantees of origin linked to the adoption of renewable gases (biomethane and hydrogen) as fuels.	Scope 1	-	-	-5.7 (-2.8%)
"Carbon removal" initiatives		Scope 1	-	-	-17.3 (-8.5%)

[73] The data in the table refer to the scope of consolidation of the financial data as at 31 December 2024, excluding the water sector.

The Transition Plan is based on the Group's Strategic Plan, which provides for CapEx investments over the 2024-2030 time frame of approximately 14.9 billion euros in the gas distribution sector, with a focus on network development, digital transformation and innovation[74]. In 2024, the Group made capital expenditures (CapEx) totaling €757.9 million and operating expenses (OpEx) amounting to €56.4 million, focusing on the expansion, enhancement, digitalization, and modernization of its gas distribution infrastructure in Italy and Greece[75]. The contributions related to the decarbonization levers for 2030 and 2050 from the table above are presented below.



[74] The investments shown are gross of the share related to the purchase of 2i Rete Gas' assets.
[75] These CapEx do not refer to any of the activities classified as "gas-related activities" mentioned in ESRS E1-1, paragraph 16 f., note 37. CapEx and OpEx are extracted from the 2024 tables reported in the "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)," excluding activities A.1: 2.1, 5.1, 5.2, 7.1, 7.2, and A.2: 2.1, 8.1.



Regarding the targets for reducing Scope 3 emissions – Supply Chain related to the gas distribution sector by 2030 and 2050, the relevant decarbonisation levers are presented below.

Decarbonisation lever	Shares	Reference scopes	GHG reduction[76]: -10³ tCO_2eq - % contribution of leverage reduction compared to baseline (202.9 10³ tCO_2eq)		
			2024	2030 (Expected)	2050 (Expected)
Involvement of suppliers	• Awareness-raising, engagement and training initiatives; inclusion of reward criteria in tenders for suppliers	Scope 3 – Supply chain	-116.5 (-57.4%)	-67.0 (-33.0%)	-182.6 (-90.0%)
Contextual changes	• Evolution of the context in line with the decarbonisation pathways of international and national industries	Scope 3 – Supply chain	-	-	

Targets related to climate change mitigation and adaptation (E1-4, MDR-T)

As stated in DR E1-1, the Group's climate targets aim to reduce CO_2 emissions and energy consumption, with a Net Zero Carbon target to 2050 for Scope1, Scope 2 market-based and Scope 3 – Supply chain emissions.

Category and units	Target scope	Base year	Base year value	2030	2050	Progress (2024)		Type of target	Average annual percentage reduction of emissions
						%	Absolute value		
Scope 1 & 2 mkt-based [10³ tCO_2eq]	Gas sector[77]	2020	203,9	-42%	-90%	-42%	119.2	Absolute	10%
Scope 3 - Supply chain [10³ tCO_2eq]		2020	202.9	-33%	-90%	-57%	86.4	Absolute	14%

[76] The data in the table refer to the scope of consolidation of the financial data as at 31 December 2024, excluding the water sector.
[77] Performance and targets only apply to the scope of consolidation of the financial data. The same targets, which have also been included in the 2024-2030 Sustainable Value Creation Plan, refer to the scope of consolidation of the financial data at 30 June 2024, excluding the water sector, and including the 2i Rete Gas parameter.

Net energy consumption[78] [TJ]		2020	592.0	-33%	-	-36%	377.7	Absolute	9%
Scope 1 & 2 mkt-based [10^3 tCO2eq]	Water sector (excluding Acqua Campania, while Nepta and the non-consolidated companies Acqualatina and Siciliacque are included)	2023	94.0	-33%	-	+14%	107.1	Absolute	-14%
Net energy consumption [TJ]		2023	740.5	-33%	-	+7%	793.2	Absolute	-7%

By deploying a mix of actions – from energy efficiency, timely inspection, leak detection and repair, to smart maintenance for the reduction of fugitive emissions - the Group has set itself the goal of reducing its Scope 1 and Scope 2 market-based climate-altering emissions of the gas distribution sector by 42% by 2030, and its net energy consumption by 33% compared with 2020 levels. In addition, through intensified actions and engagement of its suppliers, the Group has also set itself a Scope 3 - Supply chain emission reduction target of 33% by 2030 compared to 2020 (with the same baseline and scope defined for the previous targets). Finally, in line with the time frame set out in the Green Deal, the Group aims to achieve "Net Zero Carbon" at 2050 of Scope 1, Scope 2 (market-based) and Scope 3 - Supply chain emissions, through the distribution of green gas and carbon removal activities from 2030 onwards.

In the targets, 2020 was selected as the target year because it marked the first year of the full implementation of CRDS Picarro technology, a state-of-the-art system for the high-precision detection and quantification of fugitive emissions (the most significant source of emissions in the Italgas Group's carbon inventory).

In the integrated water service, through a series of actions – from the digitalisation and automation of the network and plants, to the massive replacement of piping and connections – the Group has set itself the goal of reducing climate-altering emissions (Scope 1 and Scope 2 market-based) by 42% and net energy consumption by 33% by 2030 compared to 2023 levels (excluding Acqua Campania, while Nepta and the non-consolidated companies Acqualatina and Siciliacque are included). Due to the need to extract, transport/distribute more water because of the drought that occurred, the consumption and emissions in 2024 have increased compared to 2023.

The targets were developed internally within the Italgas Group and no external stakeholders were directly involved in the validation process. As indicated in DR E1-1, with regard to the targets related to gas distribution, the Group obtained confirmation of the alignment of its targets to the 1.5°C scenarios (for Scope 1 and 2 market-based) and 1.5°C well-below 2°C scenarios (for Scope 3 – Supply chain) from an independent consultancy firm (Carbonsink, a Southpole company), specialised in climate scenario analysis. These targets are in line with the achievement of the overall objectives stated in the Climate Change Policy.

Energy consumption and mix (E1-5)

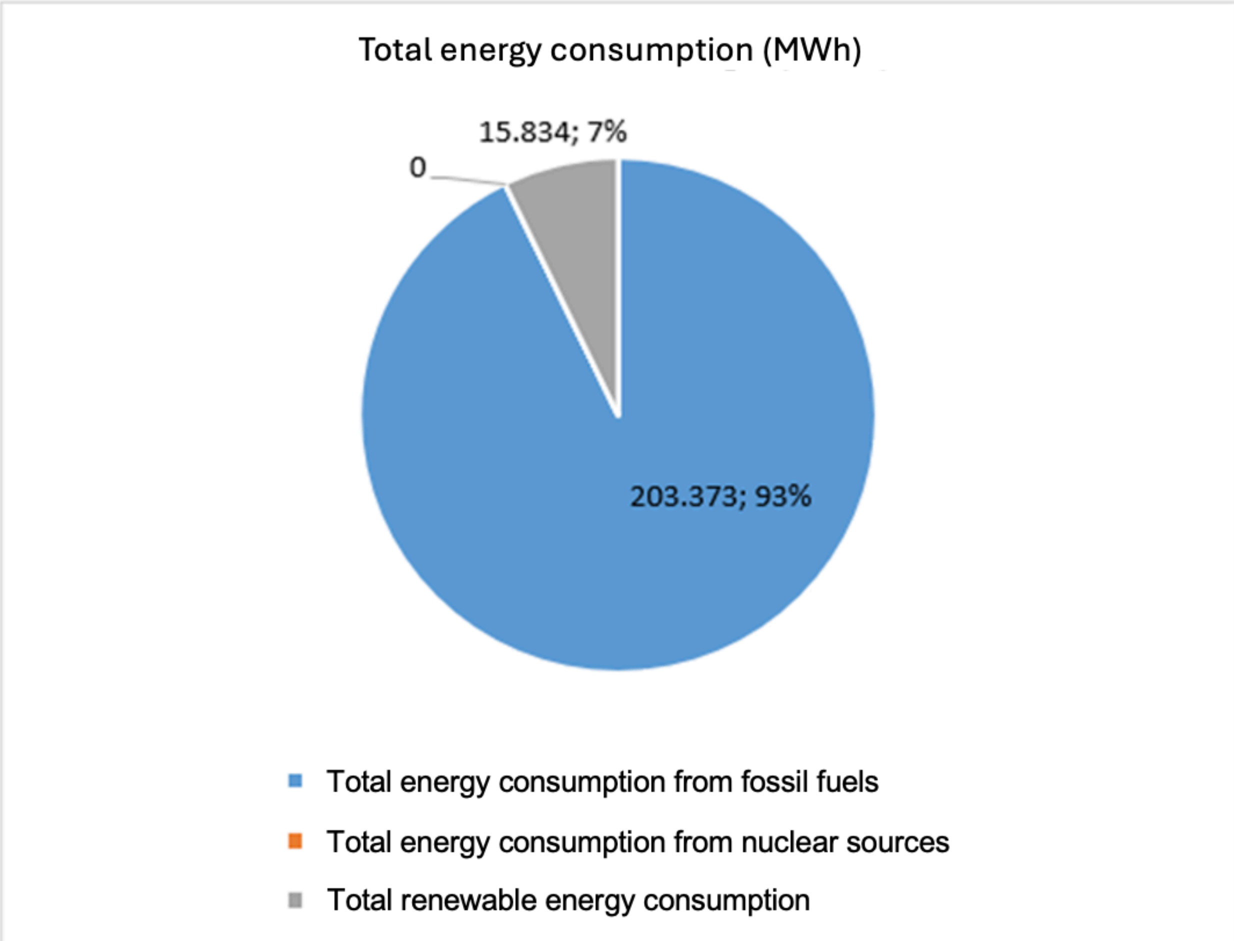
The energy source used the most in the Group's activities is natural gas, in both civil and industrial uses, and for vehicles.

Group figures are presented below, which also take into account Acqua Campania's contribution from 30 January 2024.

	2024	**Acqua Campania 2024**	**Total Group 2024**
Total energy consumption (MWh)	**110,111**	**109,096**	**219,206**
Total energy consumption from fossil fuels	**94,277**	**109,096**	**203,373**

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

Consumption of fuel from coal and coal products	0	0	0
Fuel consumption from crude oil and petroleum products	11,750	611	12,361
Fuel consumption from natural gas	81,337	44	81,381
Fuel consumption from other fossil sources	0	0	0
Consumption of electricity, heat, steam and cooling purchased or acquired from fossil sources	1,189	108,441	109,631
Percentage of fossil sources in total energy consumption	86%	100%	93%
Total energy consumption from nuclear sources	0	0	0
Share of consumption from nuclear sources in total energy consumption	0%	0%	0%
Total renewable energy consumption	**15,834**	**0**	**15,834**
Fuel consumption from renewable sources	0	0	0
Consumption of electricity, heat, steam and cooling purchased or acquired from renewable sources	15,695	0	15,695
Consumption of self-generated non-combustible renewable energy	139	0	139
Percentage of renewables in total energy consumption	14%	0%	7%



Considering the same scope as in 2023, the 2024 figure shows a clear improvement over the previous year: from 425.5 to 396.4 TJ[79], corresponding to a decrease of 6.8%. In order to facilitate the analysis of the performance trend, a breakdown of consumption in TJ is provided below, which also reflects the 2023 figure, reported as part of the 2023 Consolidated Non-Financial Statement.

[79] Respectively 425.0 TJ in 2023 and 395.9 TJ in 2024, if net energy consumption is considered. This indicator does not account for the non-combustible renewable energy generated on-site, amounting to 0.5 TJ.

Taking into account Acqua Campania, consolidated for the first time from 30 January 2024, the energy consumption for 2024 was 789.2 TJ (of which 49.8% is attributable to Acqua Campania).

	2023	2024	Acqua Campania 2024	Group Total 2024
Total energy consumption (TJ)	**425.5**	**396.4**	**392.8**	**789.2**
Total energy consumption from fossil fuels	**365.0**	**339.4**	**392.8**	**732.2**
Consumption of fuel from coal and coal products	0.0	0.0	0.0	**0.0**
Fuel consumption from crude oil and petroleum products	46.0	42.3	2.2	**44.5**
Fuel consumption from natural gas	314.7	292.8	0.2	**293.0**
Fuel consumption from other fossil sources	0.0	0.0	0.0	**0.0**
Consumption of electricity, heat, steam and cooling purchased or acquired from fossil sources	4.3	4.3	390.4	**394.7**
Percentage of fossil sources in total energy consumption	86%	86%	100%	**93%**
Total energy consumption from nuclear sources	**0.0**	**0.0**	**0.0**	**0.0**
Share of consumption from nuclear sources in total energy consumption	0%	0%	0%	**0%**
Total renewable energy consumption	**60.5**	**57.0**	**0.0**	**57.0**
Fuel consumption from renewable sources	0.0	0.0	0.0	**0.0**
Consumption of electricity, heat, steam and cooling purchased or acquired from renewable sources	60.0	56.5	0.0	**56.5**
Consumption of self-generated non-combustible renewable energy	0.5	0.5	0.0	**0.5**
Percentage of renewables in total energy consumption	14%	14%	0%	**7%**

In terms of energy consumption from fuel, there has been a decrease in consumption for industrial use, thanks to the continuation of efficiency measures implemented on the Group's plant assets, such as the replacement of natural gas preheating boilers, the installation of systems to optimise gas preheating sections and the digitisation of monitoring and regulation processes, which have allowed for more efficient operations.

The Group's industrial electricity consumption decreased due to greater self-production (and self-utilisation) of electricity in the citygates equipped with turbo-expanders coupled with the cogeneration plants and the action taken to improve plant efficiency in managing water distribution, in respect of the increased electricity consumption linked to the digitisation of the gas distribution network.

In terms of consumption for civil use, there is also a decrease in fuel and electricity consumption compared to 2023, as a result of the constant process of optimisation, innovation and “smart” management of real estate assets.

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

Below is the energy intensity value as the ratio between “Total energy consumption from activities in high climate impact sectors” and “Net revenues from activities in high climate impact sectors”[80].

Energy intensity	**2024**		
	Energy consumption	**Net revenues from activities in high climate impact sectors**	**Energy intensity**
Unit of measurement	**MWh**	**€ millions**	**MWh/€ million euros**
Total energy consumption from activities in high climate impact sectors (MWh) / Net revenues from activities in high climate impact sectors (gas distribution and water service activities – million euros)	219,206	2,492.9	87.9

[80] The denominator “Net revenues from activities in high climate impact sectors” is calculated as Total Revenues and other income (note 27 of the Consolidated Financial Statement) excluding the total value of Revenues and other income from third parties in the energy efficiency sector (note 34 "Segment Information" of the Consolidated Financial Statement) as the company Geoside, due to the type of services provided, does not fall under the classification of high climate impact sectors as defined by the ESRS standards.

Gross Scopes 1, 2, 3 and Total GHG[81] emissions (E1-6)

The data and information reported in section E1-6 and related to the Group's GHG emissions refer to the performance of the Italgas Group in the year ended 31 December 2024. Changes in the scope of consolidation are illustrated under the paragraph "Italgas Group Structure as at 31 December 2024" of this document. Group figures are presented below, including Acqua Campania from 30 January 2024.

	2023	2024	Acqua Campania 2024	Total Group 2024	Var. Ass.	Var. %
Gross GHG Scope 1 (tCO_2eq) emissions	149,700	118,632	138	118,770	-30,930	-20.7
Percentage of GHG Scope 1 emissions covered by regulated emissions trading schemes – ETS (%)	0%	0%	0%	0%		
Gross GHG location-based Scope 2 (tCO_2eq) emissions	5,600	6,034	27,200	33,234	27,634	493.5
Gross GHG market-based Scope 2 (tCO_2eq) emissions	600	567	54,282	54,850	54,250	9041.6
GHG market-based Scope 1 + Scope 2 (tCO_2eq) emissions	**150,300**	**119,200**	**54,420**	**173,620**	**23,320**	**15.5**
Total gross indirect GHG emissions (Scope 3) (tCO_2eq)[82]	**184,400**	**92,293**	**11,633**	**103,926**	-80,474	-43.6
1. Goods and services purchased	45,400	39,394	-	39,394		
2. Capital goods	122,000	41,451	-	41,451		
3. Fuel and energy-related activities (not included in Scope 1 or 2)	4,200	3,949	11,597	15,546		
4. Upstream transport and distribution	900	639	-	639		
5. Waste generated during processing	9,200	2,369	-	2,369		
6. Business trips	1,800	1,971	36	2,007		
8. Lease assets upstream	900	2,520	-	2,520		
Total GHG emissions						
Total GHG (location-based) (tCO_2eq) emissions	**339,700**	**216,959**	**38,971**	**255,930**	-83,770	-24.7
Total GHG (market-based) (tCO_2eq) emissions	**334,700**	**211,493**	**66,053**	**277,546**	-57,154	-17.1

The results obtained in terms of emissions reduction (-20.7% Scope 1 and 2 market-based from 150.3 to 119.2 10^3 tCO_2eq, -51.6% Scope 3 – Supply chain[83], from 178.4 to 86.4 10^3 tCO_2eq on a like-for-like basis compared to 2023) have been achieved through the implementation of targeted actions and strategic initiatives, both at Group level and along the entire value chain.

[81] Greenhouse Gas, hereinafter GES or GHG (Greenhouse Gas). All GHG emissions are reported in line with the GHG Protocol. For the calculation of Scope 1 and 2 emissions, the latest available factors from ISPRA, DEFRA, and AIB sources were used. The greenhouse gases considered are carbon dioxide (CO_2) and methane (CH_4), while others have been excluded as they are not relevant. For Scope 3 emissions, GHG categories 1, 2, 4, 5, and 8, the application of specific emission factors for Italy and Greece from the CEDA database for the spend-based methodology is planned.

[82] For 2024, the calculation perimeter for Scope 3 emissions – Supply Chain does not include Acqua Campania, as the percentage of its revenue in 2024 accounts for 0.8% of the total Group revenue. In the tabular representation, this is because the same calculation methodology could not be applied due to the lack of alignment between the product categories of Acqua Campania and those of the Group, and therefore the correlation of specific CEDA emission factors. By applying the average CEDA emission factor for the Italy perimeter, the estimated value for Acqua Campania is 9.6% of the Group's Scope 3 – Supply Chain emissions (Acqua Campania's total Scope 3 emissions would represent 18% of the total Scope 3 emissions). The calculation will be implemented in the same manner, also including direct engagement with suppliers, starting from 2025.

[83] The reference should be made to items 1, 2, 4, 5, and 8 of the GHG categories reported for Scope 3. Data was obtained by applying the emission factors specific to Italy and Greece from the CEDA database (spend-based methodology) and those directly obtained from suppliers (supplier-specific methodology). Category 3 was calculated by applying DEFRA and IEA emission factors to the Group's consumption. Category 6 was calculated using data from the travel service provider, applying DEFRA emission factors. The remaining categories are not reported as they are not relevant.

Also considering Acqua Campania (consolidated from 30 January 2024), with its Scope 1 and 2 market-based emissions contribution of 54.4 10^3 tCO_2eq, the Group's emissions in 2024 show an increase of 15.5% (from 150.3 to 173.6 10^3 tCO_2eq).
For operationally controlled companies Siciliacque and Acqualatina, Scope 1 and 2[84] emissions data are presented. For both, the commitment to sustainability translates into the definition of targets for the reduction of consumption and emissions by 2030.

Operationally controlled company

GHG emissions	2024
Gross GHG Scope 1 (tCO_2eq) emissions	1,505
Gross GHG market-based Scope 2 (tCO_2eq) emissions	105,714
Gross GHG location-based Scope 2 (tCO_2eq) emissions	57,913

Below is the emission intensity value calculated as the ratio between “total GHG Scope 1, 2 and 3 emissions from activities in high climate impact sectors” and “Net revenues from activities in high climate impact sectors”.

Emission intensity	2024		
	GHG emissions	Net revenues from activities in high climate impact sectors	Emission intensity
Unit of measurement	**tCO2eq**	**€ millions**	**tCO2eq/€ millions**
Total GHG Scope 1 and 2 emissions from activities in high climate impact sectors (MWh) / Net revenues from activities in high climate impact sectors (million euros)	277,546	2,492.9	111.33

Since gas distribution is the Group's main business, we report an additional entity-specific KPI, defined as the “gas leakage rate” relating to emissions specific to this business, which represents the ratio of fugitive emissions of natural gas to the volumes of gas transported. For the year 2024, it was 0.069%, an improvement of 0.020 pp compared to 2023 (0.089%), mainly due to the use and adoption of advanced leak detection solutions. Already in 2018, Italgas introduced Picarro Surveyor, the most cutting-edge technology available in the field of network monitoring and gas leak detection based on CRDS (Cavity Ring-Down Spectroscopy) technology, that, compared to traditional technologies, offers significant advantages in terms of speed of action, sensitivity of detection and size of the areas that can be inspected.

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

In 2024, the Italgas Group did not develop or contribute to climate change mitigation projects involving the removal or storage of GHG emissions, nor did it purchase carbon credits.
However, Italgas is continuously researching innovative solutions and technologies for carbon storage. With a view to “Net Zero Carbon” target at 2050, the Group has expressed its willingness to implement carbon removal initiatives, including the purchase of carbon credits, for residual emissions (around 10% of the baseline value) from 2030 onwards.

Internal carbon pricing (E1-8)

[84] The data refers to 100% of the Scope 1 and 2 emissions of the Companies.

Although none of Italgas' operations are subject to the EU ETS system, the Group has integrated an internal notional carbon price into its planning process, which quantifies potential risks from regulatory changes and other climate change impacts. This notional price applies to the entire Group and its activities, supporting low-carbon investments, stress-testing investments, identifying low-carbon investment opportunities and promoting energy efficiency. Carbon pricing helps to assign a value to expected CO_2 reductions and compare the economic value generated against the costs of the initiative. Its use influences decision-making and supports specific projects aligned with CO_2 reduction targets. The value of the carbon price used internally refers to carbon credit markets (including, for example, those for CORC credits, which had an indicative reference value of around 120 €/tCO_2eq in 2024)[85].

ESRS E5 – Resource use and circular economy

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (ESRS 2 IRO-1 ESRS E5)

The process of identifying impacts, risks and opportunities is part of the broader process of double materiality (ESRS 2 – IRO 1) as required by the CSRD.

Impacts related to waste management were identified at different stages of the value chain.

The Group does not produce large amounts of waste from its operations; direct waste management is mainly related to the disposal of smart meters (see E5-5 38a for details of waste generated).

The materiality analysis of impacts showed that upstream activities, such as the extraction and processing of steel and polyethylene pipe materials, can generate waste and hazardous waste, which requires appropriate management to avoid environmental and health risks. Pipe maintenance activities carried out by contractors produce waste, including excavated soil and solvents which, if not properly managed, could become a source of contamination.

The Group encourages the recovery of waste, not only directly but also from its contractors, in order to favour an increasingly circular and sustainable approach.

The Group is mapping its assets and activities with increasing attention to the development of circular economy projects. To support this, it has created an inter-departmental working group for the research and implementation of possible applications, to activate participatory pathways, to scout and collect innovative ideas from partners and suppliers.

In resource flows, incoming products and materials are monitored through the direct and indirect purchases of its contractors. In outgoing resources, in addition to waste management, Italgas considers the Nimbus smart meter to be its own product.

Policies related to resource use and circular economy (E5-1, MDR – P)

The Group's Policy on Health and Safety, Environment, Quality and Energy (HSEQE Policy) provides for the adoption of an integrated management system for quality, occupational health and safety, environment and energy, in compliance with the relevant regulations, the national collective labour agreement and the relevant international standards.

[85] It is specified that, with regard to the economic-financial balance sheet data reported in the relevant sections of the document, there are no considerations related to the carbon price.

The IROs related to Waste Management and Circular Economy are managed through this policy, which contains specific guidance on managing waste in line with the waste hierarchy, reducing the use of virgin materials in its operations in favour of recycled and environmentally sustainable materials, promoting reuse and the efficient use of water resources.
It applies to all Italgas Group companies and stakeholders along the entire value chain.
The Group CEO is ultimately responsible for overseeing the implementation of the HSEQE Policy. The Chief Executive Officers of the subsidiaries are responsible for supervising and implementing the policy for each subsidiary for which they are responsible.
As a result of this Policy, Italgas adheres to the fundamental principles called for by the United Nations Global Compact and the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) relating to the pursuit of a sustainable global economy, respect for human and labour rights, environmental protection and the fight against corruption.
The Italgas Group pursues constant discussion and dialogue with stakeholders and aims to increase their involvement and awareness in compliance with this Policy.
In the spirit of cooperation and transparency, the document is available on the Group's official external and internal communication channels.

Actions and resources related to resource use (E5-2, MDR – A, MDR – M)

The correct management of waste and the related supply chains allows for maximum yield in terms of recycling and/or treatment. In a circular economy perspective, this means maximising the extension of the life cycle of products while at the same time minimising waste.
The scope of waste management activities includes all Group companies included in the scope of consolidation.
The action plan and the monitoring of waste management indicators (including the percentage of waste sent for recovery, understood as the quantity of waste recovered/quantity of waste produced, whether produced by the Group or by its contractors) are discussed monthly during a dedicated meeting with the Group CEO and the CEOs of the subsidiaries.
The future financial resources allocated for the management of the matter and the achievement of the objectives amount to approximately 3.8 million euros for the 2025-2030 period[86]. In 2024, more than 630 thousand euros were spent on dedicated personnel and to cover contracts for the disposal of waste produced by the Group.
These OpEx are indicated in Note 28 “Total costs and other operating expenses” of the Consolidated Financial Statements.

Targets related to resource use (E5-3, MDR – T)

In order to monitor the principles set out in the HSEQE Policy, the Group has defined targets for waste recovery, based on direct activities and the involvement of its suppliers, in line with the strategy outlined in its Sustainable Value Creation Plan.

TARGET	Target scope	Target	Target year	Progress (2024)	
				%	Absolute value (tonne)

[86] The estimated amount for subsequent years is based on current conditions (operating prices) and the scope of consolidation as at 31 December 2024 and takes into account the personnel cost.

Waste recovery percentage[87] for the Italgas Group and its contractors	Group[88]	96-99%	Annual target	96.5	691,254.1

Data on the waste produced by the Group and the contractors are collected by means of dedicated data management systems (also provided to the contractors themselves) or, where these are not available, reporting by means of forms and/or invoices. The Group's partners are involved in specific engagement activities, dedicated projects and workshops in order to define the strategy and targets.

Actions and resources in relation to circular economy (E5-2, MDR – A, MDR-M)

The Nimbus project

A good example of how the Group promotes the circular economy is the development of the Nimbus meter, which was launched at the end of 2023 and field tested in 2024 with the installation of 20,000 pieces (prototypes or pre-series). Designed to be compatible with expected hydrogen blends and to improve performance and guarantee safety, Nimbus has been created according to the principles of eco-design, thanks to the use of recycled materials, and the modular design of the components that facilitates repair and extends the life of the product.

Nimbus is characterised by the use of recycled plastic materials between 50% and 85%.

For third-party verification, the engineering company, Tifernogas, has provided the necessary and mandatory product certifications for its marketing and installation.

In 2024, 5.3 million euros of CapEx and 0.1 million euros of OpEx were spent on the development of the smart meter design, the creation of prototypes installed in the field for monitoring and all the preparatory activities for the definition of the winning project to be used for the Group's roll-out.

In this document, these CapEx items are indicated in Note 14 “Intangible assets” of the Consolidated Financial Statements, while the OpEx items are indicated in Note 28 “Total costs and other operating expenses”.

For the Nimbus project, due to the expected evolution of technologies for meters, development activities are planned with consequent investments including for the years following 2025; in order to reach the objective, according to the Plan, of 6 million Nimbus installed by 2030, investments are expected to be less than one billion[89].

Actions and resources in relation to circular economy (E5-2, MDR – A)

Other initiatives relating to the circular economy

In line with the four key principles of the circular economy: eco-efficiency, reuse, recovery, recyclability, the Group has set itself the goal of rethinking business processes and the materials used, either replacing them or integrating them with more sustainable alternatives.

With various strategic suppliers, the sharing of best practices and the creation of synergies on sustainability issues has developed. One example of this is the development of the green worksite project, which, from July 2023, will involve the use of recycled polyethylene pipes (PE 100 Raised Crack Bio) and recycled backfill materials on worksites. The initiative, first adopted on an experimental basis in some networks in Sicily, was

[87] For the definition of "waste sent for recovery," reference should be made to what is stated in Directive 2008/98/EC.
[88] The targets refer to the scope of the consolidated Group companies as at 31 December 2024 and its contractors.
[89] It is not possible to make more accurate estimates at the moment as there are a number of activities taking place around the meter supply chain that will determine the cost breakdown.

then extended to large cities and smaller urban centres, aiming for an ever greater adoption and scouting of new suppliers and cutting-edge solutions.

The use of the biotube in the Green Worksite was applied in 2024 at 6 construction sites (5.4 km of network), leading to an improvement of the environmental impact in terms of tonnes of CO_2 avoided.

Other circular economy initiatives concern the reuse of soil and rocks from excavation at construction sites for which specific environmental clauses have been adopted in the contracts to encourage, where possible, the reuse of these materials as fill.

Targets related to circular economy (E5-3, MDR – T)

For the promotion of the circular economy and the use of recycled materials, the Group has set a target for the adoption Nimbus.

TARGET	Target scope	Base year	Target	Target year	Progress (2024)	
					%	Absolute value
6 million Nimbus smart meters installed, designed according to Design for Environment criteria, between now and 2030.	Group[90]	*2025*	6 millions	2030	n.a. (the project will start from 2025)	

The target is defined on the basis of the number of meters to be replaced due to product obsolescence and communication technologies (GPRS) and is of a voluntary nature.

Resource inflows (E5-4)

For 2024, resource inflows were analysed by analysing the main volumes of products (including packaging) and materials used for the Group's operations.

Data were collected from the management systems used for both direct material purchases and materials purchased by contractors for the execution of works, based on the procurement model among the various companies[91]. For these products, the relative weight was calculated and divided between the categories of materials (metals, plastic, electronic material, other).

Total incoming resources amount to 4,368 tonnes, consisting of metals (48% – mainly steel pipes, followed by aluminium), plastic (46% – mainly polyethylene pipes) and, residually, electronics (4% – batteries, printed circuit boards, displays) and other materials (2% – wood and wrapping paper).

The Group used 53.8 tons of plant-based polyethylene pipes[92] in the gas distribution network, accounting for 2.7% of the total weight of plastic purchased in 2024. Additionally, 4.6 tons of recycled plastic[93] were used in the 20,000 Nimbus devices installed (approximately 0.2% of the total weight of plastic purchased), a figure expected to follow a positive trend as old meters are replaced with the new technology.

Resource outflows (E5-5)

Products and materials

The Group owns the Nimbus smart meter, designed with eco-design features, durability, repairability and reusability.

[90] The targets refer to the scope of the Group companies consolidated as of 31 December 2024.
[91] The analysis considered the main categories of material representing at least 80% of the value purchased during the reporting period.
[92] Product for which the "Sustainability Declaration according to ISCC Plus" has been provided.
[93] Based on the product datasheet provided by the manufacturer

In the design and development of the product, all available technical solutions were used to minimise the use of primary raw materials. Furthermore, thanks to the collaboration of experts, organisations and academic institutions, studies have been conducted on technical criteria, batteries, fire resistance, compatibility of materials with green gases and hydrogen tests, guaranteeing an innovative and sustainable approach.
Its small size reduces the logistical impact, simplifying warehouse storage, transport and installation in the field. Nimbus has a 50% longer useful life than the Italgas meters already installed to date. The mean time to failure is 19 years, to achieve a useful life of 15 years.
Its modular design features an area dedicated to metrology and one dedicated to communications, and it is functional in terms of product repairability.

Resource outflows (E5-5)

Waste

In 2024, waste from the Group's activities amounted to 726.6 tonnes. Hazardous waste amounted to 7.1 tonnes and non-hazardous waste amounted to 719.5 tonnes (which accounts for 99% of the waste produced).
The total value of waste sent for recovery or disposal amounts to 769.1 tonnes (the value exceeds the figure for total waste produced as it includes the 2023 stock managed during 2024), mainly composed of electronic meters, which are the subject of the massive replacement campaign. 756.5 tonnes or 98.4% of the waste produced by the Group were managed for recovery and 12.6 tonnes for disposal.

	Hazardous (tonne)	Non-hazardous (tonne)
Incineration	0.0	0.0
Landfill disposal	0.0	4.9
Other disposal activities	6.3	1.4

Non-recycled waste	
%	Absolute value (tonne)
1.6%	12.6

The data indicated are actual (and not estimated) data extracted on the basis of forms of waste.
The main types of waste produced are : decommissioned equipment, including smart meters (about 80%), iron and steel (15%), mixed metals. There is no radioactive waste.
Waste disposal is the last option in the waste hierarchy; disposal is only necessary and mandatory when the waste characterisation shows no possibility of recovery (due to the nature of the waste).

Water losses

Policies adopted to manage material sustainability matters (MDR-P)

Through its integrated water service management policy, Italgas has reaffirmed its commitment to integrating the challenges and opportunities associated with water management into its business strategy, leveraging the skills it has developed for the innovation and digitisation of the gas distribution infrastructure.
The Group places key importance on the resilience of its integrated water service infrastructures, to ensure the continuity and sustainability of its activities, including in response to climate change.
The impacts, risks and opportunities associated with integrated water management are constantly analysed and monitored to address any threats that could compromise the integrity of the infrastructure and water quality.

The Group's commitment to the responsible management of water resources is supported by:

- investments aimed at upgrading, replacing and/or adapting deteriorated networks and integrated water service systems, districtisation, continuous monitoring and proactive maintenance interventions in order to reduce water losses and potential failures, as well as to improve the quality of service;
- implementation of actions aimed at guaranteeing continuous improvement of the quality of the water distributed and purified with the aim of complying with and, where possible, exceeding the quality standards set by current national legislation, to protect public health and the environment through a sampling and analysis plan, including continuous analysis;
- digitisation to enable the remote management of plants and the network, allowing not only the improvement of the service offered, but also the collection of data in real time to prioritise future interventions.

This Group policy applies to all company activities, in every geographical area in which it operates, including relations with suppliers and partners, both upstream and downstream of the value chain, to ensure a sustainable approach throughout the supply chain. This document is available on the Italgas Group website and is accessible to all Group employees and stakeholders.

The CEO of the Group is ultimately responsible for overseeing the implementation of this Policy by the Group. Finally, the CEOs of the Group Companies are responsible for overseeing and implementing this Policy for each subsidiary Company for which they are responsible.

Italgas has adhered to the United Nations Global Compact representing fundamental principles such as pursuing a sustainable global economy, respect for human and labour rights, protecting the environment and fighting corruption.

In pursuing its business objectives, Italgas recognises the strategic importance of an ongoing and productive dialogue with all its stakeholders. One of the guiding principles of the Policy aims at enhancing interaction with stakeholders, identifying appropriate measures to increase their involvement and awareness of Policy issues, promoting discussions, dialogue and involvement with the territory, as well as participation and information; contributing to the well-being of the community and developing strategies and objectives that take into account their demands for the creation of shared values.

Actions and resources in relation to material sustainability matters, Metrics in relation to material sustainability matters, Tracking effectiveness of policies and actions through targets (MDR-A, MDR-M, MDR-T)

The Italgas Group operates in the water sector through Nepta SpA. In particular, the reporting boundary includes the management of 5 municipalities in Caserta serving over 29,000 end users and Acqua Campania[94] which, through the Western Campania Aqueduct, indirectly serves around 3 million inhabitants. The two companies operate respectively as distributor and wholesaler in the integrated water service.

Within the timeframe of the 2024-2030 Strategic Plan, the Group has planned specific actions to improve operational efficiency and achieve the company targets for reducing water losses.

In particular, for the companies included in the report, the following interventions are envisaged:

[94]Company acquired as of 30 January 2024.

- the massive replacement of pipes and connections, to modernise the network and improve its resilience;
- the digitisation and automation of 100% of the network and systems, essential for optimising management and collecting data in real time, including through the installation of smart meters for measurement and billing processes;
- the implementation of remote control for all signals coming from the instruments in the field, which will be connected to an advanced control system for remote process management;
- the creation of a centralised control room, equipped with advanced technologies such as leak detection using artificial intelligence, smart maintenance and data analysis, to improve monitoring and reduce inefficiencies.

All actions involve suppliers and partners to ensure sustainable management throughout the supply chain.

The actions completed by Nepta during 2024 are as follows:

- The installation of pressure sensors, with their associated alarms, which can be monitored remotely and continuously, and hydraulic valves for managing the pressure in the network;
- the installation of 3 flow meters, and the installation of smart meters (reaching 81% of active users by the end of the year);
- the establishment of 5 other water districts (for a total of 15 districts across the 5 municipalities) and the launch of the pilot project for leak detection using noise loggers.

In addition, for Acqua Campania, the installation of devices for the remote control of the flow rates supplied to wholesale customers was completed in 2024, as well as additional in-line flow meters to expand the districting of the managed water network.

To fulfil the commitment outlined in the Water Resource Management Policy, the Group has adopted challenging medium and long-term targets aimed at gradually reducing water losses along its network starting from 2023 (base year) in accordance with the 2024-2030 Strategic Plan. Thanks to the skills acquired in the innovation and digitisation of natural gas distribution infrastructures, it has been possible to set ambitious targets for the reduction of water leaks.

The targets are applicable to all water companies of the Italgas Group (including Siciliacque and Acqualatina) separated by distribution and transport[95] sectors.

In particular, for the sole Companies within the reporting scope of the Sustainability Report, in line with the above Group targets, a reduction in water losses (M1b)[96] is expected from 2.9% in 2023 to 1.8% in 2026 for Acqua Campania and from 62% in 2023 to 30.5% in 2030 for Nepta.

The targets were developed internally within the Italgas Group and no external stakeholders were involved in the validation process.

The 2024 performance records water losses for Acqua Campania of 2.6%, with values improving by 0.3 percentage points compared to the previous year.

As for Nepta, water losses are 60.4%, with an improvement of 1.6 percentage points compared to the previous year.

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[95] For the water sector, the Group has set specific targets to reduce water losses to 6% in transportation and 30% in distribution by 2030 compared to the baseline 2023. Baseline 2023 for transportation (Siciliacque): 16.5%, for distribution (Acqualatina and Nepta): 73.7% (aggregated through the weighted average of losses). The target does not include Acqua Campania as the concession is set to end in 2026.

[96] In accordance with ARERA regulations, water losses are measured using the M1b indicator (%), defined as the ratio between the volume of total water losses and the total volume entering the aqueduct system in the year in question. The billed volumes, used for calculating total water losses, are partially subject to estimation as required by ARERA.

All the above initiatives are part of a broad action plan aimed at responsible management of water resources. The Strategic Plan for Acqua Campania foresees around 9 million euros in the period between 2024 and 2026 and for Nepta around 40 million euros in the period between 2024 and 2030.
In particular, for the year 2024, investments strictly dedicated to reducing water losses on Acqua Campania amounted to 0.2 million euros together with 1.4 million euros for extraordinary maintenance of the aqueduct; on Nepta, approximately 1 million euro of CapEx was spent on reducing losses on the network managed by the company.
The CapEx aimed at reducing water losses are indicated in this document in Note 13 “Property, plant and equipment” and Note 14 “Intangible assets” of the Consolidated Financial Statements.
Progress towards sustainable water resource management is constantly monitored through regular meetings, called Sustainability Business Reviews, which are attended by the Top Management of the Group companies and the Chief Executive Officer, and in which data relating to water losses, energy consumption and emissions are reviewed, together with the effectiveness of the initiatives undertaken by the Group. The regular review of results and performance indicators allows for the continuous improvement of sustainability practices, ensuring the achievement of the objectives of conscious use of water resources.

7.3 Social information

S1 – Own workforce

Interests and views of stakeholders (ESRS 2 SBM-2)

The Italgas Group places the utmost importance on the interests, rights and opinions of its workforce, considering them fundamental elements in the development of company strategy and business model. This commitment is realised with the formalisation and updating of internal policies and the Code of Ethics, in line with the OECD (Organisation for Economic Cooperation and Development Convention) guidelines and with the aim of promoting respect for and protection of human rights. The company is committed to guaranteeing equal opportunities, ensuring conditions of health and safety at work and fostering an inclusive and respectful environment.
The Group regularly conducts climate surveys, involving the entire workforce to give employees a voice and encourage continuous improvement. The findings are shared both with Company leadership, to identify areas of excellence and opportunities for improvement, and with the workforce. This active listening approach allows for specific and targeted actions to be implemented to improve the well-being and satisfaction of employees, incorporating their opinions and needs into the Company's decision-making process. The description of employees and nonemployees involved is represented in the analysis of individual impacts (ESRS 2 - SBM 3).

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Italgas acknowledges that the actual and potential impacts on its workers, reported below, are closely connected to its strategy and business model.
Although the probability of episodes of non-compliance with human rights, diversity and equal opportunities is extremely low, the occurrence of isolated events that could compromise these principles cannot be completely ruled out.

Negative Impacts

Failure to respect the human rights of its own workforce

The Group's direct activities could potentially expose its workforce to possible human rights violations related to practices that do not comply with international standards on working conditions and hours, occupational safety, adequate wages, freedom of association, collective bargaining and social dialogue, as well as forced and child labour.

However, Italgas, operating in Italy and Greece, operates in contexts that are highly regulated from a regulatory point of view with regard to the respect of the human rights of workers. As will be explained below, the workers are protected by national collective bargaining, which determines working conditions in terms of pay, working hours, holidays and leave, etc., by agreement between the company and the trade unions, and by supplementary measures aimed at promoting the welfare and development of the employee. Italgas has also implemented an internal compliance system that allows for the verification of compliance with current regulations as well as internal procedures.

Type of workers involved: all workers, including those working on a temporary basis or as collaborators. None of the activities carried out are exposed to the risk of forced or child labour in any of the geographical areas in which the Group operates. Even in the case of recruitment with a professional apprenticeship contract, the selection process requires the person to be of legal age.

Failure to respect diversity and equal opportunities in the workforce

The organisational and operational dynamics of the Group's direct activities could negatively affect diversity and equal opportunities in the workforce, limiting the inclusion of diverse profiles, the enhancement of individual skills and the full professional development of all workers. These impacts could result from the Group's organisational structure and recruitment practices.

Types of workers involved: technical and operational roles, vulnerable workers such as people with disability/frail persons or people on long-term leave.

Failure to protect the health and safety of employees

Direct Group operations could involve risks for the health and safety of workers. The use of complex equipment and potentially dangerous machinery, if not adequately managed through protective devices, specific training and safety protocols, could expose employees to the risk of serious or life-threatening accidents. The impacts strictly related to the operational nature of the Group's business mainly concern risks associated with driving operational vehicles, risks associated with gas commissioning and use (fire and explosion), risks of working near excavations (e.g. falling into excavations), working in confined spaces or at height, and lifting operations.

Types of workers involved: specialised workers who carry out activities in the field.

With regard to the inadequate health and safety protection of employees, the events that occurred in 2024 are mostly attributable to events that took place while the employee was driving a company vehicle; others concern high-risk activities (vehicle handling, lifting operations, excavation work), while a small number concern situations that occurred during the work process, therefore relating to individual episodes. All events were subjected to systemic analyses in order to identify the causes and define corrective actions that were promptly activated to avoid the recurrence of similar accidents.

Positive impacts

Contribution to employee welfare through the implementation of welfare initiatives and measures

The Group implements welfare measures aimed at the wellbeing of its employees, values work-life balance and promotes an inclusive and welcoming work environment.

Types of workers involved: all employees and their families.

In identifying the impacts on workers, the Group identifies the types of people who could be most impacted due to specific personal characteristics. In particular, people who are care-dependent, people with disabilities or frail individuals, people belonging to ethnic and cultural minorities who may be more susceptible to significant impacts.

Increasing the professionalism and preparedness of employees through upskilling and reskilling

Training at Italgas is closely linked to the company strategy and contributes to the achievement of the its strategic objectives. Training is an essential tool for promoting the adoption and integration of innovative technologies, particularly those related to Artificial Intelligence, supporting the Company's digital transformation process.

Employees are made aware of the importance of environmental and social sustainability, and the adoption of operating practices that reduce environmental impact is encouraged, thus strengthening the Group's commitment to a responsible and sustainable energy transition.

Upskilling and reskilling activities play a key role in the integration of newly acquired companies, ensuring a cultural and professional alignment that supports Italgas' business model, based on efficiency, innovation and a results-oriented approach. This holistic approach to training not only improves the Group's competitiveness, but also contributes to creating a safer, more inclusive and stimulating work environment, capable of attracting and retaining the best talent.

Types of workers involved: all employees.

There are no significant financial risks and/or opportunities for the Group arising from the impacts and dependencies in terms of its internal workforce.

The Group's energy transition strategy may have potential negative impacts due to the possible inadequacy of the workforce's skills as a result of the evolution of the business model with the introduction of green gases and other new or different operational processes (for example, as a result of their digitisation). The Group is proactively managing these risks by developing reskilling and upskilling programmes to equip its workforce with the skills needed for the energy transition.

Policies related to own workforce (S1-1, MDR-P)

The Group has various policies for managing material impacts, risks and opportunities relating to employees: Diversity, Gender Equality, Inclusion, Prevention of Discrimination, and Protection of the Dignity of Group Personnel Policy, HSEQE (Health, Safety, Environment, Quality, Energy Efficiency) Policy, Code of Ethics (for the latter, see datapoint G1-1 and G1-3).. They all represent a point of reference for dealing with the main issues related to the failure to respect human rights, the promotion of equal opportunities and the protection of employee health and safety.

The potential failure to respect human rights in its workforce is an issue fully addressed and monitored by the Group through its Human Rights Policy, which promotes respect for and protection of fundamental rights, including civil, political, social, economic and environmental rights. The key issues addressed in the document include working conditions and trade union freedoms, with a firm commitment to ensuring safe and healthy workplaces, supporting the right to union representation and collective bargaining, as well as offering fair and appropriate remuneration. Wages are in line with collective agreements and industry standards, and are higher than the minimum wage, in full compliance with current regulations on compensation, benefits, working hours and overtime, with undue workloads being avoided.

The Group takes a firm stance against forced and child labour, condemning all forms of exploitation and prohibiting the employment of minors, in accordance with international regulations.

Italgas' Human Rights Policy explicitly covers the issues of human trafficking, forced labour and child labour.

The issue of equal opportunities and respect for diversity is managed within the Diversity, Gender Equality, Inclusion, Prevention of Discrimination, and Protection of the Dignity of Group Personnel Policy, which focuses on valuing diversity, promoting inclusion and achieving gender equality, recognising these elements as strategic advantages for the Group. In particular, the Policy establishes guidelines to guarantee an inclusive and respectful work environment, with a commitment to preventing any form of discrimination based on sex, age, health, ethnicity, nationality, disability or other personal characteristics, sexual orientation, political or religious opinions, or union membership.

Through its Diversity Policy, Italgas promotes positive actions in favour of particularly vulnerable groups within its workforce.

The Group implements its policies on diversity, inclusion and prevention of discrimination through specific procedures aimed at preventing, mitigating and addressing episodes of discrimination, while promoting an inclusive environment.

With a view to continuous improvement and constant monitoring, Italgas uses periodic audits and self-assessments, including audit tools for its gender equality management system, with the aim of identifying situations of risk and promoting processes that favour inclusion.

The Italgas Group is committed to guaranteeing and facilitating remedial measures in case of negative impacts on human rights and episodes of discrimination such as harassment, violence and mobbing, by providing channels for anonymous reporting, accessible via its website to both internal staff and third parties, which offer different ways of sending reports and ensure the protection of confidentiality, through anonymity, to protect those who report any irregularities or violations. Constant monitoring of these issues guarantees the effectiveness and continuous updating of the measures put in place.

The protection of the health and safety of workers is a fundamental priority for the Italgas Group, and is safeguarded through various company policies. The main one is the HSEQE Policy, which also serves as a policy for the prevention of accidents in the workplace. Through a structured and targeted approach, it focuses on eliminating hazards and reducing risks associated with work activities, with the planning of priority actions aimed at continuously improving performance and ensuring a safe working environment. Furthermore, it promotes employee training to increase awareness and sensitivity towards safety at work, encouraging good behaviour and actively involving workers at all levels of the organisation. Monitoring and control activities are carried out to guarantee maximum protection against risks related to the health and safety of employees.

The Human Rights Policy also addresses the issue of protecting fundamental health and safety rights with a focus on accident prevention.
The Human Rights Policy, the Code of Ethics and the HSEQE Policy apply to all employees and Business Partners who work for Italgas.
The Diversity, Inclusion and Gender Equality Policy applies in all work situations, and is aimed at all employees of the Italgas Group.
The CEO of the Group is ultimately responsible for overseeing the implementation of the Policies by Italgas and the Group, while the CEOs of the subsidiaries are responsible for overseeing and implementing the Policies for each subsidiary for which they are responsible.
The Diversity, Inclusion and Gender Equality policy is issued by the Group's Chief Executive Officer in agreement with the Steering Committee for UNI PDR 125/2022 Certification and promotes the implementation of the fundamental principles of Italgas' Code of Ethics.

The actions undertaken by the Italgas Group through the above Policies are developed in accordance with the fundamental principles of the Global Compact, with particular reference to the first and second principles. These policies are in line with the United Nations Universal Declaration of Human Rights, the fundamental conventions of the ILO (International Labour Organization) and the OECD Guidelines for Multinational Enterprises. The Group is committed to ensuring a workplace free from all forms of discrimination, whether direct or indirect, and in accordance with the provisions of Article 25 of the Equal Opportunities Code, and to respecting the human rights of its workforce, in accordance with the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. It pays particular attention to the protection of the rights of minors and children, in line with the Children's Rights and Business Principles. Although a process for integrating the interests of the main stakeholders within the aforementioned policies has not yet been formalised, employees are involved through training and awareness-raising sessions, which aim to increase workers' awareness of their rights, duties and good practices in terms of human rights and working conditions. In addition, the Group provides opportunities for consultation and discussion for gathering feedback from employees and identifying possible areas for improvement. These opportunities for dialogue allow their opinions to be integrated into the decision-making process and strengthen their sense of belonging.
Italgas employees and external stakeholders are made aware of the Policy for the prevention of discrimination and the protection of dignity by means of appropriate information and training activities intended to promote awareness of the principles contained herein.
All Group Policies are communicated to stakeholders through their external and internal communication channels, such as the website.

Processes for engaging with own workforce and workers' representatives about impacts (S1-2)
Involvement takes place through dialogue with trade unions and workers' representatives as provided for in the Industrial Relations Protocol.
In 2024, the Italgas Group guaranteed structured involvement of the Trade Unions through various phases of the decision-making process, both in Italy and in Greece (where a second-level agreement was stipulated, see

data point S1-8). The dialogue took place at key moments, such as company reorganisation, the implementation of smart working, funded training and the drawing up of bonuses and collective contracts.
The type of involvement includes consultations, negotiations and the creation of joint institutions (e.g. IPA - Joint Company Institution - for Smart Working and Training). Attendance was high, with 112 meetings in Italy (41 at national level and 71 at local level) and 12 in Greece, demonstrating a constant and broad-based commitment to the participation of workers' representatives.
The responsibility for ensuring that the involvement of workers' representatives is effective is entrusted to the Labour Disputes and Industrial Relations Department for national trade union relations, and to the HR Business Partner Departments for local relations. A meeting between the General Secretariats of the Trade Unions and the CEO and the Head of People Innovation & Technology is scheduled once a year, according to the topics to be discussed. In Greece, the operational responsibility for ensuring that the involvement of workers' representatives takes place effectively is entrusted to the Human Resources Organisation Unit.
The establishment of joint bodies and the setting up of the RSU Coordination Committee promotes continuous dialogue, allowing the Group to directly collect the concerns of employees and transform them into concrete actions. In 2024, the discussion was also extended to issues relating to health and safety at work with the members of the RLS Coordination Committee.
These agreements are not just formal instruments, but genuine drivers of change that allow Italgas to maintain a respectful and inclusive work environment that is attentive to the perspectives of its employees, while reinforcing social dialogue as a fundamental value of the Group.
This approach was reiterated in 2024 through significant agreements, such as the reorganisation of fundamental services following innovation and digitisation, the review of smart working, discussions on employment dynamics and the reinternalisation of fundamental services, as well as the signing of agreements for funded training, the definition of bonuses and collective agreements.
Particular attention is also paid to the identification of any vulnerable groups. For example, caregivers (new parents or employees who assist elderly parents or family members with disabilities or children with special learning needs), people with health problems, protected categories, victims of gender-based violence, employees with a proven history of drug or alcohol addiction, and foreign workers who are not EU citizens. The inclusion of its people, the promotion of equal opportunities and the avoidance of any form of discrimination are fundamental for the Group. In this sense, in 2023 Italgas S.p.A. obtained the UNI/PDR 125:2022 certification for gender equality. The Group is committed to protecting and supporting these groups by addressing their specific needs and concerns, and safeguarding ethical business conduct.

Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)

The Group adopts a responsible approach in the management of remedies for any significant negative impacts on its employees caused or contributed to by the Group. The remediation process includes impact assessment, dialogue with the affected workers, the definition of corrective actions and, where appropriate, the possible involvement of trade unions. These activities are aimed at ensuring that the measures adopted effectively respond to the needs of the affected workers.
The effectiveness of the remedies is evaluated through continuous monitoring, to verify that the solutions implemented are effective, thus ensuring that the remedies provided are adequate and consistent with their standards of social responsibility.

The Group has implemented a Whistleblowing Procedure that allows its workers to directly raise concerns or needs related to alleged irregularities through the whistleblowing channel: for example, working conditions, discrimination, violation of human rights, safety. In the case of reports, appropriate corrective actions are taken, which may include management interventions or disciplinary measures against the employees involved.
For a full explanation of the channel, please refer to data point G1-1.
Italgas promotes awareness about the whistleblowing channel by making mandatory online courses available to all Group employees on Whistleblowing regulations and how to confidentially report any illegal or unethical behavior. In order to assess awareness of this tool, levels of participation in the courses are monitored. Currently, Italgas does not have a structured process to assess the level of trust of its own workers on these channels.

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce (S1-4)

The Group adopts a wide range of initiatives aimed at effectively managing the main issues related to human rights, diversity, equal opportunities and health and safety. At the same time, it is committed to strengthening and promoting employees' skills, as well as continuously improving its welfare policies. The effectiveness of the actions taken to mitigate negative impacts is monitored through the targets set for each impact.

Ensuring respect for human rights

The Group has developed a due diligence process designed to identify and assess potential human rights impacts and risks, which involves identifying such risks within the Group's operations and business relationships.
The annual review of the due diligence process on the protection of human rights was carried out in 2024, as outlined in the target of the Sustainable Value Creation Plan. In addition, the Group has participated in various programmes, including the Business and Human Rights Accelerator of the UN Global Compact Network Italy, in order to learn more and exchange views with international associations, peers and non-governmental organisations on the main methodologies for managing risks related to human rights.
In the absence of specific legislation, Greek companies have introduced policies to support their employees through company negotiations (for example, smart working introduced from 2024, and health coverage).

Encouragement of women to take up management roles and guarantee a working environment that offers equal opportunities, including equal pay

Italgas strongly reaffirms its commitment to Diversity & Inclusion in order to improve the inclusion, promote equal opportunities, appreciate the value of diversity and promote the uniqueness of individuals in line with the objectives set out in the Sustainable Value Creation Plan. A change management programme was launched dedicated to Diversity & Inclusion through widespread awareness-raising initiatives, which in 2024 culminated in the identification of over 60 Diversity & Inclusion Ambassadors, key figures of change focusing on: Age & Culture, Disability, Gender, Sexual and affective orientation.
The D&I ambassador programme was recently launched in Greece, involving people from different areas of the country and different roles.

In 2023 and 2024, Italgas launched a number of initiatives for inclusion, diversity and gender equality. Italgas obtained UNI PDR 125/22 certification for two group companies and partnered with several organisations to promote an inclusive business model. New initiatives include the Safe in Pink project for women's safety, an anti-violence catalogue, training courses and workshops. To raise awareness of disability issues, Italgas organised theatrical performances and a Dinner in the Dark in collaboration with the UICI (Italian Union of the Blind and Visually Impaired) of Turin. It also introduced a Total Reward system to increase awareness of its elements of remuneration. Italgas constantly monitors the effectiveness of its actions through the annual survey “Your voice counts” and other targeted surveys. Thanks to employee feedback, initiatives such as the Olympic Games, a day of sport and sharing, and Open Gest, an initiative aimed at all Italgas Reti employees, have been launched to transform the company strategy into day-to-day work.

Promoting the welfare of employees

Italgas provides a Welfare Programme with a wide range of services and initiatives to meet the diverse needs of the employee population, including support for family, income, health and physical wellbeing, leisure, and daily tasks, with a target of 90% employee participation by 2030.

In 2024, the Welfare Plan was enhanced with new initiatives including the Telemedicine service, Healthcare vouchers, sporting events and empowerment workshops for parents, as well as an increase in the number of smart working days for parents with children up to 14 years of age. Paternity leave is extended, allowing all new fathers to take an additional 5 days of paternity leave, in addition to the 10 currently required by law. The Welfare Plan offers support for income and leisure (micro-credit, agreements with banking institutions, etc.), for the family (day-care reimbursement, summer camps, study support), and for health and welfare (cancer prevention). Welfare Days and webinars are an important opportunity for all company population to share and learn more.

Promoting health and safety of employees

The Italgas Group is committed to ensuring safe working conditions, aiming to *maintain a combined accident index for employees and contractors of*[97] *less than 0.15.*

This objective is pursued through dedicated training activities, awareness-raising meetings and opportunities to meet and discuss safety, promoting a corporate culture that is geared towards prevention and the protection of workers' health.

In 2024, meetings were held between management and employees to examine organisational and operational aspects with a particular focus on safety issues.

The main safety indicators are analysed and shared with managements on a monthly basis as part of the Monthly Dashboard. In 2024, a project was launched to monitor safety conditions on construction sites with constant inspections throughout the year regarding HSE aspects, with particular attention being paid to high-risk activities that may result in accidents. More than 3,100 site inspections were carried out across the Group.

[97] It is obtained from the product of the accident frequency index, expressed as the number of accidents occurring per million hours worked, and the accident severity index, expressed as the number of days of absence per thousand hours worked.

In the event of particularly significant accidents or near misses, the causes of the event and the main corrective actions to be implemented in order to avoid the event recurring in other Group companies are shared with the management and HSE bodies of their companies.
Every year the "Safety Trophy" is awarded to the groups of workers (for the companies Italgas Reti and Medea) that have achieved the highest score, determined on the basis of specific HS management parameters, including accidents, both to employees and contractors, and the number of inspections carried out.
The action plan includes the continuation of the actions already undertaken with a particular focus on reducing the combined accident rate and increasing the reporting of unsafe actions and conditions by workers on the Safe4You app, available to all workers on the Company intranet.

Actions to remedy current negative material impacts

The Italgas Group implements various activities aimed at minimising accidents involving its employees, as illustrated in data point S1-4. In 2024, for the Italian scope, there was an increase in the number of accidents that occurred during the work activities of employees. All events were subjected to systemic analyses in order to define corrective actions that were promptly activated to avoid the recurrence of similar accidents. The combined frequency index (FI) for employees and contractors in Italy therefore increased compared to the previous year, from 1.20 in 2023 to 1.50 in 2024. With regard to the Greek scope, in 2024 there were 1 injury related to its own workforce and 2 accidents to contractors, resulting in a combined FI of 0.59. The combined IF for Group employees and contractors in 2024 was 1.28.

The development of digital skills and the optimisation of resources

Through its training centre IGAcademy, the Group invests in upskilling and reskilling activities, including a focus on digital learning and ESG, with a target of 45 hours of training per year per employee by 2030.
In 2024, about 141,000 training hours were provided for "Excellence", 22,000 for "People" and 32,000 for "Innovation".
Programmes and collaborations: courses have been developed on emergency situations, innovative technologies (Picarro, MadFlex Patch, 3D Asset Mapping), gas distribution and emergency interventions. Project Management courses were offered in collaboration with the POLIMI Graduate School of Management, with certifications and open badges.
Internal courses covered commercial topics, complaints management, economics and sustainability, with sustainability ambassadors. Continuing HSE and Compliance courses (GDPR, whistleblowing, anti-corruption).
The WeSpeak programme provided 3,000 hours of training in English and Greek. WeTrain involved 105 teachers in intensive workshops.
Impact of digital platforms
Digital platforms have transformed learning from push to pull, encouraging proactivity. Gamification initiatives, such as FantAcademy, have helped make training more engaging. In 2024, platforms such as Skilla, Ruling Companies and Learning Square recorded more than 13,000 hours of on-demand training, involving around 1,450 people.
Personal development and leadership programmes

- WeBecome: Development Centre for evaluation and skills development;

- WeGrow: Pathway for the Individual Contributor on self-empowerment and 360°-feedback;
- WeLead: Programme for new managers on core management skills;
- ElevaTeam: Pathways for teams on change management and empowerment;
- Coaching: For managers and executives with greater responsibility;
- Inspire & Influence: For people managers, aimed at inspiration and involvement;
- Initiative & Decision-making: To face complex situations with determination.

International collaborations

Partnerships with SDA Bocconi, IESE, Headspring, Knauss and Innovit have enriched the training offer on innovation and leadership. In San Francisco, a special programme involved 60 participants for a total of 2,200 hours of advanced training.

All the objectives described above are part of the Sustainable Value Creation Plan. The future financial resources allocated for the management of the issue and the achievement of the objectives refer to approximately 246 million euros in CapEx and OpEx over the 2025-2030 reference period, of which 194 million euros relate to CapEx security assets. In 2024, over 39 million euros were spent on activities related to safety of the employees, in operational activities and on construction sites, welfare initiatives, D&I, development and staff training for the Group's employees.

These CapEx are indicated in this document in Note 13 “Property, plant and equipment” and Note 14 “Intangible assets” of the Consolidated Financial Statements; the OpEx, on the other hand, are indicated in Note 28 “Total costs and other operating expenses” of the Consolidated Financial Statements.

The Group has allocated dedicated resources to manage its material impacts, involving several specialised internal departments. In particular, the Human Resources Department is responsible for identifying, monitoring and managing negative impacts, as well as promoting positive impacts.

The process of identifying actions includes risk assessment and analysis of legislative compliance regarding the management of employment relationships within the Group. In the case of potential negative impacts, Italgas uses internal audits, climate surveys and reporting channels to assess the likelihood and severity of the impacts, while for actual impacts, in-depth internal investigations are conducted to assess the implementation of actions towards employees and/or corrective measures.

The actions identified are selected based on their suitability in the specific context and their ability to resolve the impact effectively, ensuring compliance with Company standards and workers' rights.

For Group companies based in Italy and operating in the gas distribution sector, or which control or are controlled by a gas distribution company, the possible impact in terms of loss of market, or loss of concessions in one or more Minimum Territorial Areas (ATEMs) is managed by applying the employment protection mechanism provided for by sector regulations, allocating workers correctly in the various ATEMs. In the case of a change of operator following tenders for the award of the concession, the Ministerial Decree of 21 April 2011 “Provisions governing the social effects related to the new awards of gas distribution concessions, implementing subsection 6, Article 28 of Legislative Decree no. 164 of 23 May 2000” guarantees the employment protection of workers assigned to the ATEMs that may be the subject of a tender.

Similarly, for companies in the water sector, in the context of tenders concerning one or more Optimal Territorial Areas, the calls for tenders for the award of the concession include specific social safeguard clauses relating to staff and employment protection.

More generally, in any case, where market contractions or losses occur, the instruments provided for by current national legislation shall apply.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5, MDR-T, MDR-M)

In order to apply the principles set out in the Code of Ethics, the Human Rights Policy, the HSEQE Policy and the Diversity, Gender Equality, Inclusion, Prevention of Discrimination, and Protection of the Dignity of Group Personnel Policy, the Group has established specific targets in line with the strategy outlined in its Sustainable Value Creation Plan.

Category and units	Target scope[98]	2030	Progress (2024)
Combined accident index for employees and contractors (minimum annual target)[99]	Group	< 0.15	0.034
Use of welfare services	Group	> 90 %	81%
Training (with a focus also on digital and ESG issues)	Group	45 hours per employee per year	45 hours
Women in positions of responsibility[100]	Group	33%	28.8%
Gender Equity Pay Gap[101]	Italy	3%	7.5%
Protection of human rights	Group	Annual review of due diligence on the protection of human rights	Target achieved

The targets are aimed at the continuous improvement of the Group's performance and are not monitored with reference to a specific base year but with respect to the pre-established value to be achieved. The targets have been set on the basis of monitoring the Group's performance in the area of Human Resources Management, taking into account the initiatives implemented over the years and the results obtained, as well as benchmarking and best practice in the sector.

Based on the results derived from monitoring the performance, any modifications or areas for improvement in the policies, initiatives, and services implemented by the company are assessed. In establishing the indicators of profitability, productivity and sustainability that form the basis of the performance bonus, the Italgas Group involves employees through their union representatives, discussing and sharing points for improvement and establishing evaluation criteria. Through the climate survey, the opinions and perceptions of employees are collected with respect to various areas, including the Group's performance and objectives, helping to identify areas of excellence and improvement.

Characteristics of the undertaking's employees (S1-6)

In 2024 there was a change in the company's workforce equal to +0.98% compared to 2023, when the number of employees amounted to 4,339.

	Gender	Unit of measurement	Country	2024
Employees	M	*headcount*	Italy and Greece	3449

[98] The targets refer to the scope of the Group companies consolidated using the line-by-line method as of 31 December 2024.
[99] Measured as the result of the frequency index (number of accidents per million hours worked) and the severity index (number of days of absence per thousand hours worked) of accidents recorded at Group level during the year.
[100] It refers to women in positions as heads of organizational units.
[101] Calculated as the change in the average ratio of the hourly basic pay of women to men for comparable groups of employees according to organisational weight, referred to the Italian scope. This indicator is calculated differently from the "Gender Pay Gap," as shown in S1-16.

	F	*headcount*	Italy and Greece	890
	Other	*headcount*	Italy and Greece	0
	Not stated	*headcount*	Italy and Greece	0
Total no. of employees (headcount)				**4339**
Employees in countries with more than 50 employees and who represent at least 10% of the total number of the Group's workforce.		*headcount*	Italy	3700
		headcount	Greece	639

Type of contract	Gender	Unit of measurement	2024
Employees with permanent contracts	M	*headcount*	3296
	F	*headcount*	859
	Other	*headcount*	0
	Not stated	*headcount*	0
Employees on fixed-term contracts	M	*headcount*	153
	F	*headcount*	31
	Other	*headcount*	0
	Not stated	*headcount*	0
Employees with a zero-hours contract	M	*headcount*	0
	F	*headcount*	0
	Other	*headcount*	0
	Not stated	*headcount*	0
Full-time employees	M	*headcount*	3440
	F	*headcount*	855
	Other	*headcount*	0
	Not stated	*headcount*	0
Part-time employees	M	*headcount*	9
	F	*headcount*	35
	Other	*headcount*	0
	Not stated	*headcount*	0

Employees leaving as at 31.12.2024	M	F	Other	Not stated
Employees leaving (no.)	273	55	0	0
voluntarily	96	30	0	0
Turnover rate (%)	7.92	6.18	0	0
Voluntary turnover rate (%)	2.78	3.37	0	0

Type of contract	Country	Unit of measurement	2024
Employees with permanent contracts	Italy	*headcount*	3589
	Greece	*headcount*	566
Employees on fixed-term contracts	Italy	*headcount*	111
	Greece	*headcount*	73
Employees with a zero-hours contract	Italy	*headcount*	0
	Greece	*headcount*	0
Full-time employees	Italy	*headcount*	3656
	Greece	*headcount*	639
Part-time employees	Italy	*headcount*	44
	Greece	*headcount*	0

Quantitative information on the Group's employees is expressed in terms of headcount and refers to Group employees as of 31 December 2024.

During 2024, a total of 263 people were hired by Group companies (212 in Italy and 51 in Greece).
It is noted that in note 28 of the Consolidated Financial Statements, relating to Total costs and other operating expenses, the most representative number of employees of the Italgas Group is indicated in the section "Average number of employees," in line with the requirements of datapoint S1-6.

Characteristics non-employees in the undertaking's own workforce (S1-7)

The number of workers who are not Italgas Group employees in 2024 is shown below:

2024		
Non-employed workers	**Unit of measurement**	**Value**
Total number of non-employee workers in the workforce	*headcount*	82
Total number of non-employee workers in the workforce – self-employed	*headcount*	0
Total number of non-employee workers in the workforce – workers provided by Companies primarily engaged in recruitment, selection, and staff supply activities	*headcount*	82

Specifically, the categories of non-employee workers who worked for the Italgas Group during the year are mainly temporary workers at the Italian offices and employees of third-party companies with which there are service provision contracts at the Greek offices.
The above information on non-employee workers is expressed in terms of headcount and refers to the Group's non-employee workers as of 31 December 2024.
In Italy in 2024, there were no significant fluctuations compared to the previous year, while in Greece the variation in the indicator is linked to the progressive implementation of the new company organisation and the related operating model.

Collective bargaining coverage and social dialogue (S1-8)

In 2024, the Group continued its commitment to maintaining strong relations with the trade unions, aiming to implement the Industrial Relations Protocol.
Important agreements have been reached through dialogue with the unions on various issues, including the reorganisation of the Integrated Supervision Centre at Group level, the verification of the leak detection service using Picarro technology, the finalisation of the 2023 Performance Bonus and the establishment of objectives for 2024.
The current agreement on Smart Working (hybrid working) has been revised thanks also to the process carried out by the Joint Company Institution PA Smart Working. The work of the Joint Training Institution also continued, with the sharing of Group training initiatives and the signing of agreements for financed training. Important discussions on the topics of employment and the re-internalisation of fundamental activities such as the emergency on-call service. An agreement was also signed regarding the experimental installation of dash cams on vehicles used for Picarro activities, for the purposes of protecting the safety of employees and company assets.
The Group has signed trade union agreements with the trade unions for video surveillance, also following the EU Critical Entities Resilience Directive, for the protection of company assets.
With reference to Greece, the Company has signed an important second-level company agreement that provides more favourable conditions for its employees than the national collective bargaining agreement, especially with regard to:

- definition of salary categories and amounts;

- provision of additional allowances (for example: on-call allowance, allowance for technicians, allowance for those who use heavy machinery, etc.);
- welfare and benefits (for example: marriage allowance, financial recognition in the case of marriage/birth of a child, allowance for single parents, meal vouchers, etc.).

Below is the data relating to employees covered by collective agreements and participating in trade union organisations in 2024.

	Unit of measurement	Country	2024
The following data are provided regarding employees covered by collective agreements and participating in trade unions in 2024. No. Employees covered by collective labour agreements	*headcount*	Italy + Greece	3,700 (Italy) 639 (Greece) to which the national collective agreement applies, of which only 560 also have coverage under the company collective agreement (permanent workers).
Total no. of employees	*headcount*	Italy + Greece	3,700 (Italy) 639 (Greece)
% of employees covered by collective labour agreements	*%*	*Italy*	100%
	%	*Greece*	100% (87.64% of employees are also covered by a company collective agreement)

2024	
Rate of non-employees covered by collective labour agreements	**Country**
0-19%	
20-39%	
40-59%	
60-79%	
80-100%	*ITALY + GREECE (covered by national collective agreements)*

2024	
Workplace representation	**Paese**
0-19%	
20-39%	
40-59%	
60-79%	
80-100%	*ITALIA e GRECIA*

At 31 December 2024, 100% of employees were covered by collective labour agreements[102].

Specifically, 100% of employees in Italy are covered by both national and company collective labour agreements.

With reference to the employees of the Greek companies, 100% of them are covered by the national collective labour agreement, while only employees hired on a permanent basis are also covered by an additional collective agreement at company level providing more favourable conditions. The percentage of workers to whom this company contract applies in Greece is 87.64% (or 560 employees out of a total of 639).

[102]The percentages were calculated using the following formula: (Number of employees covered by collective agreements / Total number of Group employees) x 100.

With regard to the Group's non-employee workers, their terms of recruitment and employment are defined in accordance with the staff recruitment agencies (which apply national collective agreements). Those who have entered into individual collaboration contracts with the companies of the Group are not included in the calculation of the percentage indicated above, as by definition they do not refer to any national collective labour agreement.

Regarding the percentage of the Group's employees in Italy who are guaranteed union representation, all employees are represented by the Unitary Trade Union Representations, accounting for 100%.

Specifically, the Industrial Relations Protocol defines the concept of a production unit not as a single plant (except for headquarters) but at least as the territory of the regional hub. Therefore, we can say that 100% of workers perform their duties in a production unit where union representation is present.

With reference to Greece, the percentage of the Group's employees who are guaranteed union representation is also 100%, as union representation is established at the company level, meaning that the production unit corresponds to the company itself.

There are no agreements between the Group's employees and trade union organisations at the European level (European Works Council, Societas Europaea Works Council, or Societas Cooperativa Europaea Works Council).

Diversity metrics (S1-9)

The Group is increasingly committed to creating a management system that is gender-balanced and promotes the inclusion and enhancement of diversity.

In 2024, the presence of women in the Italgas Group has improved considerably: in the Italy-Greece scope, female managers account for 28.8% (in line with the 2023 performance) and women in Top Management – understood here as level -1 and -2 reporting to the CEO – represent 34.5% (compared to 21.8% in 2023).

The table below shows the gender distribution of the Group's Top Management[103] and the age distribution of its employees.

	Unità di misura	Genere	Dipendenti
Employees belonging to the Group's Top Management (no.)	*headcount*	Men	76
	headcount	Women	40
	headcount	Other	-
	headcount	Not stated	-
Employees belonging to the Group's Top Management (%)	%	Men	65.5%
	%	Women	34.5%
	%	Other	-
	%	Not stated	-
Total employees belonging to Top Management	*headcount*		116

	Unit of measurement	Age group	No. of Employees
Group employees (no.)	*headcount*	< 30 years	499
	headcount	30-50 years	1749
	headcount	> 50 years	2091

[103] The definition of Top Management includes the levels -1 and -2 reporting to the Group's Chief Executive Officer.

Adequate wages (S1-10)

The Italgas Group ensures that all employees receive fair compensation through the application of the economic and regulatory provisions established by collective bargaining agreements.

The Italgas Group is committed to ensuring a remuneration policy in line with national and international best practices, which supports and promotes the development of the business and its people, and is consistent with the provisions of the Strategic Plan and the Sustainable Value Creation Plan and reflects the Group's values and culture. In particular, remuneration policies are evaluated taking into account the following elements:

- market benchmarks, with the support of independent and highly specialised advisors, using specific remuneration benchmarks updated at least annually, in order to ensure that all Group employees receive fair remuneration in line with the main market and governance practices;
- the leadership and performance model, which values the results achieved and the quality of the professional contribution according to the responsibilities assigned and the commitment required;
- the potential for personal development and professional and managerial skills.

The remuneration policy for the majority of employees is strongly meritocratic and defined in accordance with the principles of inclusion and plurality, equal opportunities, knowledge enhancement, fairness and non-discrimination.

In order to guarantee pay fairness, including in terms of gender balance, in 2024 Italgas defined a specific indicator aimed at reducing the Gender Equity Pay Gap, based on the principle of "equal pay for equal work", not only to promote fairness and justice in the workplace, but also to contribute to better motivation and satisfaction of employees in order to reduce turnover while at the same time attracting talent and improving company performance.

Social protection (S1-11)

Regarding social protection coverage for illness, unemployment, parental leave, workplace accidents, disability, and retirement, all employees of the Group are covered by the relevant national legislation.

All Group workers are guaranteed all social rights thanks to institutions linked to the state legal system (access to healthcare, maternity protection, pensions, etc.).

Persons with disabilities (S1-12)

In 2024, 4% of the Group's workforce[104] were people belonging to protected categories .

More specifically, of these 4%, 74.1% are men and 25.9% are women.

Training and skills development metrics (S1-13)

Italgas is aware that the main challenges of the digital transformation of the gas distribution sector are people-related, for this reason, the Group has included a commitment in its 2024-2030 Sustainable Value Creation Plan to continue investing in upskilling and reskilling activities, setting a target of 45 hours of training per year per employee by the end of the Plan, with a specific focus on digital learning and matters relating to ESG.

2024 – Employees who participated in performance assessments							
Headcount				Headcount			
M	F	Other	Not stated	M	F	Other	Not stated

[104]In Italy, employees belonging to protected categories are those specified in Law 68/99; in Greece, the legislation defines such individuals differently. Therefore, only the categories of "World War II Orphans" and "Employees with a disability greater than 50%" have been considered.

Executives	44	14	0	0	70%	70%	0	0
Managers	283	117	0	0	91%	89%	0	0
Office Workers	1,534	630	0	0	88%	86%	0	0
Field Workers	1,078	5	0	0	81%	100%	0	0
Total	**2,939**	**766**	**0**	**0**	**85%**	**86%**	**0**	**0**
Non-employees	**0**	**0**	**0**	**0**	**0%**	**0%**	**0**	**0**

	2024							
	Total hours of training delivered				**Average hours of training provided**			
	M	**F**	**Other**	**Not stated**	**M**	**F**	**Other**	**Not stated**
Executives	2,507	1,162	0	0	42	65	0	0
Managers	13,820	6,450	0	0	45	50	0	0
Office Workers	73,841	28,925	0	0	43	40	0	0
Field Workers	68,165	214	0	0	51	43	0	0
Total	**158,333**	**36,751**	**0**	**0**	**46**	**42**	**0**	**0**
Non-employees	**902**	**541**	**0**	**0**	**22**	**17**	**0**	**0**

In 2024, approximately 195,000 hours of training were provided in Italy and Greece, with an average of 45 hours per employee, of which approximately 7 hours per capita were on ESG and digital topics (+12.5% compared to 2023).

Health and safety metrics (S1-14)

The management System is structured and implemented according to the requirements of the international standards of reference. The regulatory instruments put in place contribute to regulatory compliance and to ensuring the health and safety of the Group's people (employees, end customers, contractors, etc.) and accident[105] prevention.

All Group companies have a 45001 system for occupational health and safety management.

100% of the Italgas Group employees, regardless of the type of contract, are covered by occupational health and safety management systems.

2024		
Indicator	**Employees**	**Non-employed workers**
Number of accidents at work	11	0
Rate of accidents at work	1.56	0
Number of cases of occupational diseases	2	n.a.
Number of days lost due to work-related injuries, work-related illnesses and deaths as a result of illnesses	269	0
of which were caused by accidents	269	0
of which were due to occupational diseases	n.a.	n.a.

2024			
Indicator	**Employees**	**Non-employed workers**	**Value chain workers (within Italgas Group sites)**
Total number of deaths due to workplace accidents and occupational diseases	0	0	0
of which were as a result of accidents	0	0	0
of which as a result of occupational diseases	0	0	0

105 An injury is considered an event that results in an absence from work of more than 3 days, according to the company procedure.

2024			
Indicator	**Type of employee**	**headcount**	**%**
Workers covered by a Health and Safety management system in accordance with the law or recognised standards, and which has been either internally verified or externally certified.	Employee	3,750	86%
	Non-employee	*n.a.*	n.a.

Work-life balance metrics (S1-15)

The Italgas Group provides initiatives to support family and parenting needs.

Below are the figures on family leave for Group employees.

Family leave[106]	Gender	Unit of measurement	2024
Employees with access to family leave	All	%	100
Employees who have taken family leave	M	%	8.9
	F	%	2.8
	Other	%	0
	Not stated	%	0
	Total	%	11.7

Compensation metrics (pay gap and total remuneration) (S1-16)

Following the pathway initiated by the Group in the area of diversity and inclusion, the Company is committed to reducing the gender pay gap by monitoring it on an annual basis.

The gender pay gap values, calculated as the simple average of gross annual salaries[107] on an hourly basis by employee category and geographical area, are shown below. In particular, given the Group's activities in both Italy and Greece, a corrective factor has been applied to the Greek perimeter data using the Price Level Index (PLI) values provided by the World Bank, in order to account for the different purchasing power between the two countries.

Gender pay gap	Unit of measurement	2024
Employee category (Italy + Greece)		
Executives	%	5.7
Middle Managers	%	4.6
Employees	%	2.3
Manual workers	%	16.3
Country		
Italy	%	-10.6
Greece	%	-7.9

The overall gender pay gap, considering the total annual compensation[108] paid to employees, is -0.7% for the Group. If the PLI corrective factor is not used, the value is 0.5%.

[106] In Italy, family leave is understood to mean compulsory maternity, paternity, or parental leave, as well as leave to care for family members with disabilities (Italian Law 104/92). In Greece, only compulsory maternity, paternity and parental leave are considered, as there is no provision for leave for family members with disabilities.

[107] Gross annual salary (RAL) refers to the fixed compensation that the employee receives over the course of the year.

[108] The total annual remuneration is composed of the gross annual salary (RAL) plus the annual amount of variable remuneration and also includes all compensation elements that the employee receives on a continuous basis over time. For the purposes of the total annual remuneration analysis (pay ratio and gender pay gap), only employees who have worked for the entire year have been considered. For Greece, all variable components, including the contribution component, are considered in the calculation of total annual remuneration.

Finally, the ratio between the total annual remuneration of the CEO and the median total gross annual remuneration of the employees of the Italgas Group (known as the "pay ratio") is also reported, represented as the total personnel costs actually paid to employees during the year, equal to 1:39.

Incidents, complaints and severe human rights impacts (S1-17)

As indicated in the Human Rights Policy, as well as in the Group's Code of Ethics and the Suppliers Code of Ethics, human rights are considered inalienable and essential prerogatives of human beings and the basis for the construction of societies founded on principles of equality, solidarity, the repudiation of war and protection of civil and political rights, social, economic and cultural rights and third-generation rights (right to self-determination, peace, development and the safeguarding of the environment).

Italgas is committed to promptly identifying any incidents or episodes of human rights violations against its employees. Such episodes include cases of discrimination based on gender, ethnic origin, nationality, religion or any other belief, disability, age, sexual orientation or other significant forms of discrimination.

In 2024, there were no recorded incidents of discrimination, human rights violations or any other form of harassment within the Group.

During the year, no fines or sanctions were imposed as a result of incidents of discrimination or complaints received through the appropriate channels indicated above.

Through the whistleblowing channel (illustrated in detail in data point G1-1), 53 reports were received in 2024, of which 32 related to the internal control system (process anomalies related to the application of procedures or instructions of the Group) and 21 on other issues (Model 231 – Code of Ethics). By 31 December 2024, all reports had been examined and 47 were filed, while 6 are still being processed. Among the 32 reports relating to the internal control system, 29 were dismissed (8 were forwarded to the Judicial Authority), while 3 are still being evaluated. Of the 21 reports on other issues, 18 were dismissed (3 concerned breaches of employment contract with disciplinary action taken dismissal, suspension from pay and work or charging of hours of pay, 3 are still being assessed, and do not concern offences related to corruption, discrimination, harassment, breaches of privacy, conflicts of interest, money laundering or insider trading.

S2 – Workers in the value chain

Interests and views of stakeholders (ESRS 2 SBM-2)

Italgas is aware of its central role in the supply chain as a key player in the spread of sustainable and responsible practices. The Group is committed to driving change by incentivizing virtuous behavior and supporting the growth of a supplier network that is increasingly attentive to respect for human rights, environmental protection and the creation of inclusive and safe working conditions. Through its numerous engagement and listening activities, the Italgas Group integrates the interests, rights and opinions of workers along the entire value chain into its strategy and business model. At the same time, it requires suppliers to comply with high ethical standards, with particular regard to human rights, and compliance is monitored through regular audits.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Italgas recognises that the actual and potential impacts on value chain workers, as reported below, are closely related to its strategy and business model:

- Failure to respect the human rights of workers in the supply chain – the activities upstream in the value chain, especially in high-risk sectors such as heavy industry and suppliers operating in non-European countries with less stringent labour regulations, are more subject to potential human rights violations. Although no supplier has been identified as being at significant risk of incidents of child labour and/or forced labour, Italgas pays great attention to verifying the working conditions of its suppliers and respect for human rights. Type of workers: workers from sub-supplier enterprises in non-EU countries and heavy industry workers.
- Failure to respect diversity and equal opportunities for workers in the supply chain – the upstream phases could potentially involve discrimination based on gender, age, ethnicity or religion, particularly in production sectors that require specific skills, which may be less attainable for women. Type of workers: female workers or workers from minority or fragile groups
- Failure to protect the health and safety of workers in the supply chain – activities in the upstream phases, such as the extraction of raw materials and the processing of materials (such as polyethylene and steel), and the operational activities of infrastructure construction and maintenance carried out on construction sites by contractors and subcontractors, may expose workers to potential health and safety risks. These potential negative impacts derive mainly from workplace accidents due, for example, to the use of dangerous machinery and/or exposure to harmful substances that could occur due to inadequate management of health and safety rules or lack of specific training and adequate preventive measures. Type of workers: workers involved in operational activities at production sites or construction sites.

These potential negative impacts are attributable to isolated and non-systemic events, also in view of the fact that most Italgas suppliers are based in Italy or Greece where national regulations protecting workers' rights are in place. To prevent and mitigate these impacts, the Group has implemented company policies and procedures that include the regular review of contracts with suppliers as well as audits and assessments of working conditions, promoting the social responsibility of contractors along the entire value chain.
There are no risks or opportunities arising from the analysis of financial relevance in relation to supply chain workers.

Policies related to value chain workers (S2-1, MDR-P)
The Italgas Group has adopted the following policies for the management of material IROs related to workers along the value chain: the Human Rights Policy and the Suppliers' Code of Ethics.
The aim of these policies is to prevent potential harmful practices related to the violation of human rights such as forced and child labour, to promote equal opportunities and an inclusive work environment, as well as to protect health and safety.
The Group is committed to sharing these documents with its suppliers, requiring them not only to respect the ethical standards set out, but also to actively promote them throughout their supply chain, with the involvement of subcontractors and other partners.
The Group regularly monitors compliance through audits and ongoing assessments to ensure that these principles are adopted.

Furthermore, an integral part of Italgas' strategy for the development of a sustainable and long-lasting supply chain is the continuous involvement of suppliers and their workers through training and support programmes to improve their ESG practices.
The Human Rights Policy promotes, among the Group's business partners, respect for and protection of fundamental rights, including civil, political, social, economic and environmental rights. The main areas of intervention are listed below:

- Respect for dignity and equal opportunities – rejection of all forms of discrimination and violence, with a commitment to fair and inclusive working conditions;
- Working conditions and freedom of association – promotion of a safe and healthy environment, support for union representation and the right to collective bargaining;
- The fight against human trafficking, forced labour and child labour – condemning the exploitation of workers and prohibiting child labour, in line with international regulations;
- Involvement of business partners – carrying out monitoring and audits to ensure respect for human rights regulations in the supply chain;
- Health and safety protection – promoting a culture of safety and accident prevention at all levels of the organisation;
- Sustainability and local communities – contributing to the development of the communities in which the Company operates, in line with the principles of the Code of Ethics;
- Personal data protection – responsible management of personal data to guarantee the security and privacy of stakeholders.

The Suppliers' Code of Ethics defines the fundamental principles that must guide the relations between the Group and its suppliers, and provides for a zero tolerance policy towards any violation of human rights, reiterating that no corporate interest can justify behaviour contrary to ethical standards. Italgas reserves the right not to establish or to terminate at any time relationships with parties that do not comply with the provisions of the Group's Code of Ethics or the Suppliers‘ Code of Ethics.
More specifically, the Suppliers’ Code of Ethics focuses on the following aspects:

- Compliance with the law: suppliers must adhere to national and international regulations;
- Fair competition: promotion of fair and transparent competition;
- Prevention of corruption: prohibition of any form of corruption;
- Management of conflicts of interest: potential conflicts of interest must be reported;
- Data privacy and protection: guaranteeing the security and confidentiality of information;
- Human rights and equal opportunities: respect for personal dignity, combatting all forms of discrimination, condemning and prohibiting forced and child labour;
- Health, safety and environmental protection: commitment to a safe and sustainable work environment.

The Group conducts a due diligence process with regard to human rights that involves all the Group's operations and companies, as well as its suppliers, and is subject to an annual review.
The Human Rights Policy and the Suppliers Code of Ethics are periodically updated and integrated to ensure their adherence to the evolution of the Group’s strategies and position by taking into account the guidelines

that have emerged from sustainability indexes and ratings, as well as the main international ESG trends. The Human Rights Policy applies to all employees and business partners working for the Group, while the Supplier Code of Ethics is binding for all direct and indirect suppliers.

The CEO of the Group is responsible for overseeing the implementation of the Human Rights Policy by the Group, while the CEOs of the Group Companies are responsible for overseeing and implementing the policy for each company under their responsibility.

The actions outlined and carried out by the Italgas Group throughout the Human Rights Policy and the Supplier Code of Ethics are developed, also in the context of alignment with the first and second principles of Global Compact, within the reference framework of the United Nations' Universal Declaration of Human Rights, the International Labour Organization Conventions and the OECD Guidelines for Multinational Enterprises.

The Group is also committed to protecting the rights of minors and children according to the Children's Rights and Business Principles. The Human Rights Policy and the Supplier Code of Ethics are shared with stakeholders with a view to transparency and collaboration, and are made available to the public on the company website and to anyone who requests them. In 2024, no cases of violation of the above regulatory principles involving supply chain workers were found.

Processes for engaging with value chain workers about impacts (S2-2)

In order to manage the real and potential impacts on workers in the supply chain, Italgas adopts a direct and continuous involvement approach based on numerous initiatives, including e-learning courses and face-to-face training, collaborative workshops and participatory activities.

In 2024 the IG Academy for Suppliers was launched, with a training programme developed based on suppliers' training requirements (as identified through direct consultation) that aims to promote skills in key areas such as energy efficiency, climate change, human rights, safety, digitisation and innovation.

In order to promote a culture of safety among workers in the value chain and consolidate the partnership with suppliers, three face-to-face workshops were organised during 2024 involving workers from construction sites in Northern, Central and Southern Italy. The meetings focused on the analysis of high-risk safety activities that emerged during the inspection phase and the related prevention, monitoring and remediation measures.

Through initiatives such as "Ideas4Italgas" and "Worksites of the Future", the Group encourages suppliers to propose ideas and projects aimed at improving the sustainability, innovation and safety of operational activities. In addition, it promotes the participation of suppliers in training courses organised by associations to which the Group belongs, such as "Valore D" and "Sustainability Makers".

The operational responsibility for ensuring that engagement with workers in the value chain is effective is entrusted to the Procurement Department, which coordinates and liaises with the various company departments to ensure that the initiatives are properly implemented.

To assess the performance of suppliers throughout all stages of procurement, Italgas uses a monitoring system based on Supplier Scores, which include indices and criteria such as Operational Vendor Rating, reputational verification, sustainability index, financial soundness index and accident index. This approach provides a measure of the effectiveness of audit, training and workshop activities on supplier performance throughout the procurement stages.

Italgas adopts a series of measures to understand the perspectives of particularly vulnerable or marginalised workers in the value chain. During the phase of qualification and participation in competitions, suppliers are required to provide ISO certifications attesting to the creation, application and maintenance of a work management and organisation system that complies with specific internationally recognised standards of reference, thus ensuring employment organization that respects workers' fundamental rights. In addition to the compulsory certifications for highly complex product classes (ISO 9001 on quality management systems, ISO 14001 or EMAS on environmental management systems, ISO 45001 on health and safety management systems), the Group also considers other certifications relating to environmental, social and governance impacts on the entire supply chain as award criteria in tenders, such as SA8000 on social responsibility and UNI PDR 125 on gender equality. During the tender phase, suppliers must disclose information on the gender composition of the company's workforce and demonstrate regular payment of wages and contributions. All of these tools enable the Group to assess the equity of business practices and identify any situations of vulnerability. Finally, through on-site audits, Italgas monitors the conditions of workers with particular attention paid to respect for human rights and procedures regarding the health and safety of its most vulnerable workers.

Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)

The Group adopts a responsible approach to the management of remedial measures for any negative material impacts on workers in the value chain caused or influenced by its activities. The remediation process includes impact assessment, also in compliance with current legislation on joint and several liability, and the possible involvement of trade unions in implementing the Industrial Relations Protocol, which aims to ensure that the measures adopted effectively respond to the needs of potentially affected workers in the value chain.

The effectiveness of the remedies is evaluated through internal checks with the managers of the procurement contracts and constant monitoring of any effects, including those of an economic nature. When necessary, this process includes discussions with the trade unions, in order to ensure that the solutions adopted have effectively resolved the issues identified. By doing so, the Group ensures that the remedies provided are adequate and consistent with its standards of social responsibility applied throughout the value chain.

The Italgas Group has implemented a Whistleblowing Procedure that allows workers in the value chain to directly report any concerns or irregularities. This procedure is described in detail in data point G1-1 10.

The procedure classifies and handles reports according to specific subject areas, including violation of the Code of Ethics and issues related to safety and human rights, and guarantees that workers in the value chain who use the reporting channels are protected against any form of retaliation, discrimination or unfair conduct, whether direct or indirect. At present, there are no reporting channels managed by third parties for workers in the value chain.

The Italgas Group supports and requires information about the availability of reporting channels in the workplace within the value chain.

Currently, there is no structured process to assess the awareness and level of trust of workers in the value chain with regard to these channels.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4)

Italgas promotes a sustainable value chain through a supplier qualification system based on a sustainability questionnaire. This tool provides an overview of certifications, management systems, company information and working conditions. The data is constantly monitored to identify areas for improvement and define action plans on ESG issues. The checks are entrusted to third-party companies in accordance with the ISO/IEC 17021-1:2015 standard, and include ESG audits for analysing human rights, working conditions, consumption and environmental impact. At the end of the audits, any critical issues are classified into three levels (Minor, Serious, Critical), with an action plan shared and monitored with the supplier to evaluate its effectiveness.
In 2024, 45 on-site and 4 on-desk audits were carried out.
Italgas adopts initiatives to improve safety and reduce accidents, involving employees and suppliers in awareness-raising meetings and setting up bodies such as the CCRLSA (Company Safety Workers' Representative Coordination Committee) and IPA Training (Joint Company Institution) to promote a shared culture of safety.
Suppliers must comply with Italgas' Code of Ethics and other Group standards on sustainability, anti-corruption, human rights, cybersecurity and data protection.
Supplier performance management is governed by the Supplier Regulations and monitored through technical and operational audits, which guarantee adequate working conditions and compliance with standards.
Since 2021, Italgas has launched training programmes for first and second level suppliers (Tier I and Tier II), offering courses, workshops and webinars through the dedicated Academy, which aims to improve the capabilities of suppliers and promote socio-economic development within the territories in which it operates. During the twice-yearly Supplier Convention, Italgas also shares common objectives and challenges.
In the event of any negative impacts, such as violations of workers' rights or accidents at work, Italgas analyses the causes, supports the supplier in preventive measures and monitors the effectiveness of corrective actions.
Supplier compliance is guaranteed through audits, reputational checks and, if necessary, measures such as suspension or termination of the contract. Before reaching the termination of the contractual relationship, Italgas takes a precautionary and gradual approach (warning and suspension) to avoid compromising workers' conditions.
To date, no material violations of workers' rights have emerged. The data collected, such as those concerning the reduction in "non-conformities", the identification of “near misses” and the improvements detected by workers of suppliers through surveys relating to ESG issues, confirm the effectiveness of the actions taken in promoting a responsible and sustainable value chain. All the actions described above are linked to the targets given in the next section to which reference is made for specific time horizons.
Future financial resources allocated for the management of the issue and the achievement of the objectives amount to 5.5 million euros of OpEx in the 2025-2030 reference period. In 2024, approximately 550 thousand euros of OpEx were spent on dedicated staff and to cover ESG auditing of suppliers, supplier training and consultancy.
These OpEx are indicated in this document in Note 28 “Total costs and other operating expenses” of the Consolidated Financial Statements.
The Group has not identified any risks or opportunities of financial significance to the workers in the value chain.
There have been no significant events regarding the violation of human rights by suppliers or other workers in the value chain in the last 4 years.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5, MDR-T, MDR-M)

The Group has set targets to guaranteeing responsible and sustainable management along the value chain.

TARGET	Target scope[109]	Base year	Target	Target year	Year of reporting (2024)	
					%	Absolute value
Suppliers that pose a high risk regarding sustainability[110] involved and trained in ESG topics	Group	-	100%	2026	80%[111]	72
High-risk suppliers for Sustainability subject to ESG audits in the field (including human rights compliance)	Group	*2024*	100%	2028	17%[112]	45

The targets have been defined within the reference framework of the United Nations Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organization, the OECD Guidelines for Multinational Enterprises and on the basis of benchmarks with other operators in the sector.

In line with the Sustainable Value Creation Plan, the targets relating to the value chain contribute to the reduction of potential negative impacts on the supply chain through the promotion of best practices in sustainability.

The targets refer to suppliers at high risk for sustainability, defined as those suppliers of strategic importance for the Group's core business at potential risk of non-compliance with their contractual obligations regarding sustainability, whose turnover represents approximately 80% of the total turnover.

Suppliers are indirectly involved in defining targets throughout the year, through sectoral workshops and events such as the Supplier Conference and challenges open to start-ups and SMEs aimed at improving performance (Ideas4Italgas).

The monitoring of targets is carried out through the constant tracking of supplier performance, from the evaluation during the qualification phase (ESG score) to the verification in the field (ESG audit). Training activities are provided to support improvement plans for the gaps identified during both the evaluation and audit phases.

S3 – Affected communities

Interests and views of stakeholders and Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-2 and SBM-3)

The impact related to asset integrity is closely linked to the local community, as it may involve potential gas leaks that could lead to explosions or fires, with serious consequences for the local population. No risks or opportunities with significant financial impact have been identified concerning this issue. The potentially affected communities include all citizens living in the Italian and Greek municipalities where the Group manages the gas distribution network. Additionally, potential incidents of asset integrity failure along the

[109] The targets refer to the scope of the Group companies consolidated using the line-by-line method as of 2024.
[110] Suppliers that pose a high risk regarding sustainability are defined as those suppliers of strategic relevance to the Group's core business at potential risk of not meeting their contractual sustainability obligations.
[111] The percentage is calculated as the ratio of high sustainability risk suppliers involved in training activities and/or having completed the ESG questionnaire to the total number of high sustainability risk suppliers for Italy and Greece. Water suppliers were excluded from the 2024 calculation.
[112] The percentage is calculated as the ratio of the number of high sustainability risk suppliers audited to the total number of high sustainability risk suppliers.

Group's value chain could impact communities located near raw material extraction and processing sites. In both cases, these impacts are associated with specific potential incidents rather than systemic impacts. It has not been possible to identify specific individuals or groups of individuals within these communities with particular characteristics that would make them more likely to be affected, as the potential impact applies to the entire local community, with no significant distinctions between individuals. In assessing the financial significance for the identification of relevant risks and opportunities, an analysis was conducted that identified events, such as the risk of accidents or malfunctions that can cause temporary service interruptions, but whose impact and probability are not sufficient to make them relevant. For further discussion, refer to ESRS 2 SBM-2 and SBM-3.

Policies related to affected communities (S3-1, MDR-P)

As this is a central issue for the proper performance of its gas distribution activities, Italgas refers to a very comprehensive internal regulatory framework.

The procedures refer to the maintenance activities of assets, emergency management, and other field operations, which allow constant monitoring of the network and prompt intervention in case of reports and incidents. Such procedures are explicitly geared toward compliance with current regulations, which set minimum standards for safety and operational efficiency. However, the Group does not merely enforce regulatory requirements: in fact, as indicated in DR S3-5, Italgas has set ambitious targets that respond to the desire to ensure higher levels of efficiency, safety and sustainability, distinguishing itself by adopting practices that not only meet regulatory requirements, but also go further to mitigate the “asset integrity” impact on local communities. The procedures mentioned above are valid for all operational activities and in all areas served by gas distribution activities. Top Management is ultimately responsible for implementing procedures that govern technical and operational activities, reporting directly to the CEOs of the Group companies responsible for gas distribution. The internal procedures also refer to the relevant legislation that is directly issued by the public Authority through ARERA (in Italy) or RAE (in Greece). As a public body, the latter is considered a proxy representing the relevant stakeholder (i.e. the local community).

The procedures are not only made available to all the Group staff specifically involved in network maintenance, control and emergency response, but also to the rest of the Italgas workforce. The reference principles of the Italgas Group for the protection of rights relating to impacts on health and safety associated with asset integrity events are guided by the principles established in the OECD guidelines for multinational enterprises, the United Nations Guiding Principles on Business and Human Rights and the fundamental Conventions of the ILO. Furthermore, Italgas is a member of the United Nations Global Compact (UNGC) programme. The Group's Human Rights Policy also applies to the rights of local communities in the areas where Italgas operates. For further information on Huma Rights Policy, refer to DR S1-1. In the event of an asset integrity incident, the Group immediately involves the local community through contacts with the relevant municipal administration. Italgas has facilities dedicated to on-call and emergency response, with staff who are specially trained to manage critical situations. Furthermore, two centralised command and control rooms (the Plants and Networks Command and Control Centres, located in Turin and Florence) operating 24 hours a day, guarantee constant support for the management of the distribution system. The Group operates in areas where there are no indigenous populations.

Processes for engaging with affected communities about impacts (S3-2)

The Company adopts a structured and continuous dialogue with local communities, managed through the Local Institutional Relations (LIR) Department, which interacts directly and continuously with municipal administrations to collect and respond to the needs of the community. Among the various topics dealt with, a significant amount of time is dedicated to asset integrity (e.g. the extension of the gas distribution network, the management of sensitive users such as schools, etc.). In emergency situations, such as the temporary suspension of services or accidental pipe breakages, the Local Institutional Relations Department coordinates the responses and actions taken to minimise the impact. The commitment to listening and dialogue is mainly carried out through both physical and virtual meetings, and through formal and informal communications. The LIR Department is responsible for actively involving municipal administrations and, when necessary, groups of citizens, in order to ensure that company activities are consistent with the needs of local communities, particularly with regard to aspects such as safety and prevention. With this in mind, the Group has also committed to meet with a number of local administrations each year that are representative of at least 40% of all re-delivery points.

The Head of the LIR Department ensures that the involvement is continuous and that the results are also used in making company decisions. Since the topics dealt with are extremely varied, the approach to evaluating the actions is flexible and not standardised, in order to respond in an flexible and adequate manner to the specific needs of each situation, based on direct contacts with the members of the administrations.

Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)

Italgas has adopted procedures and activities aimed at minimising gas leaks, which could generate potential problems for its infrastructure. In the event of an emergency, Italgas has emergency response teams that are able to identify and resolve any issues that arise. Italgas provides various communication channels to facilitate direct dialogue with local communities and ensure effective management of any issues.

Specifically, the Group has a toll-free number that is active 24 hours a day, 7 days a week: this channel activates the emergency response structure for any potential asset integrity hazard reported by the community. In addition to the specific channel for reporting gas leaks and faults, the Group has another toll-free number and a dedicated section on its web portal for complaints and various reports. All the above toll-free numbers related to emergencies, as well as commercial communication, are listed on the company's websites and are printed on the bills of end customers.

The Group constantly monitors the KPIs relating to contacts from these channels; calls relating to emergency service reports are also monitored to ensure that at least 90% of them are handled within 120 seconds, as required by the Authority.

Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4, MDR-A)

The Group constantly applies measures to guarantee the safety and reliability of the gas distribution network, minimising the risk of potential accidents and negative impacts on the surrounding communities. The main actions taken include predictive maintenance of the network, which allows for constant monitoring of the network's condition and identification of potential signs of wear or malfunctions before they become problematic; research and monitoring activities on fugitive emissions, including the development of operational guidelines that standardise the response to gas leaks; continuous monitoring of the performance of the aforementioned processes, enabling the timely identification of potential issues, optimisation of operations, and the implementation of corrective actions when necessary, ensuring that the network remains safe and efficient.

During the year, the Group also continued its usual emergency response activities, with staff who are specially trained to manage critical situations. Two Plants and Networks Command and Control Centres (located in Turin and Florence) operate as centralised command and control rooms, operational 24 hours a day, guaranteeing constant support for the management of the distribution system. Each emergency call means that a specialised technician will arrive on site within 1 hour to ascertain and, if necessary, resolve the anomaly reported by the user.

In the event of any emergency relating to the integrity of the distribution network, the Group has emergency response teams that are able to identify and resolve the issues presented.

The Group reports all the operational KPIs relating to network investigation to the Top Management on a monthly basis in dedicated meetings (Sustainability Business Review and the Operational Committee). In addition, Italgas periodically communicates its asset integrity results in response to requests from regulatory bodies.

The Group has Territorial Emergency Plans, related to each individual distribution plant, where equipment, tools, companies operating in the area, public authorities and entities, sensitive Customers/Entities, reduction groups, interceptor valves, critical points (pipes crimped on bridges, in crossings of important river basins, active fronts of landslide movements, etc.) are identified, allowing for a complete view for handling any emergencies.In 2024, 23 accidents were recorded, resulting in a total of 4 deaths. The cause of these accidents is mainly attributable to the lack of maintenance or the unsuitability of the boilers or internal systems of end users (e.g. inadequate evacuation of combustion products), to interventions by third parties (e.g. excavation work) or atmospheric events (e.g. lightning). The Italgas Group is in no way responsible for these accidents.

To manage this impact, Italgas allocates both financial and human resources to manage any emergency in the territory according to the deadlines set by the authorities.

Future financial resources allocated for the management of the issue and the achievement of the objectives amount to 1,726.1 million euros of CapEx and 412.2 of OpEx in the 2025-2030 reference period. In 2024, 399.4 million euros of CapEx and 75.5 million euros of OpEx were spent. These values mainly refer to inspection and maintenance activities and to the Emergency Service activities.

These CapEx are indicated in this document in Note 13 “Property, plant and equipment” and Note 14 “Intangible assets” of the Consolidated Financial Statements; the OpEx, on the other hand, are indicated in Note 28 “Total costs and other operating expenses” of the Consolidated Financial Statements.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S3-5, MDR-M, MDR-T)

To assess its performance in managing the asset integrity, Italgas uses KPIs that are derived from specific regulatory requirements established by ARERA. In particular, the KPIs used were:

- Network inspection - % of networks subjected to annual planned inspection for gas leaks.
- Emergency interventions – % of emergency interventions carried out with arrival at the site within 60 minutes.

ARERA/RAE may conduct control activities on the values of the KPIs indicated and communicated to ensure their accuracy.
Based on these KPIs, Italgas sets its own targets related to asset integrity. ARERA/RAE, as public authorities, can be considered representative bodies of the impacted communities. Italgas' targets in this area refer to these KPIs but have a much stricter performance level than what is strictly required by the regulations, with the goal of achieving the operational efficiency and safety objectives for the Group and local communities as outlined in the company procedures managing the issue.
The objectives and corresponding performance for 2024 are presented below:

Category and units	Scope[113]	Annual	2028	Progress (2024)		Type of target
				%	Absolute value	
% of networks subjected to annual planned inspection for gas leaks[114]	Gas distribution	100%[115]	200%	154%	N/A	Relative
% of interventions carried out on site, with emergency intervention performed within 60 minutes	Gas distribution	98%[116]	N/A	99.4%	N/A	Relative

The impacted stakeholders, namely the local community, indirectly participate in the definition of Italgas' asset integrity targets, as the competent public authority, ARERA/RAE, sets specific legally binding performance standards, which are far lower than the more ambitious target levels set by Italgas. For performance monitoring and analysis, which allows the Group both to identify areas for improvement and implement corrective actions to further reduce risk areas, and to report results in response to requests from regulatory bodies, Italgas uses advanced technologies and digitised processes to constantly monitor the network and minimise the likelihood of incidents concerning asset integrity. It also uses smart maintenance principles and Picarro CRDS technology, which allows for extremely accurate monitoring of the network's conditions.

7.4 Governance information

G1 – Business conduct

The role of the administrative, supervisory and management bodies (ESRS 2 GOV-1 ESRS G1)

Italgas' administrative and corporate bodies, management and Supervisory Body play crucial roles in ensuring the compliance and integrity of the company's operations. These bodies work together in synergy to ensure that Italgas operates in a way that is ethical, transparent and compliant with regulations, thus contributing to the Company's sustainability and growth. In particular, the Board of Directors defines the strategic guidelines and company objectives, while the Board of Statutory Auditors supervises the accuracy of accounting and financial operations. In addition, it verifies the adequacy of the internal control and risk management system, ensuring that the decisions made by the Board of Directors comply with current regulations. To support these activities, the Board's internal committees assist the Board of Directors in evaluating and managing strategic decisions. The management of Italgas, guarantor of transparency and honesty in compliance with the rules

[113] The targets refer to the scope of the Group companies consolidated using the line-by-line method as of 31 December 2024.
[114] Value calculated as the ratio between the linear extension of the networks inspected in the calendar year and the total extension of the Group's gas networks.
[115] ARERA Target: network inspection equal respectively to 100% in the 3 mobile years for high and medium pressure networks and 100% in the 4 mobile years for low pressure networks; RAE target: 2-4 times a year for ductile networks in densely populated areas, while targets for other types of networks vary from once a year to once every 4 years, depending on the characteristics of the network.
[116] ARERA targets: > 90%; RAE target: >90% within 120 minutes, without exceeding the 240 minutes in any case.

protecting competition, is responsible for implementing company policies and procedures in accordance with the Code of Ethics. The Supervisory Body of each Group company, appointed by the Board of Directors, has autonomous powers of initiative and control. Its tasks include monitoring the effectiveness of Model 231 and the Code of Ethics (in collaboration with Management), analysing their adequacy and functionality over time, and approving the annual programme of supervisory activities. In addition, it examines the results of the activities carried out and verifies the information flows with the company departments and corporate bodies, ensuring that Italgas maintains high standards of corporate conduct and regulatory compliance. The members of the Board of Directors and the Board of Statutory Auditors have consolidated experience in business conduct, gained through their roles at Italgas and also during their professional careers, for example by holding positions of responsibility in the field of internal audit, acquiring in-depth skills in internal control processes and risk management, and as members of Supervisory Boards, developing an in-depth knowledge of the application of the organizational models provided for in Legislative Decree. Lgs. 231/2001, with a focus on key aspects such as crime risk analysis, anti-corruption profiles and monitoring of ethical conduct in companies.

Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2 IRO-1)

In the process of identifying material Impacts, Risks and Opportunities in relation to its corporate conduct, Italgas considers criteria that include the location and type of its activities and the reference value chain. For further discussion, see ESRS 2 IRO-1.

Corporate culture and business conduct policies (G1-1, MDR-P)

For the management of IROs relating to corporate conduct, Italgas has various regulatory documents, including the Code of Ethics – a document that describes the values and responsibilities that the Group recognises, accepts and shares, both internally and externally – the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (Model 231), a specific policy and management system for the prevention of and fight against corruption in accordance with the requirements of the UNI EN ISO 37001:2016 standard. The Policy for the prevention and fight against corruption is based on the following principles: 1) Oppose without exception any practices of corruption, illicit favours, collusive behaviour, or solicitations, whether direct or through third parties, for personal or career advantages for oneself or others; 2) Conduct activities in compliance with anti-corruption laws, all other administrative requirements, and any additional and improved corporate regulations; 3) Develop and implement all necessary organisational and procedural solutions to prevent and combat corrupt practices; 4) Select and promote the development of suppliers in accordance with the principles of this policy, requiring them to maintain behaviour consistent with it.
The Policy is also adopted in compliance with the requirements set out by the UNI EN ISO 37001:2016 standard, "Anti-bribery management systems – Requirements and guidance for use", and the tenth principle of the Global Compact, which states that "businesses should work against corruption in all its forms, including extortion and bribery". Italgas considers the development and maintenance of the aforementioned documents and its management systems as fundamental tools for raising awareness and engaging employees and stakeholders, as well as for improving its processes. With this in mind, the objectives of the policy are the following:

(i) the minimisation of the risk of violations that could expose the organisation to sanctions, financial damage and damage to its reputation;
(ii) increasing stakeholder confidence in the organisation's ability to carry out its activities in accordance with applicable regulations and highlight any non-compliance.
With a view to transparency and collaboration, including with regard to stakeholders, the Code of Ethics and the Policy are published on the company intranet and on the Group's website, making them accessible to anyone who is interested. For more information, refer to DR S2-2 and S2-3. In accordance with the provisions of the UNI ISO 37001:2016 standard, the Group has identified company positions with a corruption risk higher than low, in relation to which annual checks are carried out both by the internal departments set up for this purpose and by the external certification body DNV. The above-mentioned Departments are the first levels of the organisational structure of each company in the Italgas Group. Furthermore, Italgas undertakes to ensure that its directors, auditors, management, employees and all those who work to achieve the company's objectives respect the fundamental principles of the Code of Ethics, as essential behaviour for the efficiency, reliability and reputation of the company. Italgas is committed to raising awareness of corporate conduct issues, providing training on the company's Code of Ethics, Corporate Compliance Policy, Model 231, the reporting procedure and management systems dedicated to the prevention of corruption, as well as encouraging whistleblowing and compliance, and requiring acceptance of and compliance with the principles contained therein. These initiatives are aimed at its own staff and relevant stakeholders, using internal communications and specific training programmes, delivered both in the classroom and via e-learning. The courses are updated periodically, at least every three years or when necessary. The Supervisory Body also supervises the effectiveness of training on the Code of Ethics. The Code of Ethics and the Policy for the Prevention and Fight against Corruption apply to Italgas's staff and its business partners; the ultimate responsibility for the implementation of the above-mentioned documents lies with the Board of Directors and the CEO.
In accordance with European regulations on whistleblowing (EU Directive 2019/1937) and their respective national implementations, the Italgas Group has implemented a new platform for managing reports regarding, for example, working conditions, discrimination, human rights violations, and safety.
The platform (https://segnalazioniwhistleblowing.integrityline.com/), available in Italian, English and Greek, allows the reporter to choose whether to send anonymous or identifiable reports, either in written or oral form. In the case of oral alerts, the channel ensures the protection of the whistleblower's voice. Sensitive data are treated with the utmost care and in full compliance with the GDPR. Even for anonymous reports, it is possible to communicate with whistleblowers through a secure mailbox to obtain further information or confirm receipt of the report.
The Italgas Group has updated its reporting procedures to align with current regulations, defining the process for receiving, analysing, and managing reports, including anonymous or confidential ones. The Procedure is widely disseminated both internally, through publication on the company intranet, notice board postings, and training activities (especially for new hires), and externally via the company's website.
Specifically, the Whistleblowing Management System aims to:

- encourage the reporting of suspected violations of regulations in good faith, or based on reasonable belief, without fear of reprisals;
- support and protect whistleblowers and other stakeholders involved;

- reduce the risk of misconduct.

The management of reports and the related data processing for privacy purposes is carried out by each Italgas Group company through its own internal offices or through outsourcing arrangements by way of specific service contracts. The platform offers adequate guarantees to protect the confidentiality of the identity of the whistleblowers, the persons involved and the persons mentioned in the reports, as well as the contents of the reports and the related documentation.

The platform is only accessible to the Internal Audit Department, which refers reports, depending on their nature, to the Supervisory Body, the Whistleblowing Committee or the Qualified Whistleblowing Committee.

In addition, the reporting channel allows the Group to provide feedback to the whistleblower on the actions taken within 90 days of the report. To ensure that they are known and accessible, the company communicates the procedures and indicative management times transparently. In addition to the internal tools for compliance with the Whistleblowing Decree, the Group has additional non-mandatory tools for handling complaints, including the Anti-Corruption Compliance Standard and the management system in accordance with the UNI:ISO 37001:2016 Standard.

Management of relations with suppliers (G1-2)

The Italgas Group has implemented a structured workflow for managing the procure-to-pay cycle. Upon receipt of an incoming invoice, a verification and approval process begins, based on predefined thresholds and authorisation levels, before the invoice is recorded in the accounting system. The procedure ensures that, except in specific cases, authorisation and payment processing are carried out within standard contractual terms based on the invoice due date. In cases where invoices are disputed or under review, the process is suspended until the issue is resolved. For further details on the Group's approach to supplier relationships and assessments related to sustainability issues, including social and environmental criteria for supplier selection, please refer DR S2-4.

Prevention and detection of corruption and bribery (G1-3)

Italgas has implemented a robust system to prevent, detect and address risks and any episodes of corruption, based on several integrated procedures and policies, including:

- Corporate Compliance Policy, which illustrates the principles and objectives regarding the prevention of and fight against corruption, integrated compliance and reporting, aiming at an integrated compliance system to prevent and manage the risks of non-compliance;
- Policy for the prevention of and fight against corruption and an Anti-Bribery Management System in compliance with the UNI ISO 37001:2016 Standard, which includes the assessment of corruption risks, the planning and implementation of measures and controls to mitigate these risks, and periodic internal and external audits to assess the effectiveness of the Management System as a precursor to the renewal and maintenance of certification;
- Anti-Corruption Compliance Standard, which provides a systemic framework of reference for internal anti-corruption regulations and describes how to prevent and manage any episodes of corruption;
- Compliance Standard "Reports received by Italgas and its subsidiaries that regulates the process of receiving, analysing and handling reports of conduct that is illegal or in conflict with the Code of Ethics and/or Model 231.

At Italgas, investigations into possible corruptive events are mainly carried out independently by the Supervisory Body, which is made up of individuals from outside the organisation and has unlimited access to company information for investigation, analysis and control activities. Investigations may be carried out with the support of the Internal Audit and Security Departments and any other departments that may be necessary for the investigations. The Anti-Corruption Management System, in accordance with ISO 37001, requires the annual sharing of the Review Report by the Compliance Department for the Prevention of and Fight Against Corruption with the Supervisory Body, the Control, Risk and Related Party Transactions Committee, the Board of Statutory Auditors and the Board of Directors. The Report documents the results of the monitoring of the management system, including any detected episodes of corruption and the related management methods. With a view to transparency and collaboration towards all stakeholders, these documents are published on the company intranet and on the Group's website, making them accessible to anyone who is interested. Italgas is committed to raising awareness of the Anti-Corruption Management System among its employees and suppliers. This objective is pursued through specific training programmes, delivered in the classroom or via e-learning, which are updated periodically and, in any case, at least every three years, and involve all Group staff. Furthermore, Italgas provides anti-corruption training to its suppliers that do not have an adequate training programme in this area, which is required for the purposes of qualification. Periodically, classroom training sessions are held (administrative responsibility of entities - Legislative Decree 231/2001, code of ethics and anti-corruption) involving all the top management of the Group Companies, i.e., CEOs and their front lines, who represent the corporate functions with higher than low risk of corruption according to the anti-corruption risk assessment matrix. Of these recipients, 88% have benefited from such training programs. The topics covered in the training are administrative responsibility of entities, the management system for preventing and combating corruption adopted, the code of ethics as well as the system of sanctions provided for violation of the same. Anti-corruption training covers both active and passive corruption, both public and private, with relevant examples. The training is updated at least every 3 years. Members of the administrative, management and supervisory bodies do not receive training directly from the company, but upon accepting their office, they are given the relevant internal regulatory instruments and sign a declaration in which they undertake to know and abide by its principles.

Confirmed incidents of corruption or bribery (G1-4)

In 2024, there were no convictions or commuted fines for corruption or bribery incidents. In any case, the internal regulatory instruments provide for the application of disciplinary sanctions – up to and including dismissal for just cause – in the event of a violation of the internal anti-corruption policy and procedures, depending on the severity of the violation[117].

Political influence and lobbying activities (G1-5)

With regard to advocacy activities, the Group has defined clear roles and responsibilities for their management: the final responsibility for this lies with the Head of Institutional Relations and Regulatory Affairs, as there is no member of the corporate bodies with specific delegated powers regarding these issues. The issue at the basis of advocacy, lobbying and stakeholder engagement activities centres around the recognition of innovation and

[117] During 2024, no events of dismissal for just cause due to violation of the internal anti-corruption policy and procedures were recorded.

digitisation of the gas infrastructure as essential elements to enabling networks for the distribution of renewable gases, thus contributing to energy transition.

Below is an overview of the specific issues addressed during 2024 and any references to the related legislative dossiers:

- the strategic prospects for natural gas distribution infrastructures and their digital transformation;
- the role of biomethane and renewable gases (hydrogen) in the energy transition process;
- the progress of the development project for the methanisation of Sardinia and considerations on the related tariff regulation;
- the acquisition and management of assets in the water sector of the companies Acqualatina, Siciliacque and Acqua Campania, and other related open issues.
- participation in public conferences, such as Biogas Italy and the strategic role of biomethane in the Italian and European scenario – Pordenone;
- participation in public consultations on: National Hydrogen Strategy, National Integrated Energy and Climate Plan, MASE Decree for hydrogen incentives;
- support and expediting activities for funding that has already been allocated for: methanisation in Southern Italy (gas), investments funded by the National Recovery and Resilience Plan (hydrogen and water filling stations), the Development and Cohesion Fund, the National Plan for Infrastructure Investments and the Safety of the Water System, and wastewater reuse.

The IROs that are most closely related to these issues are all the ones concerning climate change and the impact of water leaks.

Italgas is registered in the European Union Transparency Register under identification number 477543424417-73.

The Group does not make contributions to political figures or groups, either in cash or in kind; nor is it legally obliged to register with a chamber of commerce or other organisation representing interests. Finally, no member of the Board of Directors and the Board of Statutory Auditors held a comparable position in the public administration (including regulatory authorities) in the two years prior to appointment in the current reporting period

Payment practices (G1-6)

The Group's standard contractual payment terms provide for payment of supplier invoices within 60 days from the last day of the month in which the invoice is issued. This payment standard applies to 97% of invoices of the main suppliers category, namely those belonging to the "network and metering works" cluster[118]. In 2024, in Italy, the average days between the Group's standard contractual payment deadline and the payment of the invoice amount to approximately 26 days, or 86 days from the last day of the month of invoice issuance[119]. The number of legal proceedings currently pending for late payment is 1[120]..

[118] Invoices for this category of suppliers make up about 74% of annual invoices for Group companies in terms of value. The terms of payment of the remaining invoices are governed by their specific contractual terms.
[119] The accounts payable cycle management procedure and the standard herein applies without distinction to large enterprises and SMEs. This amount was calculated on the basis of the extraction from accounting systems of payables paid in FY2024 by Group companies, as the average number of differences between the dates of invoices and the break-even date, i.e., the date of payment of invoices
[120] This value refers to a medium-size enterprise

Actions and resources in relation to material sustainability matters, Metrics in relation to material sustainability matters, Tracking effectiveness of policies and actions through targets (MDR-A, MDR-M, MDR-T).

The performance related to the “anti-corruption” topic is assessed in relation to the target for the renewal of the ISO 37001 certification on the management system for the prevention of and fight against corruption for the following consolidated companies of the Group: Italgas SpA, Reti, Geoside, Bludigit, Medea, Nepta, Toscana Energia, Enaon and Enaon EDA. The verification for the renewal of the certification is carried out every 3 years by an external certification body. In 2024, ISO 37001 anti-corruption certifications were obtained and/or renewed for all the companies listed above.

Each year, Italgas has its management system for the prevention of and fight against corruption submitted for the maintenance of ISO 37001:2016 certification, which it has now obtained. The actions undertaken involve all company processes and stakeholders, guaranteeing the effective implementation of the management system for the prevention of and fight against corruption within the territory in which the Group operates.

In 2024, Italgas achieved all the objectives set out in the improvement plan for the Management system for the prevention of and fight against corruption, in accordance with the ISO 37001:2016 standard. The objectives achieved include:

- the integration of the gifts register;
- the updating of the M&A procedure;
- the provision of training activities;
- obtaining and renewing ISO 37001:2016 certification for all companies included in the scope of reference.

Similarly, the improvement plans of the Group's other Italian companies have also been completed and the activities necessary to achieve the objectives for 2025 and 2026 are ongoing.

The financial resources (OpEx), committed in 2024 and for future years to preventing and combating corruption, amount to approximately 510 thousand euros annually. This figure includes the labour costs of the Compliance & Anti-Corruption Departments and the related departmental budget.

Certification in sustainability reporting pursuant to Article 81-*ter*, subsection 1, of the Consob Regulation no. 11971 of 14 May 1999 as amended and supplemented

1. Pursuant to Article*154-bis*, subsection 5-*ter*, of Legislative Decree 58 of 24 February 1998, the undersigned Paolo Gallo and Gianfranco Amoroso, as Chief Executive Officer and Officer responsible for the preparation of financial reports of the Italgas Group respectively, certify that the sustainability report included in the Directors' report has been prepared:

a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree no. 125 of 6 September 2024;

b) with the specifications adopted pursuant to Article 8, subsection 4 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

2. In this regard, no significant facts of note emerged.

Date: 12 february 2025

Chief Executive Officer

Paolo Gallo

The officer responsible for the preparation of financial reports

Gianfranco Maria Amoroso

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Italgas S.p.A.

Conclusion

Pursuant to artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement (the "consolidated sustainability statement") of the Italgas group (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the report of Directors.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- The consolidated sustainability statement of the Italgas group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS").

- The information included in the paragraph "7.2 Environmental information - Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.

Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information presented in the consolidated sustainability statement for the year ended on December 31, 2023 has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of Italgas S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in "7.1 General Information – ESRS 2 – General disclosures - Description of processes to identify and assess material impacts, risks and opportunities (IRO-1)" of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- Compliance with ESRS.
- Compliance of the information included in the paragraph "7.2 Environmental information - Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

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The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions of the Group, as indicated in the paragraph "7.1 General Information – ESRS 2 – General disclosures - General basis for preparation of sustainability statements and disclosures in relation to specific circumstances (BP-1, BP-2)". Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as described in the paragraph "7.1 General Information – ESRS 2 – General disclosures - General basis for preparation of sustainability statements and disclosures in relation to specific circumstances (BP-1, BP-2)".

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- Considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error.

- Designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control.

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- The direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- Understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters.

- Understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter.

- Understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters.

- Identification of the information where a risk of material misstatement is likely to arise.

- Design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement.

- Understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement.

- Comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature.

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- Verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS.

- Obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, March 10, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

		As of 31 December 2023		As of 31 December 2024	
(€ thousands)	**Notes**	**Total**	***of which, related parties***	**Total**	***of which, related parties***
ASSETS					
Cash and cash equivalents	(7)	249,963		402,662	
Current financial assets	(8)	4,248	*2,127*	3,592	*2,125*
Trade and other receivables	(9)	853,488	*184,114*	905,092	*234,138*
Inventories	(10)	79,052		57,232	
Current tax receivables	(11)	17,475		0	
Other current financial assets	(20)	18,094		5,878	*0*
Other current non-financial assets	(12)	152,864	*2*	232,559	*288*
Total current assets		**1,375,184**		**1,607,015**	
Property, plant and equipment	(13)	386,040		383,327	
Intangible assets	(14)	8,772,609		8,833,270	
Investments accounted for using the equity method	(15)	131,771		155,715	
Non-current financial assets	(16)	23,778	*3,655*	339,747	*1,570*
Non-current tax receivables	(11)	12,876		17,612	
Other non-current financial assets	(20)	13,708	*0*	10,982	*0*
Other non-current non-financial assets	(12)	417,069	*287*	619,322	*406*
Total non-current assets		**9,757,851**		**10,359,975**	
Assets held for sale	(17)	**6,613**	***0***	**5,351**	***0***
TOTAL ASSETS		**11,139,648**		**11,972,341**	
LIABILITIES AND EQUITY					
Current financial liabilities	(18)	1,033,434	*636*	980,569	*4,580*
Trade and other payables	(19)	829,862	*65,775*	1,184,609	*64,410*
Current tax liabilities	(11)	20,448	*0*	25,562	*0*
Other current non-financial liabilities	(21)	17,393	*222*	14,063	*1,093*
Total current liabilities		**1,901,137**		**2,204,803**	
Non-current financial liabilities	(18)	5,886,922	*1,566*	6,205,299	*141,566*
Provisions for risks and charges	(22)	109,851	*0*	92,122	*0*
Provisions for employee benefits	(23)	65,330	*0*	61,279	*0*
Deferred tax liabilities	(24)	47,780	*0*	48,345	*0*
Other non-current non-financial liabilities	(21)	527,884	*0*	566,985	*0*
Total non-current liabilities		**6,637,767**		**6,974,030**	
TOTAL LIABILITIES		**8,538,904**	***0***	**9,178,833**	***0***
EQUITY	(25)				
Share capital		1,003,228		1,003,844	
Other reserves		191,529		175,584	
Retained earnings		645,747		799,635	
Profit for the year		439,568		478,854	

Equity attributable to the Owners of the parent company	**2,280,072**	**2,457,917**
Non-controlling interests	**320,672**	**335,591**
TOTAL EQUITY	**2,600,744**	**2,793,508**
TOTAL LIABILITIES AND EQUITY	**11,139,648**	**11,972,341**

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Income Statement

		For the year ended 31 December 2023		**For the year ended 31 December 2024**	
(€ thousands)	**Notes**	**Total**	***of which, related parties***	**Total**	***of which, related parties***
Revenues		2,564,193	*45,865*	2,478,644	*744,304*
Other income		74,648	*3,129*	60,792	*6,835*
Total revenues and other income	(27)	**2,638,841**		**2,539,436**	
Costs for raw materials, consumables, supplies and goods		(195,869)	*(14,166)*	(168,459)	*(6,622)*
Costs for services		(792,394)	*(13,300)*	(604,545)	*(10,198)*
Lease expenses		(89,133)	*(1,125)*	(102,496)	*(1,235)*
Personnel costs		(276,800)		(285,133)	
Impairment of trade receivables net		(124)		822	
Other expenses		(57,718)	*(72,858)*	(60,921)	*(86,154)*
Total costs and other expenses	(28)	**(1,412,038)**		**(1,220,732)**	
Amortisation, depreciation and impairment of assets	(29)	**(545,546)**		**(536,555)**	
Operating result		**681,257**		**782,149**	
Financial expense		(103,642)	*0*	(149,566)	*(1,171)*
Financial income		5,490	*1*	28,521	*253*
Gain/(loss) on derivative financial instruments measured at fair value		(77)		379	
Total net financial expense	(30)	**(98,229)**		**(120,666)**	
Share of the profit of investments in associates/joint ventures		1,652	*1,652*	9,945	*9,945*
Other income (expense) from equity investments		1,416	*25*	1,264	*0*
Total net income from equity investments	(31)	**3,068**		**11,209**	
Profit before taxes		**586,096**		**672,692**	
Income taxes	(32)	118,625		165,257	
Profit for the year		**467,471**		**507,435**	
Attributable to:					
Owners of the parent company		439,568		478,854	
Non-controlling interests		27,903		28,581	
Earnings per share (€ per share)	(33)				
- basic and diluted from continuing operations		0.54		0.59	
- total basic and diluted		0.54		0.59	

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

	For the year ended 31 December 2023	For the year ended 31 December 2024
(€ thousands)		
Profit for the year	**467,471**	**507,435**
Other comprehensive income		
Components that may be reclassified subsequently to the income statement:		
Fair value gain/(loss) arising form hedging instruments during the period	(21,637)	(13,543)
Tax effect	5,192	3,251
Total components that may be reclassified subsequently to the income statement	**(16,445)**	**(10,292)**
Components that will not be reclassified to the income statement:		
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	222	(626)
Change in fair value of investments measured at FVTOCI	(515)	112
Tax effect	75	142
Total components that will not be reclassified to the income statement	**(218)**	**(372)**
Total other components of comprehensive income, net of tax effect	**(16,663)**	**(10,664)**
Total comprehensive income for the year	**450,808**	**496,771**
Attributable to Owners of the parent company	**423,790**	**467,371**
Attributable to non-controlling interests	**27,018**	**29,400**

Consolidated Statement of changes in Equity

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained Earnings	Profit for the year	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of 1 January 2023 (a) (Note 25)	**1,002,608**	**(323,907)**	**624,449**	**200,246**	**(7,195)**	**38,261**	**(349,839)**	**7,202**	**609**	**12,534**	**496,006**	**407,288**	**2,108,262**	**282,308**	**2,390,570**
2023 profit for the year												**439,568**	**439,568**	**27,903**	**467,471**
Other components of comprehensive income:															
Components that may be reclassified subsequently to the income statement:															
-Fair value gain/(loss) arising from hedging instruments during the period, net of tax effect						(15,578)							**(15,578)**	**(867)**	**(16,445)**
Components will not be reclassified to the income statement:															
- Actuarial gains (losses) from remeasurement of defined benefit plans for employees, net of tax effect					171								**171**	**(18)**	**153**
- Change in fair value of investments measured at FVTOCI, net of tax effect									(371)				(371)		**(371)**
Total comprehensive income 2023 (b)					**171**	**(15,578)**			**(371)**			**439,568**	**423,790**	**27,018**	**450,808**
Transactions with shareholders:															
- Allocation of 2022 profit for the year				400							406,888	(407,288)			
- Dividends to Owners of the parent company											(257,147)		**(257,147)**		**(257,147)**
- Dividends to non-controlling interests														**(12,848)**	**(12,848)**
- Change in Stock grant reserve								2,215					**2,215**		**2,215**
Total transactions with shareholders (c)				**400**				**2,215**			**149,741**	**(407,288)**	**(254,932)**	**(12,848)**	**(267,780)**
Other changes in shareholders' equity (d)	**620**		**1,803**							**529**			**2,952**	**24,194**	**27,146**
Balance as at of 31 December 2023 (e=a+b+c+d) (Nots 25)	**1,003,228**	**(323,907)**	**626,252**	**200,646**	**(7,024)**	**22,683**	**(349,839)**	**9,417**	**238**	**13,063**	**645,747**	**439,568**	**2,280,072**	**320,672**	**2,600,744**

(€ thousands)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Reserve for defined benefit plans for employees, net of tax effect	Fair value reserve for cash flow hedge derivatives, net of tax effect	Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained Earnings	Profit for the year	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of 1 January 2024 (a) (note 25)	**1,003,228**	**(323,907)**	**626,252**	**200,646**	**(7,024)**	**22,683**	**(349,839)**	**9,417**	**238**	**13,063**	**645,747**	**439,568**	**2,280,072**	**320,672**	**2,600,744**
2024 profit for the year												**478,854**	**478,854**	**28,581**	**507,435**
Components that may be reclassified subsequently to the income statement:															
-Fair value gain/(loss) arising from hedging instruments during the period, net of tax effect ***Components will not be reclassified to the income statement:*** - Actuarial gains (losses) from remeasurement of defined benefit plans for employees, net of						(11,159)							**(11,159)**	**867**	**(10,292)**
- Change in fair value of investments measured at FVTOCI, net of tax effect					(405)								**(405)**	**(48)**	**(453)**
Components that may be reclassified subsequently to the income statement:									81				81		**81**
Total comprehensive income 2024 (b)					**(405)**	**(11,159)**			**81**			**478,854**	**467,371**	**29,400**	**496,771**
Transactions with shareholders:															
- Allocation of 2023 profit for the year				123							439,445	(439,568)			
- Dividends to Owners of the parent company											(285,557)		**(285,557)**		**(285,557)**
- Dividends to non-controlling interests														(14,179)	**(14,179)**
- Change in Stock grant reserve	616		2,143					(1,185)		(616)			**958**		**958**
- Change in scope of consolidation														668	**668**
Total transactions with shareholders (c)	**616**		**2,143**	**123**				**(1,185)**		**(616)**	**153,888**	**(439,568)**	**(284,599)**	**(13,511)**	**(298,110)**
Other changes in shareholders' equity (d)										(4,927)			**(4,927)**	**(970)**	**(5,897)**
Balance as of 31 December 2024 (e=a+b+c+d) (Nots 25)	**1,003,844**	**(323,907)**	**628,395**	**200,769**	**(7,429)**	**11,524**	**(349,839)**	**8,232**	**319**	**7,520**	**799,635**	**478,854**	**2,457,917**	**335,591**	**2,793,508**

Consolidated Statement of Cash Flow

(€ thousands)	Note	For the year ended 31 December 2023	For the year ended 31 December 2024
Profit for the year		**467,471**	**507,435**
Adjustments for:			
Amortisation, depreciation and impairment of assets	(29)	544,327	536,555
Share of the profit of investments in associates/joint ventures		(1,824)	(9,945)
Other income from equity investments (net of dividends received)		(42)	(1,264)
Stock grant		2,232	(931)
(Gains)/Losses arising from the disposal of non-current assets		38,485	37,868
Financial income		(5,412)	(28,900)
Financial expense		103,337	149,547
Income taxes	(32)	118,625	165,257
Change in provisions for employee benefits		(6,715)	(7,094)
Changes in working capital:			
- Inventories		41,305	25,952
- Trade receivables		(511,296)	(191,383)
- Trade payables		(431,738)	(43,114)
- Provisions for risks and charges		(34,378)	(19,955)
- Other assets		502,288	121,761
- Other liabilities		(51,212)	(22,481)
Dividends cashed in		672	961
Financial income collected		4,376	13,646
Financial expense paid		(88,722)	(107,364)
Income taxes paid, net of tax credits reimbursed		(119,107)	(27,836)
Net cash flow from operating activities		**572,672**	**1,098,715**
of which, related parties	(36)	*386,300*	*805,594*
Investments:			
- Property, plant and equipment		(24,534)	(33,489)
- Intangible assets		(837,368)	(859,179)
- Business combinations, net of cash acquired			51,231
- Equity investments		(78,291)	(15,810)
- Change in financial receivables instrumental to operating activities			(16,589)
- Change in payables for investments		60,729	36,967
Disinvestments:			
- Property, plant and equipment		159	3,323
- Intangible assets		21,298	11,158
- Business units		403	0
- Equity investments		0	2,256
- Change in receivables for disinvestments		0	10,998
Net cash flow used in investing activities		**(857,604)**	**(809,134)**
Proceeds from non-current financial debt		537,980	1,167,540
Repayment of non-current financial debt		(164,174)	(982,774)

Increase in current financial debt		8,532	11,672
Proceeds from financial asset		2,127	656
Dividends paid		(270,483)	(299,837)
Repayment of lease liabilities		(31,033)	(34,139)
Net cash flow from/ (used in) financing activities		**82,949**	**(136,882)**
of which, related parties	(36)	*(97,338)*	*31,263*
Net cash flow for the year		**(201,983)**	**152,699**
Opening cash and cash equivalents	(7)	451,946	249,963
Closing cash and cash equivalents	**(7)**	**249,963**	**402,662**

Notes to the Consolidated Financial Statements

Company Information

The Italgas Group, comprising the parent company Italgas S.p.A. and its subsidiaries (collectively referred to "Italgas", "Italgas Group" or "Group"), operates in the regulated activities of natural gas distribution, water services and energy efficiency.

Italgas S.p.A. is a joint stock company incorporated under Italian law and listed on the Milan Stock Exchange, with registered offices in Milan, via Carlo Bo 11.

CDP S.p.A. has "de facto" control over Italgas S.p.A. pursuant to the accounting principle IFRS 10 "Consolidated Financial Statements".

As December 31, 2024, CDP S.p.A. holds, directly through CDP Reti S.p.A.[1] 25.98% stake in Italgas S.p.A. and, indirectly through Snam S.p.A., a 4.23% stake.

The parent company, Italgas S.p.A., is not subject to direction and coordination activities. Italgas S.p.A. exercises direction and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Italian Civil Code.

1) Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Commission according to the procedure pursuant to Article 6 of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Article 9 of Legislative Decree no. 38/2005. The IFRS also include the International Accounting Standards ("IAS") as well as the interpretive documents still in force issued by the IFRS Interpretations Committee ("IFRS IC"), including those previously issued by the International Financial Reporting Interpretations Committee ("IFRIC") and, before that, by the Standing Interpretations Committee ("SIC").

In the 2024 Consolidated Financial Statements, the same consolidation principles and valuation criteria as the previous year are applied, except for the international accounting standards that came into effect on 1 January 2024, as detailed in the following section "Accounting principles and interpretations applicable from 2024" of these Consolidated Financial Statements.

The Consolidated Financial Statements are prepared on a going-concern basis, using the historical cost method, considering, where appropriate, value adjustments with the exception of the items which, according to IFRS, must be measured at *fair value*, as described in the valuation criteria.

The Consolidated Financial Statements as at 31 December 2024 were approved and authorized for publication by the Board of Directors of Italgas S.p.A. in the meeting of 12 February 2025 The Italgas S.p.A. Consolidated Financial Statements as at 31 December 2024, are subjected to audit by Deloitte & Touche S.p.A..

The Consolidated Financial Statements are presented in Euro. Amounts in the Consolidated Financial Statements and related Notes, considering their significance, are expressed in thousands of Euro, unless otherwise indicated.

Certain information contained in the Notes to the Consolidated Financial Statements, when extracted from the XHTML format into an XBRL instance document, due to certain technical limitations, may not be reproduced identically to the corresponding information displayed in the Consolidated Financial Statements in XHTML format.

[1] CDP S.p.A. holds 59.10%.

Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board), approved by the European Union (EU) and that came into effect on 1 January 2024

The following provisions issued by the IASB (International Accounting Standards Board) entered into effect in the European Union on 1 January 2024:

On 23 January 2020, IASB published a document named **"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"** and on 31 October 2022 published an amendment named **"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"**. These changes seek to clarify how to classify debts and other short or long-term liabilities. Furthermore, the changes also improve the information an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants).

On 22 September 2022 the IASB issued the document **"Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)"** with amendments that clarify how the seller of an asset, subsequently the lessee of that asset, measures sale and leaseback transactions pursuant to IFRS 15. The Board established that the seller-lessee must measure the Liabilities arising from the leaseback in a way that does not recognise any gain or loss connected to the right to continue to use the asset.

On 25 May 2023, the IASB published the **"Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)"**, which is an amendment to be applied in the case of arrangements involving supplier financing, in order to require additional qualitative and quantitative information to be provided by the financing entity with respect to existing obligations. This information relates to the characteristics of the arrangements, carrying amounts, impacts on the entity's cash flows, etc. Furthermore, the IASB has decided that, in most cases, aggregate information on an entity's supplier financing arrangements meets the information requirements of users of financial statements.

The adoption of these amendments had no effect on the Consolidated Financial Statements of the Group.

Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board) but not yet in force

On 30 May 2024, the IASB published "**Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7**". The document clarifies aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary on achieving ESG objectives (i.e. green bonds). In particular, the amendments aim to:

- clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
- determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash at the settlement date if there are certain specific conditions.

With these changes, the IASB has also introduced additional disclosure requirements relating in particular to investments in equity instruments designated as FVOCI. The amendments will apply from financial years beginning from 1 January 2026.

On 9 April 2024, the IASB published the new standard, IFRS 18 **"Presentation and Disclosures in Financial Statements**", which will replace IAS 1 "Presentation of Financial Statements", with the aim of improving the way companies disclose in their financial statements.
The main new features of the new standard concern the introduction of defined categories and subtotals in the income statement, the introduction of requirements to improve aggregation and disaggregation, the introduction of management-defined performance indicator (MPMs) disclosures in the notes to the financial statements, and targeted improvements to the cash flow statement by amending IAS 7.

The standard will be effective for financial years beginning on or after 1 January 2027 and early application is permitted.

On 18 July 2024, the IASB published "**"Annual Improvements to IFRS Accounting Standards-Volume 11"**" containing amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The IASB annual improvements are limited to amendments intended to clarify the formulation of one IFRS standard or to correct unwanted consequences related to discrepancies between the requirements of the various standards.
The amendments contained in the above Annual Improvements refer to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards in relation to the accounting or not of hedging instruments by a first-time adopter following the transition to IFRS;
- IFRS 7 Financial Instruments: Disclosures for additional information with reference to the following points:
  - Gain or loss on derecognition
  - Supplementary information on the difference between the fair value and the transaction price of an asset
  - Supplementary information on credit risk;
- IFRS 9 Financial Instruments in relation to:
  - Derecognition of lease liabilities
  - Transaction price;
- IFRS 10 Consolidated Financial Statements – Determination of a "De Facto Agent", a party who acts on behalf of another investor, for the purposes of supervision of an affiliate;
- IAS 7 Statement of Cash Flows – Cost Method.

The amendments will be mandatory for financial years starting on or after 1 January 2026; early application is permitted. The administrators are currently assessing the possible effects of introducing the new principles.

2) Financial Statements

The formats adopted for the preparation of the financial statements are consistent with the provisions of IAS 1 - "Presentation of financial statements" ("IAS 1"). In particular:

- the Consolidated Statement of Financial Position items are broken down into assets and liabilities, and then further into "current or non-current items [2]";
- the Consolidated Income Statement classifies costs by nature, since this is deemed to be the best way of representing the Group's operations and it is in line with international best practice;
- the Consolidated Statement of Comprehensive Income shows the profit or loss in addition to the income and expense recognised directly in equity as expressly provided for by the IFRS;
- the Consolidated Statement of changes in Equity reports the total income (expense) for the financial year, shareholder transactions and the other changes in equity;
- the Consolidated Statement of Cash Flows is prepared using the "indirect" method, adjusting the profit for the year for non-monetary components.

It is believed that these statements adequately represent the Group's situation with regard to its Statement of Financial Position, Income Statement and Statement of Cash Flows.

For a better representation and comparison of the financial statement items, the figures related to the comparative financial year have been suitably reclassified where necessary. More specifically:

- With reference to the Consolidated Statement of Comprehensive Income, "Allocations to/releases from provision for risks and charges" has been reclassified in the "Other expenses", and "Dividends" has been reclassified in "Net income from equity investments";

- With reference to the Consolidated Statement of Cash Flow: (i) "Amortisation and depreciation" and "Net impairment of assets" have been included in the "Amortisation, depreciation and impairment of

[2] The assets and liabilities are classified as current if: (i) their realisation/settlement is expected in the company's normal operating cycle or within twelve months after the financial year-end; (ii) they are composed of cash or cash equivalents which do not have restrictions on

assets"; (ii) "Dividends" has been included in "Net income from equity investments"; (iii) "Other assets and liabilities" has been split into "Other assets" and "Other liabilities".

With regard to the same Consob Resolution, the balances of receivables/payables and transactions with related parties, described in more detail in the note "Related party transactions", are shown separately in the Consolidated Financial Statements.

3) Consolidation principles

The Consolidated Financial Statements include the financial statements of Italgas S.p.A. and those of the entities over which the Company has the right to exercise direct or indirect control, as defined by IFRS 10 – "Consolidated Financial Statements". Specifically, control exists where the controlling entity simultaneously:

- has the power to make decisions concerning the affiliate;
- is entitled to receive a share of or is exposed to the variable profits and losses of the affiliate;
- is able to exercise power over the affiliate in such a way as to affect the amount of its economic returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries, joint ventures, associates and other significant equity investments are indicated separately in the Appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. as at 31 December 2024", which is an integral part of these notes.

All financial statements of consolidated companies close at 31 December and are presented in Euro.

Companies included in the scope of consolidation

Subsidiaries are fully consolidated on a line-by-line basis ("*full consolidation*") from the date the Company obtains control (either directly or indirectly) and are deconsolidated from the date the Company loses control. In the event of loss of control, the Group derecognises the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and other equity components related to the subsidiary and recognises the *fair value* of any consideration received for the transaction. Any investment held in the previously subsidiary is measured at *fair value* on the date control is lost.
The equity shares and profit or loss attributable to non-controlling interests are separately recorded in specific items of Equity, Income Statement and Statement of Comprehensive Income.
Changes in the equity investments held (either directly or indirectly) by the Company in subsidiaries that do not result in a change in the qualification of the investment as a subsidiary are recorded as equity transactions. The carrying amount of the equity attributable to the owners of the parent company and attributable to non-controlling interests are adjusted to reflect the change in the equity investment. The difference between the carrying amount of non-controlling interests and the *fair value* of the consideration paid or received is recorded directly under equity attributable to owners of the parent company.
Otherwise, the sale of interests that result in the loss of control leads to recognition in the income statement of: (i) any gains or losses calculated as the difference between the consideration received and the corresponding portion of equity sold; (ii) the effect of the revaluation of any remaining equity investment held to align it with its *fair value*; and (iii) any amounts recorded in other components of comprehensive income related to the former subsidiary, for which reversal to the income statement is required. The *fair value* on the date of loss of control of any remaining equity investment held represents the new carrying amount of the equity investment, and, therefore, the value for the subsequent valuation of the equity investment according to the applicable valuation criteria.
All intra-group balances and transactions, including any unrealised gains and losses on intra-group transactions, are eliminated in the preparation of the Consolidated Financial Statements.

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their use over the twelve months following the year-end date; (iii) they are mainly held for trading purposes; or (iv) with reference to liabilities, the company does not have the unconditional right to defer settlement of the liability for at least twelve months from the financial year closing date.

Investments in associates and joint ventures

An associate is an affiliate over which the Group holds significant influence, meaning the power to participate in the determination of the financial and operating policies, but without having control or joint control[3]. It is presumed that the investor has significant influence (unless proven otherwise) if it holds, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.
A joint venture is a joint arrangement in which the parties holding joint control have rights to the net assets of the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle.

The economic results and the assets and liabilities of associates and joint ventures are recognised, in the Consolidated Financial Statements, using the equity method, starting from the date the Group holds a significant influence or joint control, respectively, except in cases where they are classified as held for sale.
The Consolidated Financial Statements include the Group's share of profit or loss of subsidiaries recognized using the equity method until the date when significant influence or joint control ceases.

Business combinations

Business combinations are recognized using the acquisition method, as required by IFRS 3 - "Business Combinations". Accordingly, the consideration transferred in a business combination is determined as of the control acquisition date and is equal to the *fair value* of the transferred assets, the liabilities incurred or assumed, as well as any equity instruments issued by the acquirer. Directly attributable costs of the transaction are recognized to the income statement when incurred.
Goodwill arising from the acquisition of control of an equity investment or a business unit represents the excess of the acquisition cost (defined as the sum of the considerations transferred in the business combination) over the fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity at the acquisition date. Any residual difference, if negative, is recognised in the income statement as a bargain purchase gain.
Any adjustments to goodwill may be recognised during the measurement period (which cannot exceed one year from the acquisition date) as a result of subsequent changes in the *fair value* of the contingent consideration or the determination of the fair value of assets and liabilities acquired, if these were provisionally recognised at the acquisition date and if such changes are determined as adjustments based on new information regarding facts and circumstances existing at the date of the business combination.
In the case of acquisition of a non-total controlling interest, the goodwill and, correspondingly, the share attributable to non-controlling interests may be determined at the acquisition date either based on the acquired percentage of control (the "*partial goodwill method*") or by measuring the share attributable to non-controlling interests at *fair value* (the "*full goodwill method*"). The choice of the goodwill determination method ("*Partial goodwill method*" or "*Full goodwill method*") is made selectively for each business combination.
If the cases of acquiring control in stages, the acquisition cost is determined by adding the *fair value* of the previously held equity investment in the acquired entity to the amount paid for the additional interest. The difference between the *fair value* of the previously held equity investment, re-measured at the acquisition date, and its carrying amount is recognised in the income statement. Upon the acquisition of the control, any components previously recorded in other comprehensive income are reclassified to the income statement or to another item of equity, if the reversal to the income statement is not required.

Business combinations involving entities under joint control

Business combinations involving companies that are ultimately controlled by the same company or companies before and after the business combination, where such control is not temporary, are classed as "*Business combinations of entities under common control*". These transactions are excluded from the scope of IFRS 3 and are not governed by other IFRS. In the absence of a specific accounting standard, the selection of the accounting principle for such transactions, where significant influence over future cash flows cannot be established, is guided by the principle of prudence, leading to the application of the continuity of values method for the acquired net assets. The assets are recognised at their carrying amount as reflected in the financial statements of the acquired companies before the transaction or, if available, at the values resulting from the consolidated financial statements of the common ultimate parent company. In relation to transfers of business under common control, the receiving entity must recognised the transferred business at its historical carrying

[3] Joint control is the contractual sharing of control pursuant to an agreement, which exists only where the unanimous consent of all the parties that share power is required for decisions relating to significant activities.

amount, increasing its equity by an equal amount. The transferring entity will symmetrically recognise the equity investment in the receiving entity for an amount equal to the increase in the equity of the latter.
This accounting treatment is based on the Preliminary Guidelines on IFRS (OPI 1 Revised) - "Accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements" issued by Assirevi in October 2016.

4) Material accounting policies

The most significant accounting policies adopted when preparing the Consolidated Financial Statements are described below.

Property, plant and equipment

Property, plant and equipment are recognised at the purchase or production cost, including directly attributable ancillary costs needed to make the assets available for use.
Property, plant and equipment may not be revalued, even through the application of specific laws.
Costs for improvements, upgrades and transformations that increase the value of property, plant and equipment are recognized as assets when it is probable that they will increase the future expected economic benefits. Replacement costs of identifiable components of complex assets are recognized as assets and depreciated over their useful life. The residual carrying amount of the replaced component is charged to the income statement. Ordinary maintenance and repair expenses are recognized to the income statement in the period when they are incurred.
If impairment indicators are present, the carrying amount of property, plant and equipment is tested for potential impairment (refer to the section "Impairment of property, plant and equipment and intangible assets with a finite useful life" for further details).

Rights of use

A contract is, or contains, a lease if it grants an entity the right to control the use of an identified asset for a certain period of time in exchange for a consideration.
For leases with a term over 12 months, (i) an asset, within the "Property, plant and equipment", as the right of use of the asset and (ii) a financial liability, representing the obligation to make the lease payments envisaged by the contract, are recognised to the financial statements at the commencement date, when the asset is made available for use.

The cost of the asset consisting of right of use includes:

a) the amount of the initial measurement of the lease liability;
b) lease payments due on or before the commencement date, net of any lease incentives received;
c) initial direct costs incurred;
d) costs for dismantling and restoring the site.

Lease liabilities include the following payments for the right to use the underlying asset over the lease term that remain unpaid as at the commencement date:

a) fixed payments, net of any lease incentives receivable;
b) variable payments due for the lease that depend on an index or rate;
c) amounts payable as residual value guarantees;
d) the exercise price of the purchase option when it is the reasonably certain the option will be exercised;
e) termination penalties when the lease is expected to be terminated.

The discount rate used is the implicit interest rate of the lease for the lease term. If this rate cannot be easily determined, the Group's incremental borrowing rate, taking into account the frequency and payments under the lease agreement, is used.
After initial recognition, the right-of-use asset is systematically amortised over each period, at the lower of the lease term and the residual useful life of the underlying asset. Amortisation begins on the lease commencement date. In the event of impairment, regardless of the amortisation already recognized, the asset is written down in accordance with the criteria outlined in the Impairment of non-financial assets principle.
Lease term is calculated by considering the "non-cancellable" period, together with periods covered by an extension or early termination option, whose exercise is deemed reasonably certain using information available at the inception date. In significant changes occur in facts and circumstances under the Group's control that would modify the assessment of the reasonable certainty of exercising the options, the Group will reassess the lease term.

As permitted by IFRS 16, the Group has applied the exemptions for short-term leases, i.e. leases with a duration of less than 12 months, and for leases related to assets of low value.

Depreciation of property, plant and equipment

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, defined as the period during which the asset is expected to be usable by the entity. Depreciation begins when the asset is available and ready for use.
The depreciable amount is represented by the carrying amount, reduced by the estimated net realisable value at the end of its useful life, if significant and reasonably determinable.
The table below shows the annual depreciation rates used for the current year, unchanged from the comparative year, except for the "Other plant and equipment" category, whose annual depreciation rate has changed due to the acquisition of assets as a result of the acquisition of Acqua Campania in the current year:

	Annual depreciation rate (%)
Land and building	
- Industrial buildings	2%
- Civil buildings	3%
Plant and equipment	
- Other plant and equipment	4% - 8.3%
Industrial and commercial equipment	
- Office furniture and machinery	10% - 33.3%
- Vehicles	20% - 25%
Rights of use	Depending on the term of the lease agreements

When an item included in "Property, plant and equipment" consists of several significant components with different useful lives, depreciation is applied to each component separately ("component approach").

Land, even when purchased together with a building, construction in progress, advances and assets held for sale are not depreciated (for more details, refer to section "Assets held for sale").

Depreciation rates are reviewed annually and adjusted if no longer appropriately reflect the expected future benefits. Any changes to the depreciation plan, resulting in a revision of the asset's useful life, its residual value or the method of obtaining economic benefits from the asset is recognised for prospectively.

Assets that can be freely transferred are depreciated over the term of the concession or the asset's useful life, if shorter.

Intangible assets

Intangible assets are assets without identifiable physical substance, but are identifiable, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired for consideration. Intangible assets are recognised at the cost of purchase or internal production, when its probable that their use will generate future economic benefits and their cost can be reliably determined.

Revaluations are not permitted, even under specific laws.

Development costs are recognised as intangible assets only when the Group can prove the technical feasibility of completing the intangible asset, as well as the ability, intention and availability of resources to complete the asset for use or sale. Research costs are recognised in the income statement.

Intangible assets with a defined useful life are measured at cost, net of accumulated amortisation and impairment losses.

Goodwill and other intangible assets with an indefinite useful life are not amortised but are tested for impairment at each reporting date, as required by IAS 36, to determine if any impairment losses need to be reflected in the financial statements.

Intangible assets are derecognised when the disposal of or when no future economic benefit is expected from their use; the related gain or loss is recognised in the income statement.

Service concession arrangements

Intangible assets include service concession agreements between the public and private sectors for the development, financing, management and maintenance of infrastructures under concession where the grantor: (i) controls or regulates the services provided by the operator through the infrastructure and the applicable price; and (ii) controls, through ownership, entitlement to benefits, or otherwise, any significant residual interest in the infrastructure at the end of the concession. The accounting provisions for the service concession agreements are applicable for the Italgas Group as a public service distributor of natural gas and other gases and the integrated water service or where Italgas Group is committed to providing the public service distribution of natural gas or the public water transport and distribution service at the tariff established in Italy by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA) and in Greece by the Regulatory Authority for Energy Waste and Water (RAEWW or PAAEY, each separately or jointly "Authority"), holding the right to use the infrastructure, controlled by the grantor, to deliver the public service.
The Group applies the intangible asset model as provided by IFRIC 12 for accounting service concession agreements. The intangible asset is recognised at cost both at initial recognition and for subsequent recognition. Construction and improvements activities of network and other services are recognised and measured by applying IFRS 15.

Amortisation of intangible assets

Intangible assets with a defined useful life are amortised systematically over their useful life, defined as the period in which the asset is expected to be usable by the entity. Amortisation begins when the intangible asset is available for use.
The amount to be amortised is the carrying value, reduced by the estimated net realisable value at the end of its useful life if significant and reasonably determined.
The table below shows the annual amortisation rates used for the current year, unchanged from the comparative year:

	Annual depreciation rate (%)
Patent rights and intellectual property rights	20% - 33.3%
Concession expenses	Depending on the term of the agreement
Land and buildings (concession agreements)	
- Industrial buildings	1.67% - 5%
- Other constructions	9% - 10%
Plant and equipment (concession agreements)	
- Network	1.67% - 5%
- Principal and secondary facilities	4% - 6%
- Derivation plants	2% - 10%
Industrial and commercial equipment (concession agreements)	
- Metering and control equipment	6.7% - 20%

Grants

Capital grants granted by public authorities are recognised when there is reasonable certainty that the conditions set by the granting government agencies for their allocation will be met, and they are recognised as a reduction in the purchase price, contribution or production cost of the related assets.

Operating grants are recognised in the income statement on an accrual basis, consistent with the relative costs incurred.

Impairment of non-financial assets

Impairment of property, plant and equipment and intangible assets with a finite useful life

At least annually, property, plant and equipment and intangible assets with a finite useful life are assessed to verify the existence of internal and external indicators of potential impairment.

If these indicators are present, recoverability is tested by comparing the carrying amount with its recoverable amount, as the higher of the *fair value* less *costs to sell* (see section “Fair value measurement”) and the value in use.

The assessment is carried out for each individual asset or for the smallest identifiable group of assets which, through continuous use, generate cash inflows largely independent of those of other assets or groups of assets (“*Cash-Generating Units*” or “*CGUs*”).

The CGUs identified by the Group’s are as follows: Distribution and metering of natural and other gases (regulated activity), Distribution and metering of natural gas abroad (regulated activity), Integrated water service (regulated activity), Other activities (ESCos).

The recoverable amount of non-current non-financial assets that fall under the scope of regulated activities is determined by considering: (i) the amount quantified by the Authority based on the rules that define the tariffs for the provision of the services for which they are intended; (ii) the possible value that the Group expects to recover from their sale or at the end of the concession regulating the service; (iii) the value of the expected cash flows deriving from the use of the asset and, if significant and reasonably determined, from its sale at the end of its useful life, net of any disposal costs; these cash flows are discounted at a rate that reflects the current market conditions for the time value of money and specific risks of the asset not reflected in the estimated cash flows.

Similarly to what happens for the quantification of tariffs, the quantification of the recoverable amount of the assets within the scope of regulated activities is also based on the applicable current regulatory provisions.

The value in use of non-current non-financial assets not within the scope of the regulated activities is determined by discounting the expected cash flows resulting from the use of the asset and, if significant and reasonably determined, from its sale at the end of its useful life, net of any disposal costs. Cash flows are determined based on reasonable, documentable assumptions representing the best estimate of future economic conditions expected to occur during the remaining useful life of the asset, with a greater emphasis on outside information. Discounting is done using a rate reflecting current market conditions for the time value of money and specific risks of the asset not reflected in the estimated cash flows.

If the reasons for impairment no longer exist, assets are revised and the adjustment is recognised to the income statement. The adjustment is made at the lower of the recoverable amount and the carrying amount, gross of any previous impairments, reduced by the depreciation that would have been recognised if an impairment loss had not been recorded for the asset.

Impairment of goodwill, intangible assets with an indefinite useful life and intangible assets under construction

The recoverability of the carrying amount of goodwill, intangible assets with an indefinite useful life and intangible assets under construction is tested at least annually and whenever events occur that suggest a reduction in value. For goodwill, the test is performed at the level of the smallest group based on which the management evaluates, directly or indirectly, the return on investment, including goodwill itself. When the carrying amount of the CGU, including the goodwill allocated to it, exceeds the recoverable amount, the difference is the impairment, which is first allocated to goodwill up to its amount; any excess of the impairment over goodwill is allocated proportionally to the carrying amount of the assets which constitute the CGU. Goodwill impairment losses cannot be reversed.

Investments accounted for using the equity method

Investments in joint ventures and associates are accounted for using the equity method.
Under the equity method, investments in joint ventures and associates are initially recognised at cost and subsequently adjusted to account for: (i) the participant’s share of the investee’s profits or losses after the

acquisition date, and (ii) the participant's share of other comprehensive income of the investee. Dividends paid out by the investee are recognised as a reduction of the carrying amount of the investment. For the application of the equity method, adjustments required for consolidation purposes are considered (see also the "Consolidation principles" section).
In the case of acquiring a joint control in successive stages, the cost of the equity investment is measured as the sum of the fair value of the previously held interests and the fair value of the consideration transferred at the date the equity investment is qualified as associated (or under joint control). The effect of revaluing the carrying amount of the equity interest held before assuming the joint control (or significant influence) is recognized in the income statement, including any components recognised in other comprehensive income.
The sale of equity investments resulting in the loss of joint control or significant influence over the investee results in the recognition in the income statement: (i) any gains or losses calculated as the difference between the consideration received and the corresponding portion of the carrying amount of the disposed interest; (ii) the effect of revaluating any residual equity investment maintained, to align it with the relative fair value; and (iii) any amounts recognized in other comprehensive income relating to the equity investee that are required to be reclassified to the income statement. The value of any equity investment maintained, aligned with its fair value at the date of loss of joint control or significant influence, represents the new carrying amount and, therefore, the value for subsequent valuation according to the applicable valuation criteria.
If there is objective evidence of impairment, the recoverability of the amount recognised is tested by comparing the carrying amount with the related recoverable value determined using the criteria indicated in the section "Impairment of non-financial assets".
When the reasons for the impairment losses no longer exist, equity investments are revalued up to the amount of the impairment losses entered with the effect posted to the income statement under "Income (expense) from equity investments".
The parent company's share of any losses of the investee, exceeding the carrying amount of the equity investment, is recognised in a special provision to the extent that the parent company is committed to fulfilling its legal or constructive obligations of the investee or, otherwise, covering its losses.

Other minor equity investments

Financial assets representing other minor equity investments, not held for trading, are measured at *fair value* with the effects recognised in the income statement.

Inventories

Inventories, including meters, are recorded at the lower of cost or production cost and net realisable value, which is the amount that the entity expects to receive from their sale in the ordinary course of business.
The cost of inventories is determined using the weighted average cost method.
The value of obsolete and slow-moving inventories is written down in relation to the possibility of use or realisation, through the allocation of a specific obsolescence fund.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, on demand deposits, as well as other short-term financial assets with a maturity of no more than three months, readily convertible into cash and subject to a negligible risk of a change in their value.
They are recorded at their nominal value, which corresponds to the *fair value*.

Financial instruments

Financial instruments refer to any contracts that give rise to a financial asset for one entity and a financial liability or an equity instrument for another entity; they are recognised and measured in accordance with IAS 32 and IFRS 9.

Financial assets - debt instruments

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets representing debt instruments are classified in the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at *fair value* with the effects recognised in the other comprehensive income ("OCI"); (iii) financial assets measured at *fair value* with the effects recognised in the income statement.
Initial recognition is at *fair value*; for trade receivables without a significant financial component, the initial carrying amount is represented by the transaction price.

Following initial recognition, financial assets that generate cash flows representing only payments of capital and interest are measured at amortised cost if held with the aim of collecting the contractual cash flows (so-called "*hold-to-collect*" business model). Based on the amortised cost method, the initial carrying amount is then adjusted to account for principal repayments, any impairment losses and the amortisation of the difference between the repayment amount and the initial carrying amount.
Amortisation is carried out using the effective internal interest rate, which represents the rate that would make equal, at initial recording, the present value of expected cash flows and the initial carrying amount.
Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of any provision for impairment losses.
Financial assets representing debt instruments where the business model provides both the possibility to collect contractual cash flows and realise capital gains through sales (so-called "hold-to-collect-and-sell" business model) are measured at *fair value* with the effects recorded on OCI ("FVTOCI").
In this case, the *fair value* changes of the instrument are recognised in equity under other comprehensive income. The cumulative amount of the *fair value* changes, recognised in the equity reserve for other comprehensive income, is reversed to the income statement upon the derecognition of the instrument. Interest income, calculated using the effective interest rate, exchange rate differences and impairment losses are recognised on the income statement.

A financial asset representing a debt instrument that is not measured at amortised cost or at FVTOCI is measured at *fair value* with the effects recognised in the income statement (FVTPL).
When the purchase or sale of financial assets is executed according to a contract that requires settlement and delivery of the asset within a certain number of days, set by the market control authorities or market agreements (e.g. purchase of securities on regulated markets), the transaction is recognised on the settlement date.
Disposals of financial assets are derecognised from the financial position when the contractual rights to receive the associated cash flows from the financial instrument expire or are transferred to third parties.

Impairment of financial assets

Recoverability of financial assets representing debt instruments, not measured at *fair value* with effects on the income statement, is measured on the basis of the so-called "*expected credit loss*" model.
In particular, expected losses are generally determined based on the product between: (i) the exposure to the counterparty net of the relevant guarantees ("Exposure At Default" or "EAD"); (ii) the probability that the counterparty does not meet its payment obligation ("Probability of Default" or "PD"); (iii) the estimated percentage of credit loss that will not be recovered in the event of default ("Loss Given Default" or "LGD"), defined based on past experience and potential recovery actions (e.g. out-of-court actions, legal disputes, etc.).
In this regard, in order to determine the probability of default of the counterparties, internal ratings already used for concession purposes have been adopted.
For retail customers, who do not have internal ratings, the expected losses are based on a provision matrix, grouping credits, where appropriate, into relevant clusters and applying impairment percentages defined based on past experience, adjusted, when necessary, for forward-looking credit risk information.

Financial liabilities

Financial liabilities, other than derivative instruments, including financial debts, trade payables, other payables and other liabilities, are initially recognised at *fair value* less any transaction-related costs; they are subsequently recognised at amortised cost using the effective interest rate method, as described in "Financial assets" section above.
Financial liabilities are derecognised upon extinguishment or when the obligation specified in the contract is fulfilled, cancelled, or expired.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset in the financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis (i.e. to realise the asset and at the same time extinguish the liability).

Derivative financial instruments and hedge accounting

Derivative financial instruments, including "embedded derivatives", are initially measured at *fair value* in line with IFRS 13 and IFRS 9, and any attributable transaction costs are recognised in the Income statement when incurred. After initial recognition, the financial instruments are remeasured at *fair value* at each reporting date (for further details, refer to "Fair value measurement" section).
As part of the risk management strategy and objectives, the qualification of transactions as hedging requires: (i) verification of the existence of an economic relationship between hedged item and hedging instrument, such that their value changes offset each other and this offsetting ability is not impaired by the counterparty's level of credit risk; (ii) the definition of a hedge ratio consistent with the risk management objectives, within the defined risk management strategy, including the appropriate rebalancing actions, if needed. Changes in risk management objectives, the cessation of conditions for hedge qualification, or implementation of rebalancing transactions will result in prospective total or partial discontinuation of the hedge.
When derivatives hedge the *fair value* risk of the hedged items ("*fair value hedge*", including, but not limited to, hedging the variability of the *fair value* of fixed rate asset/liability), derivatives are recognised at *fair value* with the effects recognised in the income statement; consistently, the hedged items are adjusted for *fair value* changes associated with the hedged risk in the income statement, regardless of the normal measurement criteria generally applied to the instrument.
When the derivatives hedge the cash flow risk of the hedged items ("cash flow hedge", including, but not limited to, hedging the variability of cash flows of the asset/liability due to interest rates or exchange rate fluctuations), the changes in *fair value* of the derivatives considered effective are initially recognised in the equity reserve under other comprehensive income and afterwards reclassified in the income statement in line with the economic effects of the hedged transaction. In the case of hedging future transactions involving the recognition of a non-financial asset or liability, the cumulative *fair value* changes of the hedge derivatives recognised in equity are reclassified to adjust the initial carrying amount of the non-financial item hedged (the "*basis adjustment*").
Fair value changes of derivatives that do not meet the hedging criteria, including any ineffective components of hedging derivatives, are recognised in the income statement under "Gain/(loss) on derivative financial instruments measured at fair value".
Embedded derivatives incorporated in financial assets are no longer separated in accounting; in these cases, the entire hybrid instrument is classified based on the general classification criteria for financial asset. Embedded derivatives incorporated in financial liabilities and/or non-financial assets are separated from the main contract and accounted for separately if the embedded instrument: (i) meets the definition of derivative; (ii) as a whole is not measured at *fair value* with the effects recognised in the income statement (FVTPL); (iii) the characteristics and risks of the derivative are not closely related to those of the main contract. The existence of embedded derivatives to separate and measure separately is checked when the company joins the contract and afterwards when there are amendments to the conditions of the contract that bring about significant changes in the cash flows it generates.

Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an regular transaction between market participants at the measurement date (i.e. exit price).
Fair value of an asset or liability is determined using the valuations that market participants would use in determining the price of the asset or liability. The *fair value* measurement assumes that the asset or liability would be traded on the main market or, failing that, on the most advantageous market accessible to the entity.
The *fair value* of a non-financial asset is determined by considering the market participants' ability to generate economic benefits by using the asset in its highest and best use or selling it to another market participant that would maximise its value. The determination of the highest and best use of the asset is determined from the perspective of market participants, even if the entity intends to use it differently; it is assumed that the entity's current use of a non-financial asset is its highest and best use, unless the market conditions or other factors suggest otherwise.
The *fair-value* measurement of a financial or non-financial liability, or of an equity instrument, considers the quoted price for transferring an identical or similar liability or equity instrument; if such quoted price is not available, the valuation of a corresponding asset held by a market participant as at the measurement date is considered. The fair value of the financial instruments considers the credit risk of the counterparty of a financial asset ("Credit Valuation Adjustment" or "CVA") and the entity's own default risk related to a financial liability ("Debit Valuation Adjustment" or "DVA").
When determining *fair value*, a hierarchy of inputs based on the origin, type and quality of the information used in the calculation is defined. This classification aims to establish a hierarchy in terms of the reliability in *fair*

value, prioritizing the use of observable market parameters that reflect assumptions that market participants would use when in measuring the asset/liability. The *fair value* hierarchy includes the following levels:

- level 1: inputs represented by quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible as at the measurement date;
- level 2: inputs, other than quoted prices included in Level 1, that are observable, directly or indirectly, for the assets or liabilities to be measured;
- level 3: unobservable inputs for the asset or liability.

In the absence of available market quotes, *fair value* is determined by using valuation techniques appropriate for each situation, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets held for sale

Non-current assets and current and non-current assets of disposal groups are classified as held for sale, if their carrying amount will be recovered mainly by their sale rather than through their continued use. This condition is regarded as fulfilled when the sale is highly probable, and the asset or discontinued operations are available for immediate sale in their current condition. In the case of a programme for the sale of a subsidiary that results in loss of control, all assets and liabilities of that affiliate are classified as held for sale, regardless of whether a non-controlling investment is maintained following the sale. Checking that the conditions required to classify an item as held for sale requires that the management made subjective assessments and formulate reasonable and realistic assumptions based on the information available.
Assets held for sale, current and non-current assets related to disposal groups and directly associated liabilities are recognised in the Statement of Financial Position separately from other assets and liabilities.
Assets and liabilities falling within a disposal group are measured according to the accounting standards applicable to them right before being classified as held for sale. Afterwards, the assets held for sale are not amortised or depreciated and are measured at the lower between the carrying amount and its *fair value*, less costs to sell (see section "Fair value measurement").
The classification as "held for sale" of equity investments accounted for using the equity method implies suspended application of this measurement criteria. Therefore, in this case, the carrying amount is equal to the value resulting from the application of the equity method at the date of reclassification.
Any negative difference between the carrying amount of the non-current assets and the *fair value* less costs to sell is recognise to the income statement as an impairment; any subsequent reversal of impairment losses is recognised up to the amount of the previously recognised impairment losses, including those recognised prior to the asset being classified as held for sale.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a specific nature and of certain or probable existence, which, at the end of the year, are uncertain in terms of amount or date of occurrence.
Provisions are recognised when: (i) it is probable that there is a current legal or constructive obligation, arising from a past event; (ii) it is probable that fulfilling the obligation will be onerous; and (iii) the amount of the obligation can be reliably determined. Provisions are recorded at the value that represents the best estimate of the amount that the entity would reasonably pay to extinguish the obligation or transfer it to third parties at the closing date of the financial year. Provisions related to onerous contracts are recorded at the lower of the cost necessary to fulfil the obligation, less the expected economic benefits deriving from the contract, and the cost to terminate the contract.
When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is calculated by discounting, at a rate reflecting the present market evaluations of the time value of money, the expected cash flows in consideration of the risks associated with the obligation; the increase in the provision due to the passing of time is recognised in the income statement under "Financial income (expense)".
When the liability relates to property, plant and equipment (e.g. site dismantlement and restoration), the provision is recognised against the related asset and the charge to the income statement occurs through depreciation. The costs that Company expects to incur for implementing restructuring programmes are recognised in the period in which the programme is formally defined, and a valid expectation has been generated among the affected parties that the restructuring will take place.
Provisions are periodically updated to reflect changes in cost estimates, selling periods and the discount rate; revisions of provisions are recorded to the same income statement item that previously recognised the

provision or, when the liability is related to property, plant and equipment (e.g. site dismantling and restoration), against the related asset, up to the carrying amount; any excess is recognised in the income statement.
The notes to the financial statements describe contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, whose existence will be confirmed only if one or more future uncertain events occur not entirely under the Company's control; and (ii) current obligations resulting from past events, whose amount cannot be reliably estimated, or whose fulfilment is likely to be not onerous.

Provisions for employee benefits

Post-employment benefits

Post-employment benefits are grouped into "defined-benefit" plans and "defined-contribution" plans.

- Defined-benefit plans

  The liability associated with defined-benefit plans is determined by estimating the present value of the future benefits accrued by the employees during the current year and in previous years, and by calculating the fair value of any assets servicing the plan. The present value of the obligations is determined based on actuarial assumptions and is recognised on an accrual basis consistent with the employment period necessary to obtain the benefits.
  Actuarial gains and losses relating to defined-benefit plans arising from changes in actuarial assumptions or experience adjustments are recognised in other comprehensive income when occurred and are not subsequently recognised in the income statement. When a plan is changed, reduced or extinguished, its effects are recognised in the income statement.
  Net financial expense represents the change that the net liability undergoes during the year due to the passing of time. Net interest is determined by applying the discount rate to the liabilities, net of any assets servicing the plan. The net financial expense of defined-benefit plans is recognised in "Financial income (expense)".

- Defined-contribution plans

  In defined-contribution plans, the Company's obligation is calculated, limited to the payment of state contributions or to equity or a legally separate entity (fund), based on contributions due.
  Costs arising from defined-contribution plans are expensed as incurred.

Other long-term plans

Obligations relating to other long-term benefits are calculated using actuarial assumptions; the effects arising from the amendments to the actuarial assumptions or the characteristics of the benefits are recognised entirely in the income statement.

Dividends payments

Dividends payments to Company's shareholders entails the recording of a payable in the financial statements for the period in which distribution was approved by the Company's Shareholders or, in the case of interim dividends, by the Board of Directors.

Revenues

The Group recognises revenues when it transfers the control of a product or service to a customer.

The recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the price of the transaction; (iv) allocation of the price of the transactions to the performance obligations identified based on the standalone selling price of each good or service; (v) recognition of the revenue when its performance obligation has been met, or when the promised good or service is transferred to the customer; the transfer is considered completed when the customer gains control of the good or service, which can occur over time or at a specific point in time.

Furthermore, in the presence of a third party involved in the supply of goods or services to a customer, the correct recognition of revenues envisaged by IFRS 15 is connected to the fact that the company acts as a principal or as an agent of the counterparty.

Revenue is recognized net of returns, discounts, allowances, and premiums, as well as taxes directly related to the revenue.
Exchanges of goods or services of similar nature and value, as they do not represent sales transactions, do not result in the recognition of revenue and costs.

Revenue from Gas Distribution and Integrated Water Services

For the gas distribution services and integrated water services performed by Italgas Group, the moment of recognition of revenues occurs at the time the service is provided (over time) to customers.

The tariffs (transaction prices) to be applied to customers for the services provided, based on the volumes consumed or the type of service provided, are defined by the Authority based on a predefined amount of annual recognised revenues ("Revenue Cap") by ARERA in Italy and RAEWW in Greece.
In particular, gas distribution and metering services and integrated water services are subject to regulation by ARERA and by RAEWW, which define, among other things, the frameworks for the remuneration of services. Specifically, the Revenue Cap includes a predefined return on the net invested capital, recognised for regulatory purpose (Regulatory Asset Base or “RAB”), related amortisation/depreciation, and some operating costs.
The distribution of gas to the delivery point and the water service activities are considered a single performance obligation, therefore Revenue Cap is recognised on a straight-line basis, since the services provided are continuous and uniform over time, consisting mainly in the continuous provision of infrastructure.

In the case of natural gas distribution in Italy, the difference between the Revenue cap and the revenue charged to customers for services actually rendered is recorded, if positive, under "Trade receivables and other receivables" and, if negative, under "Trade payables and other payables," as it will be subject to financial settlement by the Cassa per i Servizi Energetici e Ambienti (“CSEA”). Additionally, with respect to the “Municipalities in Start-Up [4]” in Italy, the recognition of revenue for gas distribution service is based on a prospective evaluation of the expected delivery points at the end of the regulated start-up period as defined by ARERA, where there is considered to be a high probability of not encountering a significant reversal of the accumulated revenue. Revenue is reported net of items related to additional tariff components, above the Italian tariff, intended to cover the general costs of the gas system. The amounts collected/charged by Italgas are passed back in equal amounts to the CSEA.
In relation to natural gas distribution in Greece and integrated water services, the difference (“Recoverable Difference”) between the Revenue cap and the revenue charged to customers for services actually rendered is recorded, if positive, under “Other current and non-current non-financial assets,” and if negative, under “Other current and non-current non-financial liabilities,” since Italgas has met the corresponding performance obligation and is entitled to recover or obliged to return any amounts not charged or excessively charged to customers during the year in subsequent regulatory periods or at the end of the concession.

Revenue from Construction and Infrastructure Improvements

Revenue from construction and infrastructure improvements provided under concession service agreements, gas distribution activities and integrated water services is recognized over-time as work in progress based on the progress of the work, deduced from the total estimated costs incurred. Revenues are determined equal to costs actually incurred.

Revenue from Energy Efficiency Interventions

Within the energy efficiency activities, the Group, through its subsidiary Geoside, deals with the renovation and recovery of residential building heritage, allowing customers to access tax deductions provided by the

[4] Locations with year of first supply after 2017.

relevant regulations, such as the so-called Superbonus, introduced by Articles 119 and following of DL 34/2020, as amended, as well as other minor bonuses (e.g., Sismabonus, Ecobonus, etc.).
Revenue is recognized over the contract period ("over-time“), for an amount equal to the sum that the Group expects to receive for the operation based on the progress of the works, deduced from the total estimated costs incurred.
Revenue allocations for partially rendered services are recognized for the amount earned, provided it is possible to reliably determine the stage of completion and there are no significant uncertainties about the amount and existence of the revenue and related costs; otherwise, they are recognized up to the recoverable costs incurred.

Technical assistance, engineering, IT and various services

Regarding technical assistance, engineering, IT and various services, Italgas Group recognises revenues at the time of the delivery of service (point in time) to customers. The services are invoiced to customers based on the contractually agreed prices for regulated activities or the prices defined by the Network Code, concerning ancillary activities to the gas distribution service.

Dividends received

Dividends are recognised at the date of the resolution passed by the Shareholders' Meeting, unless it is not reasonably certain that the shares will be sold before the ex-dividend date.

Costs

Costs are recognised in the period when they relate to goods and services sold or consumed during the same period or when it is not possible to identify their future use.
Costs sustained for share capital increases are recorded as a reduction of equity, net of taxes.

Energy efficiency certificates

The Energy Efficiency Certificates purchased during the year are entered in the income statement at the cost borne. The relevant contribution that CSEA will pay at the time the certificates are cancelled is booked as a reduction of the cost borne and is calculated based on the repayment price scheduled at year-end. A special risk provision is allocated to cover the future expected charges to fulfil the year's objective calculated as the difference between the cost to be borne and its cancellation contribution.

Income taxes

Current income taxes are calculated by estimating the taxable income. Receivables and payables for current income taxes are recognised based on the amount which is expected to be paid/recovered to/from the tax authorities under the prevailing tax regulations and rates or those essentially approved at the reporting date.

Regarding Italian corporation tax ("IRES"), Italgas has exercised the option to join the national tax consolidation scheme, to which the consolidated companies Italgas, Italgas Reti, Italgas Newco, Bludigit, Nepta, Geoside, Acqua, Idrolatina and Idrosicilia have officially signed up. The projected payable is recognised under "Current income tax liabilities".

The regulations governing Italgas Group companies' participation in the national tax consolidation scheme stipulates that:

- subsidiaries with positive taxable income pay the amount due to Italgas. The taxable income of the subsidiary, used to determine the tax, is adjusted to account for the recovery of negative components that would have been non-deductible without the consolidation scheme (e.g. interest expense), and any negative taxable income relating to the subsidiary's equity investments in consolidated companies;
- subsidiaries with negative taxable income, if and insofar as they have prospective profitability which, without the national tax consolidation scheme, would have enabled them to recognise deferred tax assets related to the negative taxable income on the separate financial statements, receive from their shareholders – in the event that these are companies with a positive taxable income or a negative taxable income with prospective profitability – or from Italgas in other cases, compensation amounting to the lower of the tax saving realised by the Group and the aforementioned deferred tax assets.

Tax receivables and tax payables on Italian regional production tax ("IRAP") are recognised under the item "Current tax liabilities" and "Current tax receivables", respectively.

As for Greece, corporate income tax is calculated according to the tax laws in force in the country.

Deferred tax assets and liabilities are calculated on the timing differences between the values of the assets and liabilities entered in the balance sheet and the corresponding values recognised for tax purposes, based on the prevailing tax regulations and rates or those essentially approved for future years. Deferred tax assets are recognised when their recovery is considered probable; specifically, the recoverability of deferred tax assets is considered probable when taxable income is expected to be available in the period in which the temporary difference is cancelled, allowing the activation of the tax deduction. Similarly, unused tax receivables and deferred tax assets on tax losses are recognised up to the limit of recoverability; with reference to deferred tax assets, their recoverability is verified at least annually.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at individual company level, if they refer to taxes that can be offset and/or at the level of the consolidating company in the presence of the taxation regime provided by the National Tax Consolidation. The balance of the offsetting, if it results in an asset, is recognised under the item "Deferred tax assets"; if it results in a liability, it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, deferred tax assets and liabilities, and current taxes are also recognised to equity.

In the presence of uncertainties in the application of tax regulations: (i) in cases where it is considered likely that the tax authority will accept the uncertain tax treatment, income taxes (current and/or deferred) to be recognized in the financial statements are determined based on the tax treatment applied or expected to be applied in the tax return; (ii) in cases where it is considered unlikely that the tax authority will accept the uncertain tax treatment, the uncertainty is reflected in the determination of income taxes (current and/or deferred) to be recognized in the financial statements.

Operating segments

The segment reporting was prepared in accordance with the provisions of IFRS 8, therefore, the identification of operating segments and the information presented is defined on the basis of the internal reporting used by management for the purposes of allocating resources to the various segments and analysing their performance.

An operating segment is defined by IFRS 8 as a component of an entity that: (i) engages in revenue- and cost-generating business activities (including revenues and expenses relating to transactions with other components of the same entity); (ii) whose operating results are reviewed periodically at the entity's highest operational decision-making level for the purpose of making decisions about resources to be allocated to the segment and assessing performance; and (iii) for which separate financial statement information is available.

With respect to the 2024 financial year, the reportable segments in accordance with IFRS 8 are:

- Gas distribution;
- Water service;
- Energy efficiency;
- Corporate.

Until 2023, the activities related to the water service business did not constitute an operating segment subject to separate reporting. The change occurred following the first consolidation of Acqua Campania S.p.A. in 2024.

Group mainly operates in Gas distribution and, residually, is active in water service and energy efficiency. Corporate segment refers to services carried out exclusively in support of the other business (i.e.: administrative, tax and legal services, HR management, IT services).

Gas Distribution segment aggregates the activities carried out in Italy and Greece, reflecting the structure of the internal reporting that is periodically analyzed by the management to manage and plan the Group's business. The management has, in fact, considered that the gas distribution service in Italy and Greece shares similar characteristics, both from an economic and regulatory perspective, taking into account the following aspects:

a) nature of the products and services, i.e. gas distribution and metering;
b) nature of the production processes, i.e. the development and maintenance of assets related to the gas distribution service under concession;
c) type or class of customer according to their products or services, i.e. sales companies;
d) methods used to distribute its products or provide its services; i.e. the transport of gas through local pipeline networks;
e) nature of the regulatory environment, i.e. the operation of a regulated business that is essentially based on the return on invested capital and the coverage of costs incurred by the operator. In fact, both regulatory systems guarantee a return on investment and coverage of the management costs regardless of volumes and the WACC formulas. They are entirely similar and essentially able to neutralise differences in risk between the two countries;

Therefore, the gas distribution service in Italy and in Greece are combined in the “Gas distribution” operating segment.

5) Use of estimates

The application of generally accepted accounting principles for the preparation of financial statements involves management making accounting estimates based on complex and/or subjective judgements, estimates based on past experience and assumptions regarded as reasonable and realistic on the basis of the information known at the time of the estimate. The use of these accounting estimates has an influence on the carrying amount of assets and liabilities and on the information about potential assets and liabilities at the reporting date, as well as the amount of revenues and costs in the reference period. The actual results may differ from the estimated results owing to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

Details are given below about the main accounting estimates involved in the process of preparing the financial statements and interim reports, since they involve a high degree of recourse to subjective judgements, assumptions and estimates regarding matters that are by nature uncertain. Any change in the conditions forming the basis of the judgements, assumptions and estimates used could have a significant impact on results of subsequent years.

Impairment of non-financial assets

Measurement of tangible and intangible assets, including goodwill, requires recording of these in the financial statements for a value no higher than their recoverable value (so-called *Impairment test*).

Recoverable amount is the higher of the *fair value less cost to sell* criteria and the value in use criteria. Having regard to the assets of regulated sectors, the *fair value* may be represented as follows:

(i) in relation to gas distribution services in Italy, the estimated value of net invested Capital updated to the reference date attributed to these assets for tariff purposes (RAB - Regulatory Asset Base) by the Authority. RAB is the reference basis for determining the service tariffs and, therefore, the cash flows generated from assets. The RAB value is defined using the revalued historical cost method for Fixed Capital net of capital grants and contributions received from users, and on a flat-rate basis for Working Capital and employee severance pay;

(ii) in relation to gas distribution services in Greece, the estimated value of net invested capital updated to the reference date attributed to these assets for tariff purposes (RAB – Regulatory Asset Base) by the Authority, including the flat-rate value of the net working capital, where positive;

(iii) in relation to gas distribution services in Italy, the reimbursement value (RV) valid for ATEM (Minimum Territorial Areas) tenders, which is the value to be paid to the operator selling the infrastructure after the tender procedure. In Greece, the reimbursement value is calculated as the value of the RAB at the date of interruption/expiry of the licence, increased by at least 15%;

(iv) for the integrated water service, the estimated value of the Net Invested Capital recognized for tariff purposes by the Authority (CIN) adjusted for tariff adjustments (RC component of the Revenue Cap for the Operator, also called "Recoverable difference").

Value in use refers to:

(v) the present value of the future cash flows expected to be derived from the asset being measured. These flows are determined in line with the most recent business plan approved by management, which is based not only on developments in the regulations, but also on estimates relating to reference market trends and investment and divestment decisions. In the process of determining the recoverable value, flows are discounted at a discount rate (WACC post-tax) that reflects current market conditions, the time value of money and the specific risks of the asset.

More information on the impairment test carried out by the Company's management on property, Plant and equipment and on intangible Assets can be found in the "Impairment of non-current non-financial assets" section.

The recoverable value is sensitive to the estimates and assumptions used to determine the total invested capital, cash flows and discount rates applied. Therefore, possible variations in the estimation of the factors on which the calculation of the aforesaid recoverable values is based could result in different measurements.
Analysis of each of the groups of non-financial assets is unique and requires use by the company's management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.

Business combinations

Recognition of business combination transactions requires determination of the fair value of any assets and liabilities acquired as a result of obtaining control of the business. With the help of independent professionals, the company's management measured the fair value of assets, liabilities and potential liabilities, on the basis of information on facts and circumstances available at the acquisition date.

Determination of the fair value of assets and liabilities acquired is subject to estimates and measurements by the company's management. Possible variations in the estimation of the factors on which determination of the fair value is based could generate different measurements.
Analysis of each business combination transaction is unique and requires use by the company's management of estimates and assumptions considered prudent and reasonable in relation to the specific circumstances.

Environmental liabilities

The Italgas Italgas Group is subject, in relation to its activities, to numerous laws and regulations on environmental protection at European, national, regional and local level, including the laws which implement international conventions and protocols relating to the activities carried out.

The measurement of future liabilities in connection with reclamation and restoration obligations in relation to sites and/or land on which the company carries out its business is a complex process based on technical and financial assumptions made by the company's management and supported by independent experts where necessary.
The restoration cost estimate is discounted using a risk-free rate in accordance with IAS 37. The estimate is made using a principle of prudence based on the known market, legislative and technological conditions at the time of measurement.
The estimates are reviewed at each balance sheet date to verify that the amounts recorded are the best reflection of the costs the Group will face. If any significant variations are found, the amounts are adjusted. The key factors for revising cost estimates are the revision of the timeframes for implementing the site reclamation and

restoration plan, developments in the technologies and environmental regulations and discount rate trends.

Measurement of environmental liabilities recorded in the financial statements takes into account the environmental legislation currently in force. However, this measurement could be subject to variations, even to a significant extent, in relation to: (i) the possibility of further contamination arising; (ii) the results of current and future refurbishment and the other possible effects arising from the application of the laws in force; (iii) the possible effects of new laws and regulations for environmental protection; (iv) the effects of any technological innovations for environmental cleansing; and (v) the possibility of disputes concerning the environmental liability for specific sites and the difficulty of determining the potential consequences of this, including in relation to the liability of other parties and any indemnity.

Provisions for employee benefits

Defined-benefit plans are valued on the basis of uncertain events and actuarial assumptions which include, inter alia, the discount rates, the expected returns on the assets servicing the plans (where they exist), the level of future remuneration, mortality rates, the retirement age and future trends in the healthcare expenses covered.
The main assumptions used to quantify defined-benefit plans are determined as follows: (i) the discount and inflation rates representing the base rates at which the obligation to employees might actually be fulfilled are based on the rates which mature on high-quality bonds and on inflation expectations; (ii) the level of future remuneration is determined on the basis of elements such as inflation expectations, productivity, career advancement and seniority; (iii) the future cost of healthcare services is determined on the basis of elements such as present and past trends in healthcare costs, including assumptions regarding the inflationary growth of costs, and changes in the health of the participating employees; and (iv) the demographic assumptions reflect the best estimates of trends in variables such as mortality, turnover, invalidity and others in relation to the population of the participating employees.
Differences in the value of net liabilities relating to employee benefit plans, arising due to changes in the actuarial assumptions used and the difference between the actuarial assumptions previously adopted and actual events, occur routinely and are called actuarial gains and losses. Actuarial gains and losses relating to defined-benefit plans are recognised in the statement of comprehensive income. Actuarial assumptions are also used to determine other long-term employee benefit obligations; to this end, the effects arising from changes to the actuarial assumptions or the characteristics of the benefit are fully recognised in the income statement.

Provisions for risks and charges

In addition to the amounts allocated to the provisions for environmental liabilities, Italgas recorded provisions mainly relating to the following in the financial statements: (i) legal and tax disputes; (ii) staff leaving incentives; (iii) expenses related to meeting the Energy Efficiency Certificates targets (EEC) set by the Authority; (iv) provision for contractual risks.

Provisions are made to cover the risk of future outlay for the cases set out above. The value of the provisions recorded in the financial statements for such risks reflects the best estimate made by the company's management with the support of independent professionals at the preparation date of this document. This estimate involves making assumptions based on factors that may vary over time, which could, therefore, produce a significantly different outcome with respect to the current estimates made by the company's management for the preparation of the Group's financial statements.

6) Business combination transactions

As part of the Group's development in the water industry, on January 30, 2024, (acquisition date in which the group gained control) Italgas completed the acquisition of 47.8% interest of Acqua Campania S.p.A. from Vianini Lavori S.p.A. In addition, on April 24, 2024, a further acquisition of 47.9% of the same company held by the Veolia Group was finalised, bringing its total holding to 96.23%.

Acqua Campania is currently the manager of the Western Campania Aqueduct under concession from the Campania Region. It carries out activities of capturing, purifying, adduction and transportation of drinking water destined for water distribution companies for a total user basin of approximately 4 million inhabitants.

Acqua Campania holds 51% of Laboratorio Acqua Campania S.r.l. (“L.A.C.”), which performs chemical and microbiological analyses for water quality control.

The analysis of the transaction is given below:

Acquisition of companies

(€ thousands)	**ACQUA CAMPANIA AND L.A.C. Fair values at the acquisition date**
Cash and cash equivalents	65,748
Trade and other receivables	109,589
Inventories	4,132
Tax assets	2,231
Other current assets	21,112
Current assets	**202,812**
Property, plant and equipment	1,698
Intangible assets	35,444
Equity investments	26
Financial assets	10,998
Deferred tax assets	1,196
Other non-current assets	110,003
Non-current assets	**159,365**
TOTAL ASSETS	**362,177**
Current financial liabilities	56,136
Trade and other payables	269,386
Tax liabilities	5
Other current liabilities	1,802
Current liabilities	**327,329**
Provisions for risks and charges	1,542
Provisions for employee benefits	609
Deferred tax liabilities	3,981
Other non-current liabilities	9,401
Non-current liabilities	**15,533**
TOTAL LIABILITIES	**342,862**
VALUE OF NET ASSETS ACQUIRED	**19,315**
PRICE FOR THE NET ASSETS ACQUIRED	**19,315**
of which, paid	**16,823**
of which, to be paid	**2,492**

The values shown in the previous table, as envisaged by IFRS 3:45, were reported in the financial statements ended as of 31 December 2024 on a provisional basis.

7) Cash and cash equivalents

Cash and cash equivalents, equal to 402,662 thousand euro (249,963 thousand euro as at 31 December 2023), refer to current account deposits held at banks.

Cash and cash equivalents are not subject to any usage restrictions, except for 43,400 thousand euro (nihil as at 31 December 2023) relating to collections on behalf of the Region Campania for water monitoring activities, which have not yet been paid to the Region Campania at the reference date.

8) Current financial assets

Current financial amounting to 3,592 thousand euro (4,248 thousand euro as at 31 December 2023) mainly relate to financial receivables from credit institutions, that are convertible in cash in short term.

9) Trade and other receivables

Trade and other receivables, amounting to 905,092 thousand euro (853,488 thousand euro as at 31 December 2023) include the following:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Trade receivables	694,330	751,969
Receivables from investment/divestment activities	5,278	5,278
Other receivables	153,880	147,845
	853,488	**905,092**

Trade receivables (751,969 thousand euro as at 31 December 2024 and 694,330 thousand euro as at 31 December 2023) increased by 57,639 thousand euro mainly due to (i) the increase in receivables from the sales companies for the gas distribution service in Italy (134,400 thousand euro) and in Greece (14,175 thousand euro); (ii) from the CSEA for gas equalisation for the gas distribution in Italy (27,236 thousand euro); (iii) from customers of water service arising from the contribution to the Group of Acqua Campania (64,399 thousand euro). These effects were partially offset by the gradual conclusion of the "Superbonus", introduced by Italian Decree Law 34/2020 (or "Decreto Rilancio") and the recognition of the related trade receivables as tax credits by the Italian Revenue Agency (183,831 thousand euro).

Receivables for investment/divestment activities (5,278 thousand euro as at 31 December 2024 unchanged as at 31 December 2023) refer to the sale of property, plant and equipment and intangible assets.

Other receivables (147,845 thousand euro as at 31 December 2024 and 153,880 thousand euro as at 31 December 2023) break down as follows:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
IRES receivables for the national tax consolidation scheme	5,154	5,154
Receivables due from CSEA	94,837	68,152
Receivables from the Public administration	6,824	2,833
Advances to suppliers	35,684	43,386
Receivables from personnel	2,625	2,633
Receivables from ex Casmez users	-	18,668
Sundry other	8,756	7,019
	153,880	**147,845**

IRES receivables for the national tax consolidation regime (5,154 thousand euro as at 31 December 2024 and unchanged compared with 31 December 2023) mainly relate to receivables from the former parent company, Eni, for IRES refund request, arising from the partial deduction of IRAP for the tax periods 2004 - 2007 (pursuant to Article 6, Decree-Law no. 185 of 28 November 2008, converted into Law no. 2 of 28 January 2009) and for tax periods 2007 - 2011 (pursuant to Decree-Law no. 201/2011).

Receivables esigible from CSEA (68,152 thousand euro as at 31 December 2024 and 94,837 thousand euro as at 31 December 2023) mainly refer to additional gas distribution tariff components and premiums relating to safety recoveries of the gas distribution service.

Receivables from public Administrations (2,833 thousand euro at 31 December 2024 and 6,824 thousand euro as at 31 December 2023) relate to receivables from Municipalities, mainly for the public space occupation fee (the so-callesd “Canone per l’occupazione di spazi e aree pubbliche” or “COSAP“).

Receivables from the customers of the Acquedotto Campano (previously “Casmez” or “Cassa del Mezzogiorno”), amounting to 18,668 thousand euro refer to the metering service (system for accounting potable water consumption) managed in the name and on behalf of the Regione Campania.

With the exception to receivables arising from energy efficiency services provided as part of the so-called Superbonus, the amortised cost method has not been applied to “Trade receivales and other receivables”, since the effects arising from its application are immaterial due to the fact that they are related to receivables expected to be collected within the next 12 months and any costs, commissions and any other difference between the initial value and the maturity value are negligible.

Trade and other receivables are reported net of the bad debt provision (18,674 thousand euro at 31 December 2024 and 16,507 thousand euro at 31 December 2023). Changes during the current and previous year are shown below:

(€ thousands)	A of 31 December 2022	Assets acquired through business combination	Provisions	Uses	Other changes	As of 31 December 2023
Trade receivables	15,376	0	124	0	(353)	**15,147**
Other receivables	1,366	0	0	0	(6)	**1,360**
	16,742	**0**	**124**	**0**	**(359)**	**16,507**

(€ thousands)	As of 31 December 2023	Assets acquired through business combination	Provisions	Uses	Other changes	As of 31 December 2024
Trade receivables	15,147	3,211	257	(1,079)	(225)	**17,311**
Other receivables	1,360	0	0	0	3	**1,363**
	16,507	**3,211**	**257**	**(1,079)**	**(222)**	**18,674**

Bad debt provision reflects estimated losses in connection with the Group’s credit portfolio. Impairment are made for expected losses on receivables, estimated both on the basis of past experience with receivables with similar credit risk and on the basis of future expected loss on open positions as at the reference date, as well as careful monitoring of the quality of credit portfolios.

The following table provides the aging of Trade and other receivables:

	As of 31 December 2023			As of 31 December 2024		
(€ thousands)	Trade receivables	Other receivables	Total	Trade receivables	Other receivables	Total
Receivables not overdue	664,320	159,158	823,478	684,109	153,123	837,232
Receivables overdue:	30,010		30,010	67,860		67,860

- from 0 to 3 months	8,202		8,202	25,440		25,440
- from 3 to 6 months	3,185		3,185	3,240		3,240
- from 6 to 12 months	5,252		5,252	10,323		10,323
- over 12 months	13,371		13,371	28,857		28,857
	694,330	**159,158**	**853,488**	**751,969**	**153,123**	**905,092**

Receivables overdue, amounting to 67,860 thousand euro, mainly relate to receivables from end users for gas and water supply (61,189 thousand euro) and ESCo service customers (6,662 thousand euro).

Receivables from related parties are described in section "Related party transactions".

Specific information on credit risk is provided in section "Guarantees, commitments and risks - Financial risk management - Credit risk".

10) Inventories

Inventories, amounting to 57,232 thousand euro (79,052 thousand euro as at 31 December 2023), are analysed in the table below:

	As of 31 December 2023			As of 31 December 2024		
(€ thousands)	**Gross value**	**Provision for impairment losses**	**Net value**	**Gross value**	**Provision for impairment losses**	**Net value**
Raw materials, consumables and supplies	89,317	(10,265)	**79,052**	64,426	(7,194)	**57,232**
	89,317	**(10,265)**	**79,052**	**64,426**	**(7,194)**	**57,232**

Inventories of Raw materials, consumables and supplies, equal to 57,232 thousand euro as at 31 December 2024, mainly include smart meters (26,973 thousand euro) and assets arising from contracts for works on behalf of the Campania Region relating to the Western Campania Aqueduct (1,526 thousand euro). Inventories are net of provision for obsolete inventories for 7,194 thousand euro (10,265 thousand euro as at 31 December 2023).

Provision for impairment losses, equal to 7,194 thousand euro (10,265 thousand euro as of 31 December 2023), mainly relates to defective or malfunctioning gas meters and it has been reduced by 3,071 thousand euro for the utilizations for the year.

Inventories are not collateralised. Inventories do not secure liabilities, nor are recognised at net realisable value.

11) Current and non-current tax receivables/liabilities

Current and non-current tax receivables/liabilities break down as follows:

	As of 31 December 2023			As of 31 December 2024		
(€ thousands)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Tax receivables	**17,475**	**12,876**	**30,351**	**0**	**17,612**	**17,612**
- IRES	4,257	12,876	**17,133**	0	17,612	**17,612**
- IRAP	9,893		**9,893**	0		**0**
- Foreign Taxes	3,325		**3,325**	0		**0**
Tax liabilities	**20,448**	**0**	**20,448**	**25,562**	**0**	**25,562**

- IRES	8,144	0	**8,144**	6,449	0	**6,449**
- IRAP	11,213		**11,213**	14,822		**14,822**
- Foreign Taxes	1,091		**1,091**	4,291		**4,291**

Taxes pertaining to current year are shown in section "Income taxes".

12) Other current and non-current non-financial assets

Other current non-financial assets, amounting to 232,559 thousand euro (152,864 thousand euro as at 31 December 2023) and *other non-current non-financial assets*, amounting to 619,322 thousand euro (417,069 thousand euro as at 31 December 2023), break down as follows:

	As of 31 December 2023			**As of 31 December 2024**		
(€ thousands)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Other regulated activities(*)	43,988	227,802	**271,790**	53,386	392,928	**446,314**
Other assets	108,876	189,267	**298,143**	179,173	226,394	**405,567**
- Other current taxes	20,013	0	**20,013**	37,885	0	**37,885**
- Accrued income and deferrals(*)	8,001	726	**8,727**	10,468	785	**11,253**
- Security deposits	0	3,949	**3,949**	0	3,970	**3,970**
- Super/Ecobonus(*)	80,862	183,262	**264,124**	128,910	219,760	**348,670**
- Other(*)	0	1,330	**1,330**	1,910	1,879	**3,789**
	152,864	**417,069**	**569,933**	**232,559**	**619,322**	**851,881**

(*) Please note that, for a better presentation, other assets related to Super/Ecobonus has been included in the line item "Super/Ecobonus", whereas they were presented in the line item "Other" as at 31 December 2023 for 183.262 thousand euro. In addition, prepayments has been included in the line item "Other regulated activities", whereas they were presented in the line item "Prepayments" (now " Accrued income and deferrals") as at 31 December 2023 for 104.802 thousand euro.

Other regulated activities (446,314 thousand euro as at 31 December 2024 and 271,790 thousand euro as at 31 December 2023) include mainly (i) receivables from the gas distribution tariff in Greece (so-called "Recoverable Difference") for 154,972 thousand euro (111,346 thousand euro as at 31 December 2023); (ii) receivables from the water service in Italy (so-called "Tariff Adjustments") for 135,677 thousand euro (563 thousand euro as at 31 December 2023), attributable to the entrance of Acqua Campania into the scope of consolidation in the current year; (iii) receivables from gas distribution in Italy for 111,110 thousand euro (123,000 thousand euro as at 31 December 2023) relating to the tariff recognition by the Authority as a result of the plan to replace traditional meters with electronic ones pursuant to Article 57 of ARERA Resolution no. 367/14 as amended and the recovery of the residual non-depreciated costs (so-called "IRMA") pursuant to DCO 545/2020/R/gas, Resolution no. 570/2019/R/gas and Determination no. 3/2021, and the tariff recognition pursuant to Resolution no. 737/2022/R/gas and Determination no. 1/2023 of 11 October 2023 - DINE of the residual unamortised costs of the smart meters installed in the first roll-out phase of the installation plans provided for by the Gas Smart Meter Directives, which had to be decommissioned earlier than the end of their useful life – this recognition concerned the smart meters decommissioned early, of a class not exceeding G6 produced up to the year 2016 and entered into operation by the year 2018.

Super/Ecobonus receivables (348,670 thousand euro as at 31 December 2024 and 264,124 thousand euro as at 31 December 2023) include receivables recognised by the Italian Revenue Agency, mainly for the energy efficiency interventions falling under the provision of Decree 34/2020, as amended, which can be used to offset taxes payables by the Group. Management has assessed the recoverability of the Super/Ecobonus receivables based on the Group's expected overall tax contribution in the following years in accordance with regulatory requirements and, after its assessments, it is believed that the recoverability of the receivable is adequately guaranteed by the Group's ample tax capacity.

Other current tax assets, amounting to 37,884 thousand euro (20,013 thousand euro as at 31 December 2023) mainly refer to VAT receivables.

It should be noted that the Group has finalised factoring agreements with financial counterparties on the basis of which the Group's receivables can be factored without recourse. In particular, with reference to 31 December 2024 the assignment of VAT receivables and receivables for EECs were finalised for 7.6 million euro and 53.5 million euro, respectively.

13) Property, plant and equipment

Property, plant and equipment, amounting to 383,327 thousand euro as at 31 December 2024 (386,040 thousand euro at 31 December 2023), breaks down as follows:

	As of 31 December 2023						
(€ thousands)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Work in progress and payments on account**	**Total**
Cost at 31.12.2022	**16,846**	**512,795**	**38,429**	**167,913**	**73,514**	**8,983**	**818,480**
Right of Use as at 31.12.2022	2,368	57,470		52,699	46,539		**159,076**
Additions	3	5,718	1,395	2,538	870	14,010	**24,534**
Right of Use Additions	1,627	13,787		8,593	13,202		**37,209**
Disposals	(42)	(667)	(120)	(624)	(27)	(112)	**(1,592)**
Disposals of Right of Use	0	(2,944)		(2,348)	0		**(5,292)**
Reclassifications	2	2,882	327	865	0	(3,740)	**336**
Reclassifications of rights of use	371	(20)					**351**
Other changes	0	0	922	0	0	(6,816)	**(5,894)**
Other change in rights of use	32	0		0	(93)		**(61)**
Cost at 31.12.2023	**18,839**	**531,551**	**40,953**	**176,937**	**87,466**	**12,325**	**868,071**
Accumulated depreciation at 31.12.2022	**(92)**	**(241,612)**	**(20,092)**	**(131,033)**	**(46,514)**		**(439,343)**
Amortisation of Right of Use as of 31.12.2022	(92)	(24,658)		(35,665)	(22,242)		**(82,657)**
Depreciation	0	(9,238)	(2,449)	(5,196)	(836)		**(17,719)**
Amortisation of Right of Use	(178)	(8,690)		(10,950)	(9,873)		**(29,691)**
Disposals	0	248	0	591	17		**856**
Disposals of Right of Use	0	1,611		1,963			**3,574**
Other change in rights of use	(4)	25		129	244		**394**
Accumulated depreciation at 31.12.2023	**(274)**	**(257,656)**	**(22,541)**	**(144,496)**	**(56,962)**	**0**	**(481,929)**
Provision for impairment of asset at 31.12.2022	**0**	**0**	**0**	**0**	**0**	**(111)**	**(111)**
Disposals	0	0	0	0	0	11	**11**
Other changes	0	0	(2)	0	0	0	**(2)**
Provision for impairment of asset at 31.12.2023	**0**	**0**	**(2)**	**0**	**0**	**(100)**	**(102)**
Net balance at 31.12.2022	**16,754**	**271,183**	**18,337**	**36,880**	**27,000**	**8,872**	**379,026**
Net balance at 31.12.2023	**18,565**	**273,895**	**18,410**	**32,441**	**30,504**	**12,225**	**386,040**
- of which Right of Use	*4,124*	*36,581*	*0*	*14,421*	*27,777*	*0*	*82,903*

	As of 31 December 2024						
(€ thousands)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Work in progress and payments on account**	**Total**
Cost at 31.12.2023	**18,839**	**531,551**	**40,953**	**176,937**	**87,466**	**12,325**	**868,071**
Right of Use as at 31.12.2023	4,398	68,293	0	58,944	59,648	0	**191,283**
Additions	36	8,439	4,225	5,802	852	14,135	**33,489**

Right of Use additions	707	6,885		6,695	7,691		**21,978**
Disposals	(163)	(5,668)	(983)	(2,387)	(530)	(4)	**(9,735)**
Disposals of Right of Use	0	(6,746)		(4,949)	0		**(11,695)**
Reclassifications	5	2,527	29	745	0	(3,306)	**0**
Reclassifications of rights of use	0	0		1,806	(1,806)		**0**
Assets acquired through business combination consolidation	0	0	297	11,102	937	106	**12,442**
Right of use acquired through business	0	288		0	0		**288**
Cost at 31.12.2024	**19,424**	**537,276**	**44,521**	**195,751**	**94,610**	**23,256**	**914,838**
Accumulated depreciation at 31.12.2023	**(274)**	**(257,656)**	**(22,541)**	**(144,496)**	**(56,962)**		**(481,929)**
Amortisation of Right of Use as at of 31.12.2023	(274)	(31,712)		(44,523)	(31,871)		**(108,380)**
Depreciation	0	(9,974)	(2,651)	(5,363)	(2,559)		**(20,547)**
Amortisation of Right of Use	(553)	(9,678)		(9,978)	(12,253)		**(32,462)**
Disposals	0	3,643	68	719	1,721		**6,151**
Disposals of Right of Use	0	3,659		4,749			**8,408**
Assets acquired through business combination	0	0	(297)	(10,735)	0		**(11,032)**
Reclassifications	0	0	0	(617)	617		**0**
Other change in rights of use	0	0		(2,517)	2,517		**0**
Accumulated depreciation at 31.12.2024	**(827)**	**(270,006)**	**(25,421)**	**(168,238)**	**(66,919)**	**0**	**(531,411)**
Provision for impairment of asset at 31.12.2023	**0**	**0**	**(2)**	**0**	**0**	**(100)**	**(102)**
Other changes	0	0	(3)	0	0	5	**2**
Provision for impairment of asset at 31.12.2024	**0**	**0**	**(5)**	**0**	**0**	**(95)**	**(100)**
Net balance at 31.12.2023	**18,565**	**273,895**	**18,410**	**32,441**	**30,504**	**12,225**	**386,040**
Net balance at 31.12.2024	**18,597**	**267,270**	**19,095**	**27,513**	**27,691**	**23,161**	**383,327**
- of which Right of Use	*4,278*	*30,989*	*0*	*10,227*	*23,926*	*0*	***69,420***

Additions (55,467 thousand euro) mainly refer to industrial and commercial equipment (5,802 thousand euro), office buildings (8,439 thousand euro), work in progress and payments on account (14,135 thousand euro) and leased assets (21,978 thousand euro).

Depreciation (53,009 thousand euro) refers to economic and technical depreciation determined on the basis of the useful life of the assets or their remaining possible use by the Group. Amortisation related to right of use amounted to 32,462 thousand euro.

The provision for impairment of asset for 100 thousand euro mainly relates to a cogeneration plant required for the gas distribution service in Italy.

Rights of use are detailed in the following table:

(€ thousands)	As of 31 December 2023	Depreciation	Business combination	Increases	Decreases	Reclassifications	As of 31 December 2024
Land	**4,124**	**(553)**	**0**	**707**	**0**	**0**	**4,278**
Buildings	**36,581**	**(9,678)**	**288**	**6,885**	**(3,087)**	**0**	**30,989**
- operating properties	36,581	(9,678)	288	6,885	(3,087)	0	30,989
Industrial and commercial equipment	**14,421**	**(9,978)**	**0**	**6,695**	**(200)**	**(711)**	**10,227**
- cars and ICT	14,421	(9,978)	0	6,695	(200)	(711)	10,227
Other assets	**27,777**	**(12,253)**	**0**	**7,691**	**0**	**711**	**23,926**
	82,903	**(32,462)**	**288**	**21,978**	**(3,287)**	**0**	**69,420**
Interest expense (included in financial expense)	**1,132**						**1,376**

Land and buildings, equal to 285,867 thousand euro (292,460 thousand euro as at 31 December 2023), mainly include buildings for office use, workshops, warehouses and depots used in the corporate business, of which rights of use for 35,267 thousand euro.

Plant and machinery (19,095 thousand euro as at 31 December 2024 and 18,410 thousand euro as at 31 December 2023) mainly relates to photovoltaic plants and electric car charging points.

Industrial and commercial equipment (27,513 thousand euro as at 31 December 2024 and 32,441 thousand euro as at 31 December 2023) include rights of use for 10,227 thousand euro relating to IT infrastructures and leased vehicles.

During the year, there were no changes in the estimated useful life of assets or in the depreciation rates applied and explained by category in section - “Measurement criteria - Property, plant and equipment”.

Property, plant and equipment are not collateralised and there are no restrictions on ownership and property.

Contractual commitments to purchase property, plant and equipment, and to provide services related to the construction thereof, are reported in section “Guarantees, commitments and risks”. During the year, no impairment indicators were observed, nor any significant variations to the measurement of the recoverability of the value recognised in the financial statements for Property, plant and equipment.

13.1 Property, plant and equipment by business segment

Property, plant and equipment by operating segment are broken down as follows:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Historical cost	**868,070**	**914,839**
Gas distribution	807,657	836,656
Water service	118	13,875
Energy efficiency	36,006	38,714
Corporate	24,289	25,594
Depreciation, amortisation and impairment of asset	**(482,030)**	**(531,511)**
Gas distribution	(451,811)	(485,393)
Water service	(109)	(11,960)
Energy efficiency	(18,780)	(20,853)
Corporate	(11,330)	(13,305)
Net book value	**386,040**	**383,328**
Gas distribution	355,846	351,263
Water service	9	1,915
Energy efficiency	17,226	17,861
Corporate	12,959	12,289

14) Intangible assets

Intangible assets, amounting to 8,833,270 thousand euro as at 31 December 2024 (8,772,609 thousand euro as at 31 December 2023) break down as follows.

	As of 31 December 2023						
	Finite useful life					Indefinite useful life	
(€ thousands)	Service concession arrangements	Industrial patent rights and intellectual property rights	Work in progress and payments on account IFRC 12	Work in progress and payments on account	Other Intangible Assets	Goodwill	Total

Historical cost at 31.12.2022	**13,599,743**	**564,772**	**272,693**	**14,721**	**178,281**	**190,463**	**14,820,673**
Additions	620,811	29,677	167,458	21,147	5,786	0	**844,879**
Government grants	0	0	(22,806)	0	0	0	**(22,806)**
Disposals	(151,028)	0	(89)	(110)	(356)	0	**(151,583)**
Reclassifications	187,089	9,791	(185,489)	(9,921)	(1,470)	0	**0**
Other changes	5,894	0	(6,602)	0	370	0	**(338)**
Historical cost at 31.12.2023	**14,262,509**	**604,240**	**225,165**	**25,837**	**182,611**	**190,463**	**15,490,825**
Accumulated amortisation at 31.12.2022	**(5,662,046)**	**(467,907)**			**(151,157)**		**(6,281,110)**
Amortisation	(430,921)	(39,724)			(4,475)		**(475,120)**
Disposals	90,189	0			92		**90,281**
Reclassifications	0	(60)			60		**0**
Other changes	0	0			(28)		**(28)**
Accumulated amortisation at 31.12.2023	**(6,002,778)**	**(507,691)**	**0**	**0**	**(155,508)**	**0**	**(6,665,977)**
Provision for impairment losses at 31.12.2022	**(28,047)**	**(10)**	**(846)**	**0**	**(1,292)**		**(30,195)**
Write-down	(23,016)	0	0	0	0		**(23,016)**
Disposals	895	0	77	0	0		**972**
Other changes	1,917	0	(1,917)	0	0		**0**
Provision for impairment of asset at 31.12.2023	**(48,251)**	**(10)**	**(2,686)**	**0**	**(1,292)**	**0**	**(52,239)**
Net balance at 31.12.2022	**7,909,650**	**96,855**	**271,847**	**14,721**	**25,832**	**190,463**	**8,509,368**
Net balance at 31.12.2023	**8,211,480**	**96,539**	**222,479**	**25,837**	**25,811**	**190,463**	**8,772,609**

	As of 31 December 2024						
	Finite useful life					**Indefinite useful life**	
(€ thousands)	**Service concession arrangements**	**Industrial patent rights and intellectual property rights**	**Work in progress and payments on account IFRC 12**	**Work in progress and payments on account**	**Other Intangible Assets**	**Goodwill**	**Total**
Historical cost at 31.12.2023	**14,262,509**	**604,240**	**225,165**	**25,837**	**182,611**	**190,463**	**15,490,825**
Additions	638,950	15,500	182,870	14,062	27,305	0	**878,687**
Government grants	0	0	(21,424)	0	0	0	**(21,424)**
Assets acquired through business combination	37,476	5	0	0	0	0	**37,481**
Disposals	(80,340)	(595)	0	0	(45)	0	**(80,980)**
Reclassifications	169,475	36,976	(171,973)	(13,539)	(20,939)	0	**0**
Other changes	(874,964)	0	0	0	0	0	**(874,964)**
Hisorical cost at 31.12.2024	**14,153,106**	**656,126**	**214,638**	**26,360**	**188,932**	**190,463**	**15,429,625**
Accumulated amortisation at 31.12.2023	**(6,002,778)**	**(507,691)**			**(155,508)**		**(6,665,977)**
Amortisation	(454,151)	(38,305)			(3,655)		**(496,111)**
Assets acquired through business combination	(2,037)	0			0		**(2,037)**
Disposals	31,061	135			44		**31,240**
Reclassifications	3,234	(1,532)			(1,702)		**0**
Other changes	575,364	0			0		**575,364**
Accumulated amortisation at 31.12.2024	**(5,849,307)**	**(547,393)**	**0**	**0**	**(160,821)**	**0**	**(6,557,521)**
Provision for impairment of asset at 31.12.2023	**(48,251)**	**(10)**	**(2,686)**	**0**	**(1,292)**		**(52,239)**
Uses	12,565	0	0	0	0		**12,565**
Disposals	839	0	0	0	1		**840**

Reclassifications	(238)	0	238	0	0		0
Provision for impairment of asset at 31.12.2024	**(35,085)**	**(10)**	**(2,448)**	**0**	**(1,291)**	**0**	**(38,834)**
Net balance at 31.12.2023	**8,211,480**	**96,539**	**222,479**	**25,837**	**25,811**	**190,463**	**8,772,609**
Net balance at 31.12.2024	**8,268,714**	**108,723**	**212,190**	**26,360**	**26,820**	**190,463**	**8,833,270**

The additions for 878,687 thousand euro includes technical investments made during the year (774,630 thousand euro for, mostly, extension and extraordinary maintenance of the network and replacement of meters), the acquisition finalized on 1 February 2024 of the Belluno ATEM Concession for the management of the natural gas distribution service, with a term of 12 year (47,190 thousand euro) and investment in other intangible assets for 56,610 thousand euro.

Service concession arrangements including the related work in progress, amounting to 8,480,904 thousand euro (8,433,959 thousand euro as at 31 December 2023), refer to agreements between the public and private sectors ("Service concession arrangements") on the development, financing, management and maintenance of infrastructure under concession by a contracting party. The provisions relating to the service concession agreements are applicable for Italgas in its role as a public service natural gas distributor in Italy and Greece and in water service management, i.e. they are applicable to the agreements under which the operator is committed to providing the public natural gas distribution and water service at the tariff established by the Authority, holding the right to use the infrastructure, which is controlled by the grantor, for the purposes of providing the public service. This item also includes for 121,749 thousand euro the residual value of the intangible asset “licences” measured during the purchase price allocation of the Enaon Group relating to the licences for gas distribution in Greece expiring in 2043.

Other changes to Service concession arrangements, amounting to 299,600 thousand euro (historical cost of 874,964 thousand euro and accumulated amortisation of 575,364 thousand euro) represent the reclassification to “Non-current financial assets” of the residual value of the gas distribution concession in Rome (started into in 2012 and expired in November 2024). The concession established that the operator (Italgas Reti S.p.A.) had the unconditional right to receive such amount at the expiry of the aforementioned concession.

Changes to the scope of consolidation refer to the business combination transaction of Acqua Campania, which manages the Western Campania Aqueduct under a concession contract[4].

Work in progress and payments on account IFRIC 12 for 212,190 thousand euro (222,479 thousand euro at 31 December 2023) mainly refers to new networks under construction and digitisation of natural gas distribution networks.

Industrial patent rights and intellectual property rights of 108,723 thousand euro (96,539 thousand euro as at 31 December 2023) mainly concern information systems and applications in support of operating activities.

Other intangible assets of 26,820 thousand euro (25,811 thousand euro as at 31 December 2023) concern mainly the customer lists relating to the acquisition of an ESCo business (10,953 thousand euro).

Intangible assets with an undefined useful life of 190,463 thousand euro (unchanged compared to 31 December 2023) mainly refer to goodwill arising in relation to the process of allocation of prices paid for the companies acquired in previous financial years.

The provision for impairment losses, amounting to 38,834 thousand euro (52,239 thousand euro as at 31 December 2023), mainly relates to service concession arrangements and metering instruments, the reduction of which over the course of the year is linked to the disposals made during the financial year of metering instruments that were not working, in advance of their useful life.

Advanced research and development costs for the period are included in the item Work in progress and include the costs incurred for the development of the meter developed in-house, Nimbus.

Contractual commitments to purchase intangible assets, and to provide services related to the development thereof, are reported in section “Guarantees, commitments and risks”.

[4] On 5 November 2024, the Regional Council of Campania – General Department for the Integrated Cycle of Water and Waste and Environmental Authorisations – notified Acqua Campania of the extension of the management of the service under the same conditions envisaged in the existing concession, until the takeover of the new Operator and the material transfer of the assets to it and, in any case, by 31 December 2025.

Impairment test

The carrying amount of property, plant and equipment and intangible assets is periodically revised as per IAS 36, which requires that the existence of impairment indicators be assessed. In the case of goodwill, intangible assets with an indefinite useful life or intangible assets not yet available for use, this assessment is done at least once a year and whenever there is an indication of possible impairment. In 2024, the impairment test was performed for all of the following cash generating units (CGUs):

- Distribution and metering of natural and other gases;
- Distribution and metering of natural gas abroad;
- Integrated water service;
- Other activities (ESCos).

As envisaged by IAS 36, the recoverability of the values recognised is verified by comparing the carrying amount of the net invested capital recognised in the financial statements referring to each CGU, including goodwill where present, with the recoverable amount, determined as the higher of value in use of the asset in its current condition and the value obtainable from selling the asset (fair value), less costs of sell.

The goodwill recognised following the business combination is attributable to the CGUs that benefit from the synergies arising from the acquisition, and allocated as follows:

- Distribution and metering of natural and other gases: 66.2 million euro (unchanged from previous year);
- Distribution and metering of natural gas abroad: 115.8 million euro (unchanged from previous year);
- Other activities (ESCo): 8.3 million euro (unchanged from previous year).

With reference to the “Distribution and metering of natural and other gases” CGU, the recoverable value was estimated as the value of the Net invested capital attributed for tariff purposes (RAB – Regulatory Asset Base) by the Authority. The use of the RAB for estimating recoverable amount is a generally accepted method in regulated utility sectors.
No impairment was found as a result of the test carried out.
With reference to the CGU “Distribution and metering of natural gas abroad”, the recoverable amount was estimated according to the value in use method determined on the basis of the Discounted Cash Flow (DCF) method. The expected cash flows for the explicit period 2024-2030 are taken from the 2024-2030 Strategic Plan approved by Italgas’ Board of Directors on 7 October 2024 (“2024-2030 Strategic Plan”) and the terminal value was estimated as equal to the RAB at the end of the plan period increased by 15% (as predicted by the regulation applicable in Greece). Cash flows were discounted at a WACC post-tax of 4.7% (5% as at 31 December 2023).
The main assumptions underlying the expected cash flows for the explicit period concerned: (i) the amount and the timing of the investments for the expansion, digitisation of the distribution network and replacement of traditional meters with smart meters; (ii) the number of re-delivery points to be acquired over the duration of the plan with a compound annual growth rate (CAGR) of 6.4%, and (iii) the assumptions related to the volumes of gas distributed over the duration of the plan (an increase in consumption with a CAGR of +10% was estimated), relevant for the generation of cash, including the timing of the collection of the Recoverable Difference. These assumptions are based on historical data and public reports on the evolution of the gas market and related consumption.
No impairment was found as a result of the test carried out. A sensitivity analysis was conducted on the recovery of 50% of the Recoverable Difference beyond the timeframe of the plan (2030) and this analysis did not detect any impairment either. The recoverable amount is equal to the carrying amount if there’s a 1.3-percentage-point increase in the.WACC post-tax.
With reference to the “Integrated water service” CGU, the recoverable amount was estimated as the value of the net invested capital recognised for tariff purposes by the Authority (NIC) taking into account the Recoverable Difference (Rc component of the constraint on the operator’s revenues). The use of the tariff NIC including adjustments for estimating the recoverable amount is a generally accepted method in the sector.
The value of the CIN is estimated by updating the latest data approved by the designated authorities with the variations that occurred up to the balance sheet date; the estimate includes the variations of the CIN (increments, disposals, contributions and amortizations) and the revaluation rate.
No impairment was found as a result of the test carried out.
With reference to the “Other activities (ESCos)” CGU, the recoverable value was determined, as value in use, on the basis of the cash flows deriving from the 2024-2030 Strategic Plan approved by management using the

Discounted Cash Flow (DCF) method. These cash flows were adjusted as envisaged by IAS 36.44 to eliminate the effects arising from the M&A operations.
Cash flows were discounted at a WACC post-tax of 4.7% and 8.1% (the range as at 31 December 2023 was 5.6% – 9.9%), for photovoltaic activities and energy efficiency services, respectively. The terminal value was estimated for the business of energy efficiency interventions as perpetuity at the end of the plan (2030) taking into account a growth rate (g) of 2%, in line with expected inflation. For the photovoltaic business portion, flows for the period of the plan were extended along the period of residual life of the plants.
The value in use determined according to the methods described above is higher than the value of the net invested capital of the CGU. Therefore, no impairment losses were found.
The recoverability of the value of the invested capital of the CGU was also confirmed by a sensitivity analysis, providing for a terminal value based on an EBITDA 2030 multiple of 7x. The headroom of approximately 39 million euro referring to the baseline case with TV perpetuity. In order for the fair value to be equal to the carrying amount, is necessary an increase in the discount rate of 1.7 percentage-point for energy efficiency services and 10.4 percentage-point for photovoltaic.

14.1 Intangible assets by business segment

Intangible assets by operating segment are analysed as follows:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Historical cost	**15,490,824**	**15,429,624**
Gas distribution	15,424,869	15,272,145
Water service	27,781	117,935
Energy efficiency	36,079	36,643
Corporate	2,095	2,901
Depreciation, amortisation and impairment of asset	**(6,718,215)**	**(6,596,354)**
Gas distribution	(6,692,389)	(6,515,969)
Water service	(13,863)	(66,335)
Energy efficiency	(11,402)	(13,007)
Corporate	(561)	(1,043)
Ne book value	**8,772,609**	**8,833,270**
Gas distribution	8,732,480	8,756,176
Water service	13,918	51,600
Energy efficiency	24,677	23,636
Corporate	1,534	1,858

15) Investments accounted for using the equity method

Investments accounted for using the equity method, amounting to 155,715 thousand euro (131,771 thousand euro at 31 December 2023) break down as follows:

(€ thousands)	As of 31 December 2022	Investment	Share of the profit of investments in associates/joint ventures (*)	Dividends paid	Other changes	As of 31 December 2023
Umbria Distribuzione Gas S.p.A.	1,397	0	70	0	0	1,467
Metano Sant'Angelo Lodigiano S.p.A.	1,033	0	94	(50)	0	1,077
Gesam Reti S.p.A.	21,130	0	867	(580)	0	21,417
Enerpaper S.r.l.	488	0	0	0	0	488
Gaxa S.p.A.	93	0	(93)	0	0	0

Energie Rete Gas S.r.l.	23,102	0	(1,206)		0	21,896
Siciliacque S.p.A.	0	52,299	529	0	0	52,828
Acqualatina S.p.A.	0	31,488	1,110	0	0	32,598
	47,243	**83,787**	**1,371**	**(630)**	**0**	**131,771**

(*) The values reported are integrated with the adjustments made in application of the equity valuation criterion

(€ thousands)	As of 31 December 2023	Investment	Share of the profit of investments in associates/joint ventures (*)	Dividends paid	Other changes	As of 31 December 2024
Umbria Distribuzione Gas SpA	1,467	0	(418)	0	0	1,049
Metano Sant'Angelo Lodigiano S.p.A.	1,077	0	73	(93)	0	1,057
Gesam Reti S.p.A.	21,417	0	1,556	(868)	0	22,105
Enerpaper S.r.l.	488	0	(488)	0	0	0
Energie Rete Gas S.r.l.	21,896	0	(268)	0	0	21,628
Siciliacque S.p.A.	52,828	15,000	4,292	0	(40)	72,080
Acqualatina S.p.A.	32,598	0	5,198	0	0	37,796
	131,771	**15,000**	**9,945**	**(961)**	**(40)**	**155,715**

(*) The values reported are integrated with the adjustments made in application of the equity valuation criterion

Equity investments are not collateralised, with the exception of (i) shares in Acqualatina S.p.A., which are encumbered by a pledge in favour of FMS Wertmanagement Service Gmbh to guarantee the project finance granted to the affiliate; (ii) shares held in Siciliacque S.p.A., which are encumbered by a pledge in favour of the financing banks Unicredit S.p.A. and Intesa Sanpaolo S.p.A. to guarantee the non-recourse project finance granted to the affiliate.

The Group verified the recoverable amount for all equity investments held, regardless of the existence of impairment indicators.

With reference to the Gesam Reti S.p.A., Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. equity investments, the recoverable amount was estimated as the value of the net invested capital attributed for tariff purposes (RAB – Regulatory Asset Base) by the Authority net of the net financial position. The use of the RAB for estimating recoverable amount is a generally accepted method in regulated utility sectors. No impairment was found as a result of the test carried out.

The recoverable value of Energie Rete Gas was determined, as value in use, on the basis of the cash flows deriving from the 2025-2040 Plan, developed by the Group's management, using the Discounted Cash Flow (DCF) method. Furthermore, the terminal value was estimated to be equal to the value of the RAB at the end of the plan period, plus 10%. The cash flows were discounted at a rate representative of the weighted average cost of capital (WACC) equal to 4.5%. The value in use determined according to the methods described above was higher than the value of the equity investment. Therefore, no impairment losses were found.

The recoverable amount of the equity investments in Siciliacque S.p.A. and Acqualatina S.p.A. was estimated as the value of the Net Invested Capital attributed for tariff purposes taking into account the tariff adjustments (Rc component of the constraint on the operator's revenue) net of the net invested position. The use of the tariff NIC including adjustments for estimating the recoverable amount is a generally accepted method in the sector. No impairment was found as a result of the test carried out. It should be noted that the companies operating in the water service have submitted tariff proposals to the competent authorities and are awaiting formal approval.

Consolidated companies, joint ventures, associates and other significant equity investments are indicated separately in the Appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. at December 31, 2024", which is an integral part of these notes.

Other information on equity investments

In accordance with the provisions of IFRS 12 - "Disclosure of interests in other entities", the economic and financial data for joint ventures and associates are provided below. The aggregated presentation does not obscure relevant information and gives a clearer overview of the equity investments in similar entities.

Equity investments in joint ventures

The IFRS-compliant economic and financial data on equity investments in joint ventures operating in the distribution of natural gas[5] are reported below according to their relevance:

	As of 31 December 2023	
(€ thousands)	**Gas distribution**	**Gas transmission (*)**
Current assets	8,845	14,577
- of which Cash and Cash equivalents	*4,463*	*164*
Non-current assets	24,018	113,607
Total assets	**32,863**	**128,184**
Current liabilities	(17,010)	(8,084)
- of which Current financial liabilities	*(2,235)*	*(943)*
Non-current liabilities	(10,439)	(85,410)
- of which Non-current financial liabilities	*(1,980)*	*(85,410)*
Total liabilities	**(27,449)**	**(93,494)**
Equity	**5,414**	**34,690**
Equity attributable to the Group	2,544	16,998
Other adjustments	0	4,898
Carrying amount	**2,544**	**21,896**
Revenues	7,732	10,293
Operating costs	(6,520)	(3,758)
Amortisation, depreciation and impairment of asset	(974)	(4,417)
Operatin result	**238**	**2,118**
Financial Income (Expense)	(147)	(4,191)
Income taxes	(78)	363
Net profit	**13**	**(1,710)**
Total comprehensive income	**13**	**(1,710)**
Group interest	18	(838)

(*) Includes equity investment in Energie Rete Gas reclassified as at 31 December 2024 from joint ventures to Equity investments in associates.

	As of 31 December 2024
(€ thousands)	**Gas distribution**
Current assets	1,125
- of which Cash and Cash equivalents	*865*
Non-current assets	6,751
Total assets	**7,876**
Current liabilities	(2,895)
- of which Current financial liabilities	*(2,606)*
Non-current liabilities	(2,867)
- of which Non-current financial liabilities	*0*

[5] The financial statement figures for joint ventures values refer to the preliminary and/or approved reporting packages.

Total liabilities	**(5,762)**
Equity	**2,114**
Equity attributable to the Group	1,057
Other adjustments	0
Carrying amount	**1,057**
Revenues	1,619
Operating costs	(909)
Amortisation, depreciation and impairment of asset	(299)
Operatin result	**411**
Financial Income (Expense)	(129)
Income taxes	(79)
Net profit	**203**
Total comprehensive income	**203**
Group interest	102

Metano Sant'Angelo Lodigiano S.p.A.

Metano Sant'Angelo Lodigiano S.p.A. operates in the natural gas distribution sector in the municipalities of Sant'Angelo Lodigiano (LO), Villanova del Sillaro, Bargano (LO), Castiraga Vidardo (LO), Marudo (LO) and Villanterio (PV).

The share capital of Metano Sant'Angelo Lodigiano S.p.A. is held by Italgas S.p.A. (50%) and by Comune di Sant'Angelo Lodigiano (50%). The corporate governance rules establish that the decisions on the significant activities have to be taken with the unanimous consent of the private partner (Italgas S.p.A.) and the Public Partner (Municipalities).

Equity investments in associates

Some economic and financial data for each significant associate[6], considered material and accounted for using the equity method as required by IFRS 12 "Disclosure of Interests in Other Entities":

	As of 31 December 2023		
(€ thousands)	**Gas distribution**	**Water service**	**ESCo companies**
Current assets	7,708	361,387	2,176
- of which Cash and Cash equivalents	*0*	*35,886*	*192*
Non-current assets	54,983	301,802	423
Total assets	**62,691**	**663,189**	**2,599**
Current liabilities	(10,481)	(264,683)	(1,178)
- of which Current financial liabilities	*(4,350)*	*(4,350)*	*(143)*
Non-current liabilities	(13,681)	(196,876)	(517)
- of which Non-current financial liabilities	*(10,334)*	*(92,687)*	*(397)*
Total liabilities	**(24,162)**	**(461,559)**	**(1,695)**
Equity	**38,529**	**201,630**	**904**
Equity attributable to the Group	16,552	119,824	181
Other adjustments	4,865	(34,398)	307
Carrying amount	**21,417**	**85,426**	**488**

[6] The financial statement figures for associated companies values refer to the preliminary and/or approved reporting packages.

Revenues	14,428	15,859	6,700
Operating costs	(7,370)	(3,693)	(5,646)
Amortisation, depreciation and impairment of asset	(2,983)	(5,316)	(220)
Operating Result	**4,075**	**6,850**	**834**
Financial Income (Expense)	(783)	(6,405)	(28)
Income taxes	(1,197)	(929)	(202)
Net profit	**2,095**	**(484)**	**604**
Total comprehensive income	**2,095**	**(484)**	**604**
Group interest	900	(237)	121

	As of 31 December 2024		
(€ thousands)	**Gas distribution**	**Gas transmission**	**Water service**
Current assets	23,086	25,616	375,205
- of which Cash and Cash equivalents	*5,643*	*4,420*	*63,624*
Non-current assets	71,274	119,880	391,156
Total assets	**94,360**	**145,496**	**766,361**
Current liabilities	(29,378)	(11,128)	(346,260)
- of which Current financial liabilities	(7,238)	(1,721)	(36,139)
Non-current liabilities	(21,977)	(99,932)	(181,517)
- of which Non-current financial liabilities	(10,814)	(99,932)	(88,786)
Total liabilities	**(51,355)**	**(111,060)**	**(527,777)**
Equity	**43,005**	**34,436**	**238,584**
Equity attributable to the Group	18,616	16,874	144,795
Other adjustments	4,538	4,755	(34,918)
Carrying amount	**23,154**	**21,629**	**109,877**
Revenues	21,936	15,859	203,578
Operating costs	(12,381)	(3,693)	(134,534)
Amortisation, depreciation and impairment of asset	(3,979)	(5,316)	(47,257)
Operating Result	**5,576**	**6,850**	**21,787**
Financial Income (Expense)	(723)	(6,405)	827
Income taxes	(1,614)	(929)	(6,049)
Net profit	**3,239**	**(484)**	**16,565**
Total comprehensive income	**3,239**	**(484)**	**16,565**
Group interest	1,378	(237)	9,529

Umbria Distribuzione Gas S.p.A.

Umbria Distribuzione Gas S.p.A. operates in the natural gas distribution segment in Umbria.

The share capital of Umbria Distribuzione Gas S.p.A. is held by Italgas S.p.A. (45%), by A.S.M. Terni S.p.A. (40%) and by Acea S.p.A. (15%).

Umbria Distribuzione Gas manages the natural gas distribution service in the Municipality of Terni, using an integrated system of infrastructure, mostly owned by Terni Reti S.r.l., a wholly-owned subsidiary of said Municipality.

Gesam Reti S.p.A.

Gesam Reti S.p.A. operates in the natural gas distribution and network management sector (owned 42.96% by Toscana Energia S.p.A.) in the municipality of Lucca and in another 7 municipalities of the province.

Energie Rete Gas S.r.l.

Energie Rete Gas S.r.l. is a company active in gas transmission through a network of regional methane pipelines located in Valle D'Aosta, Piedmont, Liguria, Tuscany and Sardinia.

The share capital of the company is held by Energetica S.p.A. (51%) and Medea S.p.A. (49%).

Siciliacque S.p.A.

Siciliacque S.p.A. operates in Sicily, under concession, the services of water collection, storage, purification and water adduction at a supra-regional level. It is 75% owned by Idrosicilia S.r.l. and the remaining 25% by the Sicily Region, which exercises control.

Acqualatina S.p.A.

Acqualatina S.p.A. is a joint publicly controlled company operating in the Water Service in the Province of Latina and lower Lazio (Optimal Territorial Areas (OTA) n. 4 Lazio Meridionale or ATO 4). 51% of its capital is held by the municipalities in ATO 4 and the remaining 49% by Idrolatina S.r.l.

Enerpaper S.r.l.

Enerpaper S.r.l. is a company based in Turin, owned 20.01% by Geoside S.p.A., specialised in the production of insulation materials containing cellulose used in high energy efficiency buildings.

16) Non-current financial assets

Non-current financial assets, amounting to 339,747 thousand euro (23,778 thousand euro as at 31 December 2023), are broken down as follows:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Financial receivables	2,571	319,388
Other equity investments	21,207	20,359
	23,778	**339,747**

The increase in financial receivables by 316,817 thousand euro is mainly due to the reclassification from "Service concession arrangements" of the residual value of the gas distribution concession in Rome (started into in 2012 and expired in November 2024) amounting to 299.6 million euro. The concession established that the operator (Italgas Reti S.p.A.) had the unconditional right to receive such amount upon expiry.

Other equity investments for 20,359 thousand euro relates to the fair value measurement of the investments in Picarro Inc. (13,996 thousand euro) and Reti Distribuzione S.p.A. (6,293 thousand euro).

17) Assets held for sale

Assets held for sale, amounting to 5,351 thousand euro (6,613 thousand euro as at 31 December 2023) are mainly related to the sale to the affiliate Energie Rete Gas of assets falling within the scope of the investment agreement signed with Energetica S.p.A. in 2022.

18) Current and non-current financial liabilities

Current financial liabilities, amounting to 980,569 thousand euro (1,033,434 thousand euro as at 31 December 2023) and non-current financial liabilities, amounting to 6,205,299 thousand euro (5,886,922 thousand euro as at 31 December 2023), break down as follows:

	As of 31 December 2023					
	Current liabilities			Non-current liabilities		
(€ thousands)	Current liabilities	Current portion of long-term liabilities	Total current liabilities	*Non-current portion due within 5 years*	*Non-current portion due beyond 5 years*	Total non-current liabilities
Bank loans	498,656	75,274	**573,930**	551,610	517,414	**1,069,024**
Notes		426,392	**426,392**	1,741,112	3,030,803	**4,771,915**
Lease liabilities (IFRS 16 and IFRC 12)		33,112	**33,112**	43,022	2,961	**45,983**
	498,656	**534,778**	**1,033,434**	**2,335,744**	**3,551,178**	**5,886,922**

	As of 31 December 2024					
	Current liabilities			Non-current liabilities		
(€ thousands)	Current liabilities	Current portion of long-term liabilities	Total current liabilities	*Non-current portion due within 5 years*	*Non-current portion due beyond 5 years*	Total non-current liabilities
Bank loans	250,334	70,744	**321,078**	429,099	483,548	**912,647**
Notes		569,817	**569,817**	3,111,521	2,136,922	**5,248,443**
Lease liabilities (IFRS 16 and IFRC 12)	24,625	21,649	**46,274**	34,940	9,269	**44,209**
Other shareholders loans	43,376	24	**43,400**			
	318,335	**662,234**	**980,569**	**3,575,560**	**2,629,739**	**6,205,299**

On 1 February 2024, as part of the EMTN Programme, Italgas issued a note maturing on 8 February 2029, with a nominal value of 650 million euro at an issue price of 98.975% and a fixed annual nominal interest rate of 3.125%. On 24 September 2024, through a reopening of said bond already in circulation, Italgas issued another tranche for a nominal value of 350 million euro and an issue price of 99.683%. The placement was aimed at institutional investors only and the notes are listed on the Luxembourg Stock Exchange.

On 24 October 2024, Italgas' Board of Directors resolved to renew the EMTN Programme, launched in 2016 and already renewed in each previous financial year, for a maximum nominal amount of 10 billion euro.

As required by IAS 7 (§44A), below is the statement showing the reconciliation of the changes in financing liabilities, distinguishing between changes arising from cash flow and other non-monetary changes changes.

(€ thousands)	As of 31 December 2023	Cash flow	Other non-monetary changes: Conversion differences	Other non-monetary changes: Other changes	Other non-monetary changes: Business combinations	As of 31 December 2024
Bank loans	1,642,954	(392,964)		(16,265)		1,233,725
of which current	573,930	(553,776)		300,924		321,078
of which non-current	1,069,024	160,812		(317,189)		912,647
Notes	5,198,307	589,402		30,551		5,818,260
of which current	426,392	(417,326)		560,751		569,817
of which non-current	4,771,915	1,006,728		(530,200)		5,248,443
Lease liabilities (IFRS 16 and IFRIC 12)	79,095	(34,139)		20,787	24,740	90,483

	of which current	33,112	(34,139)		22,561	24,740	46,274
	of which non-current	45,983			(1,774)		44,209
Other loans					12,004	31,396	43,400
	of which current				12,004	31,396	43,400
	of which non-current						
		6,920,356	**162,299**		**47,077**	**56,136**	**7,185,868**

Current financial liabilities

Current financial liabilities amounting to 980,569 thousand euro (1,033,434 thousand euro as at 31 December 2023) are mainly related to the current portion of non-current liabilities. The decrease of 52,865 thousand euro is attributable to the combined effect of (i) the reduction in bank loans maturing in 2025 compared to 2024, (ii) the increase in the notes and related interest to be paid in 2025, (iii) the increase in financial liabilities (pursuant to IFRS 16 and IFRIC 12) and other loans mainly associated with the first-time consolidation of Acqua Campania.

There are no current financial liabilities in currencies other than Euro.

Non-current financial liabilities

Non-current financial liabilities amount to 6,205,299 thousand euro (5,886,922 thousand euro as at 31 December 2023).

Net of lease liabilities, the increase is mainly attributable to the note issued in implementation of the EMTN Programme on 1 February 2024 and subsequent reopening, concluded on 24 September 2024 for a total 1,000 million euro, partially offset by the short-term reclassification of the EMTN bond maturing in 2025.

The breakdown of the notes for 5,818,260 thousand euro, with the issuing company, year of issue, currency, average interest rate and due date, is provided in the following table.

Notes issued by Italgas S.p.A:

(€ thousands)

Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as at 31.12.2024	Interest accrual	Balance as at 31.12.2024	Rate (%)	Due date (year)
Euro Medium Term Notes									
ITALGAS S.p.A.	2017	euro	750,000	(2,082)	747,918	11,553	759,471	1.63%	2027
ITALGAS S.p.A.	2017	euro	750,000	(2,239)	747,761	11,587	759,348	1.63%	2029
ITALGAS S.p.A.	2019	euro	600,000	(4,524)	595,476	3,609	599,085	0.88%	2030
ITALGAS S.p.A.	2019	euro	500,000	(3,269)	496,731	273	497,004	1.00%	2031
ITALGAS S.p.A.	2020	euro	500,000	(676)	499,324	649	499,973	0.25%	2025
ITALGAS S.p.A.	2021	euro	500,000	(3,622)	496,378		496,378	0.00%	2028
ITALGAS S.p.A.	2021	euro	500,000	(5,096)	494,904	2,178	497,082	0.50%	2033
ITALGAS S.p.A.	2023	euro	500,000	(6,685)	493,315	11,638	504,953	4.13%	2032
ITALGAS S.p.A.	2024	euro	1,000,000	(9,033)	990,967	27,918	1,018,885	3.13%	2029
			5,600,000	**(37,226)**	**5,562,774**	**69,405**	**5,632,179**		

Bond loans by the subsidiary Enaon:

(€ thousands)

Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as at 31.12.2024	Interest accrual	Balance as at 31.12.2024	Rate (%)	Due date (year)
ENAON S.A.	2022	euro	130,000	(693)	129,307	279	129,586	1,70% + 3M Euribor	2029
ENAON S.A.	2022	euro	24,500	(5,192)	19,308	53	19,361	1,90% + 3M Euribor	2034
ENAON S.A.	2022	euro	38,000	(947)	37,053	81	37,134	1,90% + 3M Euribor	2034
			192,500	**(6,832)**	**185,668**	**413**	**186,081**		

The breakdown of bank loans, amounting to 1,233,725 thousand euro is provided in the table below.

(€ thousands)

Type	Issue (year)	Currency	Nominal Value	Adjustment to amortized cost	Financing value as at 31.12.2024	Interest accrual	Balance as at 31.12.2024	Rate (%)	Due date (year)
ITALGAS S.p.A. - EIB	2017	euro	312,000	(102)	311,898	394	312,292	0,35+Euribor 6M	15.12.2037
ITALGAS S.p.A. - EIB	2015	euro	90,933	(19)	90,914	577	91,491	0,14+Euribor 6M	22.10.2035
ITALGAS S.p.A. - EIB	2016	euro	200,000	(74)	199,926	565	200,491	0,47+Euribor 6M	30.11.2032
ITALGAS S.p.A. - EIB	2022	euro	150,000	(11)	149,989	214	150,203	3.180%	15.12.2037
ITALGAS S.p.A. - EIB	2023	euro	12,000	(95)	11,905	174	12,079	2.770%	04.07.2042
ITALGAS S.p.A. - EIB	2024	euro	36,000	0	36,000	92	36,092	0,829+Euribor 6M	05.12.2044
TOSCANA ENERGIA S.p.A - EIB	2016	euro	53,209	0	53,209	0	53,209	1.050%	30.06.2031
ITALGAS S.p.A. - TL MEDIOBANCA	2024		125,000	(180)	124,820		124,820	0,65+Euribor 6M	18.10.2027
ITALGAS S.p.A. - TL INTESA SANPAOLO	2022	euro	250,000	(31)	249,969		249,969	0,60+Euribor 3M	20.05.2025
ITALGAS S.p.A. - RCF	2024	euro		(764)	(764)	2,660	1,896		05.03.2027
GEOSIDE - FIN LT INTESA SANPAOLO	2021	euro	444		444	7	451	0.830%	23.12.2025
Loans due to other banks			732		732		732		
			1,230,318	**(1,276)**	**1,229,042**	**4,683**	**1,233,725**		

There are no non-current financial liabilities in currencies other than Euro.

There were no breaches of loan agreements as at the reporting date.

Other shareholders loans amounting to 43,400 thousand euro refer to amounts due for collections to be transferred in relation to the metering service carried out in the name and on behalf of the Regione Campania.

There were no breaches of loan agreements as at the reporting date. For more information, see “Financial covenants and negative pledge contractual clauses” below.

Breakdown of total financial liabilities by interest rate type

As at 31 December 2024, 2024, fixed-rate debt accounted for 85.4% of total financial liabilities (91.9% as at 31 December 2023), while floating-rate debt stood at 14.6% (8.1% as at 31 December 2023). The reduction in fixed-rate liabilities was mainly due to the maturity in December 2024 of a fixed-rate derivative on an EIB loan, an effect partially offset by the bond issues in 2024 (with a total nominal value of 1 billion euro), which refinanced the repayment of the bond that matured in March (381.3 million euro) as well as certain bank loansloans.

Financial covenant and negative pledge contractual clauses

As at 31 December 2024 Italgas had unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions. As at 31 December 2024, there are no loan agreements containing financial covenants, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenants.
In particular, the loan agreement with the EIB requires compliance with financial covenants, such as the ratio between (i) net financial position (calculated on an aggregate basis for the entire Italgas Group) and EBITDA, as defined in the contractual documentation, (ii) the sum of FFO and financial charges and the sum of repayments of the principal portion of financial debt over the last 12 months, as defined in the contractual documentation, and (iii) net financial position and RAB, as defined in the contractual documentation. As at 31 December 2024, these financial covenants were respected.
Some of the loan agreements provide, inter alia, for the following: (i) negative pledge undertakings, pursuant to which Italgas and the subsidiaries are subject to limitations regarding the creation of real rights of guarantee or other restrictions concerning all or part of the respective assets, shares or goods; (ii) pari passu and change of control clauses; (iii) limitations on some extraordinary transactions that the Company and its subsidiaries may carry out.
Furthermore, limited to the EIB loans subscribed by the Italgas Group, the lender has the option to request additional guarantees if the credit rating assigned to Italgas is below BBB- (Fitch Ratings Limited) or Baa3 (Moody’s) or in the event of the loss of any rating. If these additional guarantees are not deemed satisfactory, the European Investment Bank would have the right to request the immediate early repayment of the loans it has provided.
Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas and Toscana Energia failure to comply and could trigger the early repayment of the relative loan.
As at 31 December 2024, these covenants and commitments were respected.
Bonds issued by Italgas mainly referred to securities issued under the Euro Medium Term Notes programme. The covenants established for the programme's securities are typical of international market practice and consist of, inter alia, negative pledge and pari passu clauses.

Analysis of net financial debt

An analysis of net financial debt with evidence of related party transactions is shown in the table below.

(€ thousands)	**As of 31 December 2023**	**As of 31 December 2024**
A. Cash	248,911	401,610
B. Cash equivalents	1,052	1,052
C. Other current financial assets	22,342	9,470
D. Liquidity (A+B+C)	**272,305**	**412,132**
E. Current financial debt	498,656	318,335
F. Current portion of non-current financial debt	534,778	662,234
G. Current financial debt (E+F)	**1,033,434**	**980,569**
of which, related parties	*636*	*4,580*
H. Net current financial debt (G-D)	**761,129**	**568,437**
I. Non-current financial debt (excluding the current portion and debt instruments)	1,101,299	945,874
J. Debt instruments	4,771,915	5,248,443
K. Trade and other non-current payables		
L. Non-current financial debt (I+J+K)	**5,873,214**	**6,194,317**
of which, related parties	*1,566*	*141,566*
M. Net financial debt (H+L)	**6,634,343**	**6,762,754**

(*) Including IFRS 16 and IFRIC 12 financial debts of which 44,209 thousand euro non-current (45,983 thousand euro as at 31 December 2023), 21,649 thousand euro current portions of non-current financial debts (33,112 thousand euro as at 31 December 2023) and 24,625 thousand euro current portions of IFRIC 12 financial debts.

Cash, amounting to 402,662 thousand euro, is held in current accounts and fixed-term deposits that can be immediately liquidated with leading banks. With the exception of 43,400 thousand euro, cash and cash equivalents are not subject to any usage restrictions.

Net financial debt does not include payables for dividends resolved and yet to be distributed and payables for investing activity for contractually agreed earn-out.

19) Trade and other payables

Trade and other payables, which amount to 1,184,609 thousand euro (829,862 thousand euro as at 31 December 2023), comprise the following:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Trade payables	278,312	249,659
Payments on account and prepayments	4,402	5,345
Other payables	547,148	929,605
	829,862	**1,184,609**

Trade payables of 249,659 thousand euro (278,312 thousand euro as at 31 December 2023) relate to payables to suppliers for the purchase of goods and services. The reduction of 28,652 thousand euro is mainly due to the progressive decrease in works pertaining to the energy efficiency activities linked to the Super/Ecobonus.

Other payables (929,605 thousand euro as at 31 December 2024 and 547,148 thousand euro as at 31 December 2023) break down as follows:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Payables - shareholders for dividends	3,090	5,776
Payables for investment activities	375,723	412,689
Payables to the Campania Region for ACO concession		241,566
Payables to the public administration	85,634	105,822
Payables to CSEA	21,037	92,300
Payables to personnel	31,456	32,304
Payables to social security institutions	15,807	17,949
Payables to consultants and professionals	9,494	5,187
Sundry other	4,907	16,012
	547,148	**929,605**

Payables for investment activities equal to 412,689 thousand euro (375,723 thousand euro as at 31 December 2023) mainly relate to payables to suppliers for technical activities.

Payables to the Regione Campania for ACO concession, amounting to 241,566 thousand euro, relate to the fee for the concession to manage the Acquedotto della Campania Occidentale (ACO) and the system for metering (for drinking water consumption), arising from the entry of Acqua Campania S.p.A. into the consolidation area.

Payables to the public administration (105,822 thousand euro as at 31 December 2024 and 85,634 thousand euro as at 31 December 2023) primarily involve payables to municipalities for concession fees for the gas distribution business.

Payables to the CSEA (92,300 thousand euro as at 31 December 2024 and 21,037 thousand euro as at 31 December 2023) mainly relate to several ancillary components of tariffs for the gas distribution service to be paid to the Fund (RE, RS, UG1 and GS) [8]for the remaining amount.

Amortised cost method was not applied considering that the effects arising from its application are irrelevant, because they are due within the next 12 months and any costs, commissions and any other difference between the initial value and the maturity value are negligible.

20) Other current and non-current financial assets/liabilities

The market value of the derivative financial instruments as at 31 December 2024 is analysed below:

	As of 31 December 2023			As of 31 December 2024		
(€ thousands)	Current	Non-current	Total	Current	Non-current	Total
Other assets	**18,094**	**13,708**	**31,802**	**5,878**	**10,982**	**16,860**
Derivative financial instruments Cash flow hedge						
- Fair value interest rate hedging instruments	17,228	13,255	30,483	4,727	10,436	15,163
Derivative financial instruments for foreign exchange risk						
- Fair value instruments for foreign exchange risk	866	453	1,319	1,151	546	1,697
Other liabilities	**0**	**0**	**0**	**0**	**0**	**0**

Other current and non-current assets for 16,860 thousand euro (31,802 thousand euro as at 31 December 2023) is mainly related to the fair value of derivative financial instruments to hedge the risk of fluctuations in interest rates accounting for according to IFRS 9 in hedge accounting.

On 12 December 2016 Italgas entered into an EIB loan for 300 million euro, expiring on 30 November 2032. The loan involves the payment of half-yearly coupons at a variable rate of Euribor 6M + spread 0.47%. On 24 July 2019 Italgas also entered into an Interest Rate Swap (IRS), effective from 24 July 2019, expiring in 2029 and with the same coupon frequency as the loans.

The IRS characteristics are summarised below:

	Date stipulated	Amount	ITG rate	Bank rate	Coupon	Expiration date
IRS derivative	24.07.2019	200,000,000	(0.06)%	var EUR 6m	half-yearly	30.11.2029

The derivatives stipulated to hedge the interest rate are booked according to the rules of hedge accounting. The effectiveness testing carried out as at 31 December 2024 did not show any impacts on the income statement in terms of ineffectiveness.

The item also contains, for 1,453 thousand euro, the fair value of the instruments for foreign exchange risk to hedge future payment flows in USD on Picarro invoices (for a total hedged amount of 5,980 thousand dollars). The Group did not apply hedge accounting under IFRS 9 for instruments to hedge payment flows in USD, as it is for operational hedging only.

[8] Tali componenti si riferiscono a: (i) RE – Quota variabile a copertura degli oneri per misure e interventi per il risparmio energetico e lo sviluppo delle fonti rinnovabili nel settore del gas naturale; (ii) RS – Quota variabile a copertura degli oneri per la qualità dei servizi gas; (iii) UG1 – Quota variabile a copertura di eventuali squilibri dei sistemi di perequazione e a copertura di eventuali conguagli; (iv) GS – Quota variabile a copertura del sistema di compensazione tariffaria per i clienti economicamente disagiati.

	Date stipulated	Initial amount USD hedging	Residual value as of 31.12.2024 USD	Foreign exchange rate on the subscription date	Expiry date (last hedge)
Foreign exchange risk derivative	15.01.2021	16,300,000.00	3,640,000.00	1.2131	31.07.2026
Foreign exchange risk derivative	20.05.2024	2,340,000.00	2,340,000.00	1.1161	15.07.2027

21) Other current and non-current non-financial liabilites

Other current non-financial liabilities, amounting to 14,063 thousand euro (17,393 thousand euro as at 31 December 2023) and other non-current non-financial liabilities, amounting to 566,985 thousand euro (527,884 thousand euro as at 31 December 2023), are broken down as follows:

	As of 31 December 2023			As of 31 December 2024		
(€ thousands)	Current	Non-current	Total	Current	Non-current	Total
Other tax liabilities	9,746		**9,746**	13,630		**13,630**
Other liabilities related to connection fees		522,331	**522,331**		527,667	**527,667**
Other liabilities for works prepayments					16,317	**16,317**
Liabilities for security deposits		5,553	**5,553**		15,689	**15,689**
Sundry other	7,647		**7,647**	433	7,312	**7,745**
	17,393	**527,884**	**545,277**	**14,063**	**566,985**	**581,048**

Current indirect tax liabilities of 13,630 thousand euro mainly refer to payables to the tax authorities for IRPEF withholdings for employees.

Other non-current liabilities, amounting to 566,985 thousand euro, mainly refer to gas connection contributions (526,916 thousand euro), water connection contributions (751 thousand euro), to liabilities for works prepayments for 16,317 thousand euro related to Acquedotto della Campania Occidentale (ACO) and liabilities for security deposits for 15,689 thousand euro.

22) Provisions for risks and charges

Provisions for risks and charges, amounting to 92,122 thousand euro as at 31 December 2024 (109,851 thousand euro as at 31 December 2023), comprise the following:

	As of 31 December 2023						
(€ thousand)	Opening balance	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	**75,048**	0	336	(13,714)	(3,554)	0	**58,116**
Provisions for site decommissioning risks and charges	**3,933**	0	658	(186)	0	520	**4,925**
Risk provision for litigation	**11,250**	3,922	0	(2,283)	(2,816)	(50)	**10,023**
Provisions for other risks - energy efficiency certificates	**3,421**	1,585	0	(404)	0	0	**4,602**
Provision for retirement risks	**14,677**	0	0	(2,058)	(500)	0	**12,119**
Provision for operational restoration of metering instruments	**12,847**	0	0	(12,847)	0	0	**0**
Other personnel risk provisions	**2,807**	485	0	(599)	0	0	**2,693**
Risk provision for tax disputes	**283**	92	0	(152)	0	0	**223**
Other provisions	**20,011**	2,955	0	(5,604)	(212)	0	**17,150**

	144,277	9,039	994	(37,847)	(7,082)	470	109,851

	As of 31 December 2024						
(€ thousand)	Opening balance	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	**58,116**	0	446	(15,596)	(70)	0	**42,896**
Provisions for site decommissioning risks and charges	**4,925**	0	238	(186)	0	0	**4,977**
Risk provision for litigation	**10,023**	3,264	0	(3,335)	(1,845)	0	**8,107**
Provisions for other risks - energy efficiency certificates	**4,602**	216	0	(1,617)	(158)	1,291	**4,334**
Provision for retirement risks	**12,119**	0	0	(1,481)	0	(85)	**10,553**
Other personnel risk provisions	**2,693**	541	0	(571)	(78)	0	**2,585**
Risk provision for tax disputes	**223**	70	0	(10)	0	0	**283**
Other provisions	**17,150**	1,910	0	(653)	(1,561)	1,541	**18,387**
	109,851	**6,001**	**684**	**(23,449)**	**(3,712)**	**2,747**	**92,122**

Provision for environmental risks and charges of 42,896 thousand euro (58,116 thousand euro as at 31 December 2023) mainly included costs for environmental soil reclamation, pursuant to Law no. 471/1999, as subsequently amended, primarily for the disposal of solid waste, in relation to the gas distribution business. The decrease, of 15,220 thousand euro, is mainly due to uses in view of period expenses (15,596 thousand euro).

Discounting was carried out using a rates curve representative of the risk-free rate.

Risk provision for litigation (8,107 thousand euro as at 31 December 2024 and 10,023 thousand euro as at 31 December 2023) included costs which the Group has estimated it will incur for existing lawsuits. For further information, please see subsection “Disputes and other measures”.

Energy Efficiency Certificates (EEC) risk provision of 4,334 thousand euro (4,602 thousand euro as at 31 December 2023) represents the Group's estimated liability for fulfilling the obligations to deliver Energy Efficiency Certificates (TEE) arising from gas distribution activities in Italy.

Risk provision for early retirement of 10,553 thousand euro (12,119 thousand euro as at 31 December 2023) involves personnel incentive and mobility schemes.

Other provisions amounting to 18,387 thousand euro (17,150 thousand euro as at 31 December 2023) mainly refer to the estimated costs for various types of litigation in relation to the gas distribution service.

The effects on provisions of risks and charges arising from a reasonably possible change to the discount rate used at year-end are shown below. The sensitivity analysis on the discounting rates shows the change in value of the actuarial liabilities obtained with the year-end assessment data, by changing the discounting rate, without prejudice to other hypotheses.

(€ thousands)	% change in discounting rates	
Effect on net obligation at 31.12.2024	**10% reduction**	**10% increase**
Provision for site decommissioning risks and charges	156	(150)
Provisions for environmental risks and charges	858	(832)

23) Provisions for employee benefits

Provisions for employee benefits, amounting to 61,279 thousand euro as at 31 December 2024 (65,330 thousand euro as at 31 December 2023) comprise the following:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Employee severance pay (TFR)	46,233	43,153
Supplementary healthcare provision for company executives of Eni (FISDE)	6,556	6,179
Gas Fund	8,487	8,200
Other provisions for employee benefits	4,054	3,747
	65,330	**61,279**

Employee severance fund (TFR) (43,153 thousand euro as at 31 December 2024 and 46,233 thousand euro as at 31 December 2023), governed by Article 2120 of the Italian Civil Code, represents the estimated liability determined on the basis of actuarial procedures for the amount to be paid to employees at the time that the employment is terminated. The principal amount of the benefit is equal to the sum of portions of the allocation calculated on compensation items paid during the employment and revalued until the time that such relationship is terminated. Due to the legislative changes introduced from 1 January 2007 for companies with more than 50 employees, a significant part of severance pay to be accrued is classified as a defined-contribution plan since the company's only obligation is to pay the contributions to the pension funds or to INPS.

The supplementary healthcare provision (FISDE) (6,179 thousand euro as at 31 December 2024 and 6,556 thousand euro as at 31 December 2023) includes the estimate of costs (determined on an actuarial basis) related to contributions benefiting current[9] and retired executives.

FISDE provides financial supplementary healthcare benefits to Eni Group[10] executives executives and retired executives whose most recent contract of employment was as an executive with the Eni Group. FISDE is funded through the payment of: (i) contributions from member companies; (ii) contributions from individual members for themselves and their immediate family; and (iii) ad hoc contributions for specific benefits. The amount of the liability and the healthcare cost are determined on the basis, as an approximation of the estimated healthcare expenses paid by the fund, of the contributions paid by the company in favour of pensioners.

The Gas Fund (8,200 thousand euro as at 31 December 2024 and 8,487 thousand euro as at 31 December 2023) relates to the estimate, made on an actuarial basis, of the charges sustained by the employer due to the elimination, as at 1 December 2015, of the fund pursuant to Law no. 125 of 6 August 2015. In particular, Articles 9-decies and 9-undecies of the Law stipulate that the employer must cover: (i) an extraordinary contribution to cover expenses related to supplementary pension benefits in place at the time of the elimination of the Gas Fund for the years 2015 to 2020[11]; and (ii) a contribution in favour of those registered or in voluntary continuation of the contribution, that as at 30 November 2015 were not entitled to supplementary pension benefits from the eliminated Gas Fund, of 1% for each year of registration in the supplementary fund, multiplied by the social security tax base relating to the same supplementary fund for 2014, to be allocated through the employer or the supplementary pension scheme.

At present, the criteria, procedures and time periods for payment of the extraordinary contribution have not yet been announced. Employee selection of where the amounts would be allocated (supplementary pension scheme or to the employer) were concluded, pursuant to the law, on 14 February 2016.

The other provisions for employee benefits (3,747 thousand euro as at 31 December 2024 and 4,045 thousand euro as at 31 December 2023) relate to seniority bonuses and the long-term incentive plans (LTI).

Long-term incentive plans (IAS 19) envisage, after three years of assignment, the disbursement of a variable monetary benefit linked to a corporate performance parameter, not linked to the share price. Obtaining the benefit depends on the achievement of certain future performance levels and is conditional on the beneficiary

[9] For executives in service, contributions are calculated from the year in which the employee retires and refer to the years of service provided.
[10] The fund provides the same benefits for Italgas Group executives.
[11] Article 9-quinquiesdecies also stipulates that "... If monitoring shows that the extraordinary contribution pursuant to Article 9-decies is insufficient to cover the relative expenses, a decree issued by the Ministry of Labour and Social Policy, in concert with the Ministry of Economic Development and the Ministry of Economy and Finance, provides for the redetermination of the extraordinary contribution, the criteria for redistribution of the contribution between employers and the time periods and procedures for payment of the extraordinary INPS contribution".

remaining with the Company for the three-year period following the allocation (the "vesting period"). This benefit is allocated pro rata over the three-year period depending on the final performance parameters.

Seniority bonuses are benefits paid upon reaching a minimum service period at the Company and are paid in kind.

Deferred cash incentive plans, long-term cash incentive plans and seniority bonuses are classified as other long-term benefits pursuant to IAS 19.

The composition of and changes in provisions for employee benefits, determined by applying actuarial methods, are as follows[12]:

	As of 31 December 2023					As of 31 December 2024				
(€ thousands)	Employee severance fund	FISDE	Gas Fund	Other provisions	Total	Employee severance fund	FISDE	Gas Fund	Other provisions	Total
Current value of the obligation at the start of the year	**49,824**	**6,543**	**9,942**	**3,608**	**69,917**	**46,233**	**6,556**	**8,487**	**4,054**	**65,330**
Current cost	160	165		751	**1,076**	1,208	165		1,493	**2,866**
Cost for interest	1,625	249	363	82	**2,319**	1,250	209	321	93	**1,873**
Revaluations / (Impairment):	(358)	(401)	168	(22)	**(613)**	184	(751)	999	(280)	**152**
- Actuarial (Gains) / Losses resulting from changes in the demographic assumptions	91				**91**	157	(119)	658	1	**697**
- Actuarial (Gains) / Losses resulting from changes in the financial assumptions	557	6,556	82	398	**7,593**	464	(535)	(71)	14	**(128)**
- Actuarial (Gains) / Losses from past experience adjustments	(593)	(6,957)	86	2	**(7,462)**	(1,398)	(97)	410	(25)	**(1,110)**
- Other changes	(413)			(422)	**(835)**	961		2	(270)	**693**
Paid benefits	(5,303)		(1,986)	(365)	**(7,654)**	(5,724)		(1,609)	(1,613)	**(8,946)**
Effect of transfers	285				**285**	2		2		**4**
Current value of the obligation at the end of the year	**46,233**	**6,556**	**8,487**	**4,054**	**65,330**	**43,153**	**6,179**	**8,200**	**3,747**	**61,279**

The main actuarial assumptions used to determine liabilities at the end of the year and to calculate the cost for the following year are indicated in the table below.

	As of 31 December 2023				As of 31 December 2024			
	Employee severance fund	FISDE	Gas Fund	Other provisions	Employee severance fund	FISDE	Gas Fund	Other provisions
Discount rate (%)	2.98	3.17	2.97	3.40	2.67	3.26	2.63	2.83
Inflation rate (%) (*)	1.80	N/A	N/A	2.00	1.60	1.70	N/A	1.80

(*) With reference to the other provisions, the rate refers only to the seniority bonuses

The discount rate adopted was determined by considering the yields on corporate bonds issued by Eurozone companies with AA ratings.

The employee benefit plans recognised by Italgas are subject, in particular, to interest rate risk, in the sense that a change in the discount rate could result in a significant change in the liability.

The table below illustrates the effects of a reasonably possible change[13] in the discount rate at the end of the year. The sensitivity of the discount rate represents the change in the value of the actuarial liability obtained

[12] The table also provides a reconciliation of liabilities recorded for provisions for employee benefits.

[13] With reference to the FISDE, any changes relating to mortality do not have significant effects on the liability.

using the end-of-year valuation data, changing the discount rate by a certain number of basis points, without any change in the other assumptions.

(€ thousands)	Discount rate			
Effect on net obligation at 31.12.2024	reduction		increase	
	%	amount	%	amount
Employment severance pay	2.17	759	3.17	(723)
FISDE	2.76	225	3.76	(207)
Gas Fund	2.13	176	3.13	(170)
Other provisions for employee benefits	2.33	108	3.33	(73)
		1,268		**(1,173)**

The maturity profile of the obligations for employee benefit plans is shown in the following table:

(€ thousands)	As of 31 December 2023					As of 31 December 2024				
	Employee severance fund	FISDE	Gas Fund	Other provisions	Total	Employee severance fund	FISDE	Gas Fund	Other provisions	Total
Within the next year	9,643	334	515	1,949	**12,441**	10,865	346	1,341	2,006	**14,558**
Within five years	19,856	1,171	4,731	2,105	**27,863**	19,988	1,139	5,267	1,111	**27,505**
Beyond five and up to ten years	16,601	1,080	3,241		**20,922**	9,233	1,050	1,523	554	**12,360**
Beyond ten years	133	3,971			**4,104**	3,067	3,644	69	76	**6,856**
	46,233	**6,556**	**8,487**	**4,054**	**65,330**	**43,153**	**6,179**	**8,200**	**3,747**	**61,279**

24) Deferred tax liabilities

Net deferred tax liabilities of 48,345 thousand euro (47,780 thousand euro as at 31 December 2023) are stated net of offsettable deferred tax assets and are analysed in the tables below:

(€ thousands)	As of 31 December 2022	Business combination	Provisions	Uses	Other changes	As of 31 December 2023
Deferred tax liabilities	358,878	0	547	(18,869)	(5,087)	**335,469**
Deferred tax assets	(267,245)	0	(44,364)	26,722	(2,802)	**(287,689)**
	91,633	**0**	**(43,817)**	**7,853**	**(7,889)**	**47,780**

(€ thousands)	As of 31 December 2023	Business combination	Provisions	Uses	Other changes	As of 31 December 2024
Deferred tax liabilities	335,469	3,981	9,278	(17,566)	(2,612)	**328,550**
Deferred tax assets	(287,689)	(1,196)	(25,826)	26,836	7,670	**(280,205)**
	47,780	**2,785**	**(16,548)**	**9,270**	**5,058**	**48,345**

There are no deferred taxes which cannot be offset.

Deferred tax liabilities and deferred tax assets break down as follows, based on the most significant temporary differences:

As of 31 December 2023

(€ thousands)	Opening balance	Business combination	Provisions	Uses	Impacts recorded in equity	Other changes	Closing balance	*of which: IRES*	*of which: IRAP*
Deferred tax liabilities	**358,878**	**0**	**547**	**(18,869)**	**(117)**	**(4,970)**	**335,469**	***284,894***	***50,575***
Amortisation and depreciation exclusively for tax purposes	174,923		24	(8,170)			166,777	*140,724*	*26,053*
Revaluations of property, plant and equipment	80,819		248	(7,423)			73,644	*61,607*	*12,037*
Capital gains subject to deferred taxation	6,687			(2,073)			4,614	*4,614*	
Employee benefits	12,197			41		(38)	12,200	*12,200*	
Capitalisation of financial expense	2,212			(122)			2,090	*1,761*	*329*
Impairment losses on receivables in excess of tax deductibility	316		205	(403)		180	298	*298*	
Other temporary differences	81,724		70	(719)	(117)	(5,112)	75,846	*63,690*	*12,156*
Deferred tax assets	**(267,245)**	**0**	**(44,364)**	**26,722**	**(4,766)**	**1,964**	**(287,689)**	***(275,140)***	***(12,549)***
Provisions for risks and charges and other non-deductible provisions	(31,829)		(10,400)	11,443			(30,786)	*(30,786)*	
Non-repayable and contractual grants	(52,746)			2,722			(50,024)	*(43,187)*	*(6,837)*
Non-deductible amortisation and depreciation	(150,993)		(22,480)	2,464			(171,009)	*(170,352)*	*(657)*
Employee benefits	(5,486)		(23)	(560)			(6,069)	*(4,915)*	*(1,154)*
Other temporary differences	(26,191)		(11,461)	10,653	(4,766)	1,964	(29,801)	*(25,900)*	*(3,901)*
Net deferred tax liabilities	**91,633**	**0**	**(43,817)**	**7,853**	**(4,883)**	**(3,006)**	**47,780**	***9,754***	***38,026***

As of 31 December 2024

(€ thousands)	Opening balance	Business combination	Provisions	Uses	Impacts recorded in equity	Other changes	Closing balance	*of which: IRES*	*of which: IRAP*
Deferred tax liabilities	**335,469**	**3,981**	**9,278**	**(17,566)**	**(8,417)**	**5,805**	**328,550**	***301,441***	***27,109***
Amortisation and depreciation exclusively for tax purposes	166,777		5,411	(7,895)		3,667	167,960	*158,930*	*9,030*
Revaluations of property, plant and equipment	73,644			(5,243)		42,359	110,760	*94,205*	*16,555*
Capital gains subject to deferred taxation	4,614			(2,075)		117	2,656	*2,656*	
Employee benefits	12,200	8		(38)	1	(10,942)	1,229	*1,229*	
Capitalisation of financial expense	2,090			(123)			1,967	*1,674*	*293*
Impairment losses on receivables in excess of tax deductibility	298		374	(99)		995	1,568	*1,564*	*4*
Other temporary differences (*)	75,846	3,973	3,493	(2,093)	(8,418)	(30,391)	42,410	*41,183*	*1,227*
Deferred tax assets	**(287,689)**	**(1,196)**	**(25,826)**	**26,836**	**4,996**	**2,674**	**(280,205)**	***(262,765)***	***(17,440)***
Provisions for risks and charges and other non-deductible	(30,786)	(260)	(1,589)	11,100		(12,601)	(34,136)	*(29,543)*	*(4,593)*
Non-repayable and contractual grants	(50,024)			2,684		(28,933)	(76,273)	*(65,903)*	*(10,370)*
Non-deductible amortisation and depreciation	(171,009)	(450)	(22,773)	8,852		36,345	(149,035)	*(148,184)*	*(851)*
Employee benefits	(6,069)	(6)	(1,185)	632	249	(3,024)	(9,403)	*(8,043)*	*(1,360)*
Other temporary differences (**)	(29,801)	(480)	(279)	3,568	4,747	10,887	(11,358)	*(11,092)*	*(266)*
Net deferred tax liabilities	**47,780**	**2,785**	**(16,548)**	**9,270**	**(3,421)**	**8,479**	**48,345**	**38,676**	**9,669**

(*) Other temporary differences related to deferred tax liabilities show additional variations attributable to the reclassification of 27,022 thousand euro.
(**) Other temporary differences related to deferred tax assets show additional variations attributable to the reclassification of 2,010 thousand euro

Deferred tax assets and deferred tax liabilities are classified as non-current.

The Group has booked deferred tax assets on the timing differences at 31 December 2024, insofar as it believes it is likely they will be recovered. As of 31 December 2024, based on the industrial plan, the company's management has assessed the recoverability of deferred tax assets on tax losses attributable to the Enaon Group as reasonably certain.

Section "Income taxes" provides information about taxes for the year.

25) Equity

Equity, which amounts to 2,793,508 thousand euro as at 31 December 2023 (2,600,744 thousand euro as at 31 December 2023) breaks down as follows:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Equity attributable to the Owners of the parent company	**2,280,072**	**2,457,917**
Share capital	1,003,228	1,003,844
Legal reserve	200,646	200,769
Share premium reserve	626,252	628,395
Reserve Cash flow hedge on derivative contracts	22,683	11,524
First-time consolidation reserve	(323,907)	(323,907)
Reserve for business combinations under common control	(349,839)	(349,839)
Stock grant reserve	9,417	8,232
OCI Fair value valuation reserve for equity investments	238	319
Other reserves	13,063	7,520
Retained earnings	645,747	799,635
OCI Reserve for remeasurement of defined-benefit plans for employees	(7,024)	(7,429)
Net profit for the year	439,568	478,854
Equity attributable to non-controlling interests	**320,672**	**335,591**
	2,600,744	**2,793,508**

Share capital

Share capital as of 31 December 2024 consisted of 811,242,309 shares without nominal value (809,768,354 as of 31 December 2023), with a total value of 1,003,844 thousand euro (1,003,228 thousand euro as of 31 December 2023)

On 20 April 2021, the Italgas Shareholders' Meeting approved the 2021-2023 Co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 Co-investment Plan for a maximum nominal amount of 5,580,000.00 euro, by means of the issuance of up to 4,500,000 new ordinary shares. These shares are to be assigned, in accordance with Article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained earning reserves, to the beneficiaries of the Plan only; in other words, only to employees of the Company and/or of the companies in the Group.

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

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

Legal reserve

The legal reserve as at 31 December 2024 stood at 200,769 thousand euro. The increase of 123 thousand euro relates to the resolution of the Shareholders' Meeting of 6 May 2024.

Share premium reserve

The share premium reserve, which totalled 628,395 thousand euro (626,252 thousand euro as at 31 December 2023), was created after the equity investment in Italgas Reti S.p.A. was acquired. The increase of 2,143 thousand euro relates to the implementation of the Co-Investment Plan.

OCI Reserve Cash Flow Hedge on derivative contracts

The reserve, amounting to 11,524 thousand euro (22,683 thousand euro as at 31 December 2023), includes the fair value of the IRS derivative net of the related tax effect. The reserve changes with the accounting of cash flows deriving from instruments which, for the purposes of IFRS 9, are designated as “cash flow hedging instruments”. The related tax effect is reported in the “tax effect” item of the “Components reclassifiable to the income statement” in the Statement of comprehensive income.

First-time consolidation reserve

The first-time consolidation reserve, negative for 323,907 thousand euro, was determined during the first-time consolidation (year 2016) following the sale by Snam S.p.A. to Italgas S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A. (include the difference between the purchase cost of the equity investment of Italgas Reti and the related shareholders' equity pertaining to the group).

Reserve for business combinations under common control

The reserve for business combinations under common control, negative for 349,839 thousand euro, relates to the acquisition by Snam S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A. occured in 2016.

To this regard it should be specified that the natural gas distribution activities were acquired through three simultaneous transactions (transfer, sale and demerger) of the equity investment held by Snam S.p.A. in Italgas Reti S.p.A. in favour of Italgas S.p.A. This transaction led to the deconsolidation of the natural gas distribution sector for Snam, and the acquisition of the equity investment in Italgas Reti and, at consolidated level, of the net assets of the gas distribution sector for Italgas S.p.A. The reader is reminded that the shareholder of reference of Snam, CDP, is simultaneously the shareholder of reference of Italgas. The exposure described above reflects an approach based on the continuity of carrying amount (as regards Snam) since the transaction represents an “aggregation of corporate entities or activities under common control” within the scope of the broader group of which Italgas is part. The companies taking part in the business combination (Snam, Italgas and Italgas Reti) remained subject to control because of the transactions and therefore they were fully consolidated by the same subject (CDP) pursuant to the IFRS 10.

Stock grant reserve

The reserve, amounting to 8,232 thousand euro (9,098 thousand euro as at 31 December 2024), includes the valuation pursuant to IFRS 2 of the co-investment plans approved by the Italgas S.p.A. Shareholders' Meeting.

Italgas Shareholders' Meeting held on 20 April 2021 approved the 2021-2023 co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 co-investment Plan for a maximum nominal amount of 5,580,000.00 euro, by means of the issuance of up to 4,500,000 new ordinary shares to be assigned free of charge, by means of assignment pursuant to Article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained earning reserves, to the beneficiaries of the Plan only; in other words, only to employees of the Company and/or of the companies in the Group. In connection with this plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2021 Remuneration Policy, rights to receive 254,765 Italgas shares for the 2021-2023 co-investment plan. The unitary fair value per share is 5.55 euro.

On 6 May 2024, the Italgas Shareholders' Meeting approved the 2024-2025 co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2024-2025 Co-investment Plan for a maximum nominal amount of 3,720,000 euro, by means of the issuance of up to 3,000,000 new ordinary shares. These shares are to be assigned, in accordance with Article 2349 of the Italian

Civil Code, for a corresponding maximum amount taken from retained earning reserves, to the beneficiaries of the Plan only; in other words, only to employees of the Company and/or of the companies in the Group.

OCI Fair value valuation reserve for equity investments

The fair value valuation reserve for 319 thousand euro as at 31 December 2024 (238 thousand euro as at 31 December 2023) includes the change in fair value, net of tax effects, of non-controlling interests which on initial recognition were designated as valued at FVTOCI (fair value recognised through other comprehensive income). For more details, see the note “Non-current financial assets”.

Other reserves

The other reserves relate to the effects deriving from the valuation of equity investments.

OCI Reserve for remeasurement of defined-benefit plans for employees

The negative reserve for remeasurement of employee benefit plans for 7,429 thousand euro as at 31 December 2024 and (negative for 7,024 as at 31 December 2023) included actuarial losses, net of the related tax effect, recognised under other components of comprehensive income pursuant to IAS 19. The changes in the reserve during the course of the year are shown below:

(€ thousands)	**Gross reserve**	**Tax effect**	**Net reserve**
Reserve as of 31 December 2022	**(10,018)**	**2,823**	**(7,195)**
Changes of the year 2023	245	(74)	**171**
Reserve as of 31 December 2023	**(9,773)**	**2,749**	**(7,024)**
Changes of the year 2024	(533)	128	**(405)**
Reserve as of 31 December 2024	**(10,306)**	**2,877**	**(7,429)**

Equity attributable to non-controlling interests

The Equity attributable to non-controlling interests is broken down below:

(€ thousands)	**Equity attributable to non-controlling interests as of 31 December 2023**	**Equity attributable to non-controlling interests as of 31 December 2024**	**Net income attributable to non-controlling interests as of 31 December 2023**	**Net income attributable to non-controlling interests as of 31 December 2024**
Toscana Energia S.p.A.	206,862	215,934	18,394	21,831
Medea S.p.A.	60,989	62,858	1,272	3,326
Geoside S.p.A.	19,627	18,859	5,479	(758)
Italgas Newco subconsolidated	29,913	33,882	2,870	3,981
Immogas S.r.l.	2,488	2,396	(116)	(92)
Idrosicilia S.p.A.	793	761	4	34
Acqua Campania S.p.A.	0	652	0	232
LAC S.r.l.	0	249	0	27
	320,672	**335,591**	**27,903**	**28,581**

Dividends

In its meeting of 12 February 2025, the Board of Directors proposed to the Shareholders’ Meeting the distribution of an ordinary dividend of 0.406 euro per share. The dividend will be paid out as at 21 May 2025, with an ex-coupon date of 19 May 2025 and a record date of 20 May 2025.

Reconciliation statement of the result for the year and of the shareholders' equity of Italgas S.p.A. with the consolidated ones.

(€ thousands)	Profit 2024	Equity as of 31 December 2024
Financial statements Italgas S.p.A.	**422,455**	**1,961,862**
Profit of the companies included in the consolidation	512,740	
Difference between carrying amount of investments consolidated companies and shareholders' equity of the financial statements, including the result		546,287
Adjustments consolidation:		
Dividends net of the tax effect	(431,598)	
Income from valuation of equity investments with the equity method and other income from equity investments	9,384	61,741
Other consolidation adjustments net of the tax effect	(5,547)	223,619
Attributable to non-controlling interests	(28,580)	(335,592)
Adjustments consolidation	**56,399**	**496,055**
	478,854	**2,457,917**

26) Guarantees, commitments and risks

Guarantees, commitments and risks, amounting to 2,015,158 thousand euro as at 31 December 2023 (1,982,007 thousand euro as at 31 December 2023) comprise:

(€ thousands)	As of 31 December 2023	As of 31 December 2024
Bank guarantees given in the interest of Group companies	**445,703**	**505,240**
Financial commitments and risks:	**1,536,304**	**1,509,918**
Commitments	**1,219,646**	**1,275,737**
Commitments for the purchase of goods and services	1,219,646	**1,275,737**
Risks	**316,658**	**234,181**
- for compensation and litigation	316,658	**234,181**
	1,982,007	**2,015,158**

Guarantees

Guarantees of 505,240 thousand euros (445,703 thousand euro as at 31 December 2023) refer mainly to guarantees issued with regard to sureties and other guarantees issued in the favour of subsidiaries.
In addition, it should be noted that as part of the transaction for the acquisition of ERG's share capital and the sale of assets, Medea issued two guarantee of 66 million euro on the loan obtained by ERG in preparation for the transaction.

Commitments

As at 31 December 2024, commitments amounted to 1,275,737 thousand euro (1,219,646 thousand euro as at 31 December 2023). Commitments with suppliers to purchase property, plant and equipment and provide services relating to the purchase of property, plant and equipment and intangible assets under construction amounted to 1,275,737 thousand euro.

In addition, the residual commitments made by the Italgas Group with the Contracting Authorities for the implementation of investments arising from the awarding of gas distribution service area tenders amount to approximately 783.7 million euro. Furthermore, the Italgas Group made commitments with the Municipalities with existing non-expired concessions, including new methane gasifications, and concessions assigned on the basis of Italian Legislative Decree no. 164/2000, known as the "Letta Decree", for over 36.7 million euro.

In Greece, with Decision E-173/2024 published in the Official Gazette of the Greek government B' 6152/07.11.2024, a Development Programme was approved for the company Enaon EDA for the natural gas distribution networks in the regions of Attica, Thessaloniki, Thessalia and remainder of Greece for the 2024-2028 period for a total of 732.4 million euro in investments. As at 31 December 2024, the residual investment commitment of the programme amounted to approximately 612 million euro. In accordance with the time frames envisaged by Greek regulation, the process to define the Development Programme for the 2025-2029 period is ongoing.

The investments will be predominantly allocated to the development and upgrading of the gas distribution network in Italy and Greece.

Other unvalued commitments

The acquisition of the equity investment of Enerco Distribuzione by the subsidiary Italgas Reti, which took place in 2017, is subject to an ownership price adjustment (so-called “earn-out”) clause.

The acquisition of the “Alessandria 4 ATEM” business unit by the subsidiary Italgas Reti, which took place in 2020, is subject to a price adjustment (so-called “earn-out”) clause if the Alessandria 4 ATEM tender is awarded within 10 years of the signing date and if the contracting authority in the aforesaid tender procedure recognises a higher reimbursement value than the pro-forma value under the agreement, for the same year of reference.

On 27 December 2022, Alia Servizi Ambientali S.p.A. (“Alia”), Toscana Energia and Italgas signed a contract concerning, among other things, “put and call” options, on the basis of which Italgas is entitled to purchase 30,134,618 shares held in Toscana Energia by Alia, amounting to approximately 20.6099% of the share capital of Toscana Energia (“Alia’s TE Shares” and “Toscana Energia Call Option”) and Alia is entitled to sell Alia’s TE Shares to Italgas.

In accordance with the terms and conditions set out by the contract, on 14 January 2025 Italgas exercised the Toscana Energia Call Option by sending the relative notice to Alia. The envisaged contractual price to purchase Alia’s TE shares is to be determined as the “fair market value” at the date of execution of the Toscana Energia Call Option, calculated by an international financial institution named jointly by the parties.

As part of the investment agreement signed on 26 July 2022, and subsequently amended, between Energetica S.p.A. and Medea S.p.A. related to the entry of the latter into the share capital of Energie Rete Gas S.r.l. (“ERG”) for a 49% stake through the contribution, and subsequent sale, to ERG of assets and activities of Medea relating to gas transmission (the “Medea ERG Transaction”), the Parties, inter alia, agreed to restore the legal situation prior to the Medea ERG Transaction if ERG does not obtain, by 31 December 2025, (i) recognition, from the competent ministry, among the infrastructure and/or regional transmission services of natural gas, and (ii) recognition, under the tariff regulatory profile, as regional transport service.

The acquisition in 2023 of the business unit to which the concessions held in Italy in the water sector belonged is subject to an ownership price adjustment (so-called “earn-out”) clause, to be determined for four years according to annual measurements based on net takings on certain receivables by the associated companies Siciliacque and Acqualatina.

On 5 October 2024, a purchase and sale agreement was signed by Italgas as the purchaser, and by F2i SGR S.p.A., in the name and on behalf of the F2i Terzo Fondo per le Infrastrutture, and Finavias S.à r.l., as sellers. The agreement regulates the terms and conditions of the acquisition of 99.94% of the share capital of 2i Rete Gas S.p.A. The contractual consideration for the purchase amounts to 2,060 million euros for 100% of the share capital of 2i Rete Gas, in addition to interest accrued on the offered price by the Locked Box Date (i.e., December 31, 2023) at the closing date with an interest rate indicated in the contract (the so-called ticking fee), deducted by any leakages and interest accrued on them from the date on which the leakages occurred until the closing date.

The completion of the acquisition of 2i Rete Gas is subject to the fulfilment (or the waiver, if possible) of certain conditions precedent. According to the relevant contract, the completion of the acquisition of 2i Rete Gas is subject to the fulfillment (or waiver, where provided in the Purchase agreement) by May 31, 2025 (expiry date or Longstop date) of regulatory authorisations, such as those to be obtained from the Italian Antitrust and the Italian Prime Minister's Office, as well as the Foreign Subsidies Regulation (FSR) authorization provided for under Regulation (EU) 2022/2560..

Risks

Risks concerning compensation and litigation (234,181 thousand euro) relate to possible claims for compensation arising from ongoing litigation, with a low probability that the pertinent economic risk will arise.

FINANCIAL RISK MANAGEMENT

Foreword

Italgas has established the Enterprise Risk Management (ERM) unit, which reports directly to the CFO and oversees the integrated process of managing corporate risk for all Group companies. The main objectives of the ERM are to define a homogeneous and transversal risk assessment model, to identify priority risks and to guarantee the consolidation of mitigation actions and the development of a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and existing international best practices (COSO Framework and ISO 31000).

The ERM unit operates as part of the wider Italgas' Internal Control and Risk Management System.

The main corporate financial risks identified, monitored and, where specified below, managed by Italgas are as follows:

- risk arising from exposure to fluctuations in interest rates;

- credit risk arising from the possibility of counterparty default;

- liquidity risk arising from not having sufficient funds to meet short-term financial commitments;

- rating risk;

- debt covenant and default risk.

There follows a description of Italgas' policies and principles for the management and control of the risks arising from the financial instruments listed above. In accordance with IFRS 7 - "Financial instruments: Additional information", there are also descriptions of the nature and size of the risks resulting from such instruments.

Information on other risks affecting the business (operational risk and risks specific to the segment in which Italgas operates) can be found in the "Elements of risk and uncertainty" section of the Directors' Report.

Interest rate risk

Fluctuations in interest rates affect the market value of Italgas' financial assets and liabilities and its net financial expense.

An increase in interest rates, not implemented – in full or in part – in the regulatory WACC, could have negative effects on the assets and on the economic and financial situation of the Italgas Group for the variable component of the debt in place and for future loans.

At full performance, Italgas aims to maintain a debt ratio between a fixed rate and floating rate to minimise the risk of rising interest rates. As at 31 December 2024 the financial debt at floating rate was 14.6% and at fixed rate was 85.4%. Please refer to the paragraph "Short-term and long-term financial liabilities" for further details.

Below are the impacts on equity and the net period result at 31 December 2024 of a hypothetical positive and negative variation of 10 basis points (bps) of the interest rates effectively applied during the year.

(€ thousands)	**Result of the income statement**		**Other items of the statement of comprehensive**	
	interest +10 bps	**interest - 10 bps**	**interest +10 bps**	**interest - 10 bps**
Variable-rate loans not hedged				
Effect of change in interest rate	(615)	615		
Variable-rate loans converted into fixed-rate loans by means of IRSs				

Effect of change in interest rate on the fair value of the hedge derivative contracts - effective portion of hedge			3,787	(3,490)
Impacts gross of the tax effect				
Tax effect	166	(166)	(1,022)	942
Impacts net of the tax effect	**(449)**	**449**	**2,765**	**(2,548)**

Credit risk

Credit risk is the exposure to potential losses arising from counterparties failing to fulfil their obligations. Default or delayed payment of amounts owed may have a negative impact on the Italgas financial results and financial situation.

The rules for customer access to the gas distribution service in Italy are established by the relevant regulatory Authority and set out in the Network Codes, namely, in documents that establish, for each type of service, the rules regulating the rights and obligations of the parties involved in the process of providing said services and contain contractual conditions that reduce the risk of non-compliance by customers, such as the provision of bank or insurance guarantees on first request.

In addition to this, in order to manage credit risk, the Group has established procedures for monitoring and assessing its customer portfolio. The reference markets are the Italian and Greek markets.

In the energy efficiency sector activities, credit risk is mitigated by the use of incentive instruments (mainly the Superbonus) – the latter in any case being influenced by the risk of managing the obligations that allow for the tax recognition of the credits – which guarantee the financial hedging of significant portions of the amounts of the interventions. In this context, the contracts entered into by the Group provide for clauses that guarantee the possibility of recourse against customers in the event that the incentive cannot be obtained/withdrawn. Recourse against customers, however, implies continued exposure to credit risk.

As at 31 December 2024 there were no significant credit risks. Note that on average: (i) in Italy, 97.4% of trade receivables relating to gas distribution are settled by the due date and 99% within the next 4 days; (ii) in Greece, an average of 95.0% of trade receivables relating to gas distribution are settled by the due date and almost all within the next 4 days, confirming the strong reliability of the customers.

It cannot be ruled out that Italgas could incur liabilities and/or losses due to its customers' failure to fulfil their payment obligations.

Please refer to note "Trade and other receivables" for the breakdown of receivable by due date bracket.

Liquidity risk

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the company's future as a going concern.

Also on the basis of the investment plans in place and the transactions contemplated in the short term, Italgas does not expect any significant negative impact on liquidity risk considering that: (i) the Company has liquidity deposited with primary credit institutions for an amount of 402.7 million euro as at 31 December 2024, and (ii) at 31 December 2023, Italgas had a Euro Medium Term Notes (EMTN) programme in place for a maximum total nominal value of 10 billion, of which €5.6 billion drawn, (iii) on 8 March 2024, Italgas entered into a 600 million euro Sustainability Linked Revolving Credit Facility with a pool of leading financial institutions with a maximum maturity of 5 years, (iv) on 5 October 2024, Italgas signed a loan agreement ("Bridge Loan") by virtue of which certain financial institutions and, in particular, J.P. Morgan Chase Bank, N.A. – Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company – Milan Branch, Citibank N.A. – Milan Branch, Morgan Stanley Bank AG and Société Générale – Milan Branch, agreed to grant a long-term credit line "Bridge Credit Facility") denominated in Euro and in the amount of 2,000 million euro. The Bridge Credit Facility should be used for the acquisition of 2i Rete Gas.

Italgas aims, in financial terms, at establishing a financial structure that, in line with its business objectives, ensures a level adequate for the group in terms of the duration and composition of the debt. The achievement of this financial structure will take place through the monitoring of certain key parameters, such as the ratio between debt and the RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed rate and floating rate debt and the ratio between bank credit granted and bank credit used.

Although the Italgas Group has relationships with diversified counterparties with a high credit standing, based on a policy of managing and continuously monitoring their active credit risk, the default of an active counterparty or the difficulty of selling off assets on the market could have a negative impact on the Italgas Group's financial position and performance.

Future payments for financial liabilities, trade and other payables

The table below shows the repayment plan contractually established in relation to the financial payables, liabilities for leased assets and IFRIC12, including interest payments, trade and other payables:

			Due date					
(€ thousands)	**Balance as of 31.12.2023**	**Balance as of 31.12.2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**Beyond**
Financial liabilities								
Bank loans	1,144,298	983,391	70,744	65,705	202,724	79,790	80,880	483,548
Notes	5,198,307	5,818,260	569,817		747,918	496,378	1,867,225	2,136,922
Current liabilities	498,656	250,334	250,334					
Interest on notes			108,218	89,130	89,130	76,905	76,905	87,230
Interest on bank loans			26,820	28,457	24,572	18,813	16,431	58,670
Lease liabilities (IFRS 16 and IFRC 12)	79,095	90,483	46,274	14,635	10,432	6,100	3,772	9,270
Interest of lease liabilities (IFRS 16 and IFRC 12)			1,376	24	23	15	9	15
Other shareholders loans		43,400	43,400					
Trade and other payables	829,862	1,184,609	1,184,609					
	7,750,218	**8,370,477**	**2,301,592**	**197,951**	**1,074,799**	**678,001**	**2,045,222**	**2,775,655**

As for the sensitivity on the interest rate, any changes in interest rates do not lead to significant effects in consideration of the fact that 85.4% of the Group's financial debt is at fixed rate.
Please refer to note "Trade and other receivables" for the breakdown of receivable by due date bracket.

Rating risk

Among the factors that define the risk perceived by the market, creditworthiness, assigned to Italgas by rating agencies, plays a decisive role since it influences the ability to access sources of financing and the related economic conditions. A worsening of this creditworthiness could, therefore, limit access to the capital market and/or increase the cost of financing sources, with consequent negative effects on the Group's financial position and performance

On 9 October 2024, the rating agency Fitch confirmed the long-term credit rating of Italgas S.p.A as BBB+, with Stable outlook.

On 10 October 2024, the rating agency Moody's confirmed the Baa2 long-term credit rating, with Stable outlook.

Based on the methodologies adopted by the rating agencies, the downgrade of one notch in the Italian Republic's current rating could trigger a downward adjustment in Italgas' current rating, which in turn could have an impact on the cost of future debt.

Debt covenant and default risk

As at 31 December 2024 there are no loan agreements containing financial covenants and / or secured by collateral, with the exception of the EIB loan signed by Toscana Energia which provides for compliance with certain financial covenants[14]. Some of these contracts provide, inter alia, for the following: (i) negative pledge undertakings, pursuant to which Italgas and the subsidiaries are subject to limitations regarding the creation of real rights of guarantee or other restrictions concerning all or part of the respective assets, shares or goods; (ii) pari passu and change of control clauses; (iii) limitations on some extraordinary transactions that the company and its subsidiaries may carry out. As at 31 December 2024, these commitments were respected.

The bonds issued by Italgas as at 31 December 2024 as part of the Euro Medium Term Notes programme provide for compliance with covenants that reflect international market practices regarding, inter alia, negative pledge and pari passu clauses.

Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas' failure to comply and could trigger the early repayment of the related loan.

With reference to the EIB, the related contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required.

The Group monitors these cases closely in the context of financial management and business performance.

Market value of financial instruments

Below is the classification of financial assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy defined on the basis of the significance of the inputs used in the measurement process. More specifically, in accordance with the characteristics of the inputs used for measurement, the fair value hierarchy comprises the following levels:

a) level 1: listed prices (unadjusted) on active markets for identical financial assets or liabilities;

b) level 2: measurements made on the basis of inputs differing from the quoted prices referred to in the previous point, which, for the assets/liabilities submitted for measurement, are directly (prices) or indirectly (price derivatives) observable;

c) level 3: inputs not based on observable market data.

In connection with the above, classification of the assets and liabilities measured at fair value in the Statement of Financial Position according to fair value concerned the IRS and exchange rate derivative instruments (16,860 thousand euro as of 31 December 2024 and 31,802 thousand euro as of 31 December 2023) classified level 2 and recorded under in Note 20 “Other current and non-current financial assets/liabilities”.

Equity investments measured at fair value in Note 16 “Non-current financial assets” (20,359 thousand euro as of 31 December 2024 and 21,207 thousand euro as of 31 December 2023) decreased for 848 thousand euro. The change in value includes the acquisition of an additional stake in Picarro (325 thousand euro), the effect on the income statement regarding the valuation of Reti Distribuzione (1,264 thousand euro) and the effect on OCI of the valuation of Picarro (81 thousand euro) and fall under the level 3 fair value category.

Other information on financial instruments

[14] The contracts contain a clause whereby, in the event of a significant reduction in EBITDA resulting from the loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as at 31 December 2024 have been respected.

With reference to the categories established by IFRS 9 “Financial instruments”, the carrying amount of financial instruments and their relative effects on results and on equity can be analysed as follows:

	Carrying amount		Income / expense recognised to income statement		Income / expense recognised to shareholders’ equity (a)	
(€ thousands)	Balance as at 31.12.2023	Balance as at 31.12.2024	Balance as at 31.12.2023	Balance as at 31.12.2024	Balance as at 31.12.2023	Balance as at 31.12.2024
Financial instruments measured at amortised cost						
- Cash	249,963	402,662				
- Current financial assets	4,248	3,592				
- Trade and other receivables	853,488	893,667				
- Non-current financial assets	13,708	10,982				
- Other current and non-current non-financial assets	569,933	863,306				
- Trade and other payables	829,862	1,184,609				
- Financial payables (b)	6,920,356	7,185,868	(94,289)	(122,362)		
- Other current and non-current non-financial liabilities	545,277	581,048				
- Financial instruments measured at fair value						
- Other investments	21,207	20,359			(371)	468
- Financial assets (liabilities) for hedge derivative contracts	31,802	16,775			30,483	15,163

(a) Net of tax effect
(b) The effects on the income statement are recognized under the item "Financial income/(charges)"

The table below provides a comparison between the book value of financial assets and liabilities and their respective fair value.

	Balance as at 31.12.2023		Balance as at 31.12.2024	
(€ thousands)	Carrying amount	Market value	Carrying amount	Market value
Financial instruments measured at amortised cost				
- Non-current financial debt	5,934,309	5,497,477	6,187,329	5,775,157

The carrying amount of trade receivables, other receivables and financial payables is close to the related fair value measurement, given the short period of time between when the receivable or the financial payable arises and its due date.

Disputes and other measures

Italgas is involved in civil, administrative and criminal cases and legal actions related to its normal business activities. According to the information currently available and considering the existing risks, Italgas believes that these proceedings and actions will not have material adverse effects on its consolidated financial statements.

Below is a summary of the most significant proceedings; no provisions have been made pursuant to IAS 37 for these proceedings in the financial statements, as the company deems that the risk of an adverse outcome is possible, but not likely, or the amount of the allocation cannot be reliably estimated.

Civil dispute

Italgas Reti S.p.A. / Municipality of Rome – Rome Civil Court

The Municipality of Rome, where Italgas Reti carries out the gas distribution service on the basis of a specific service contract, after a series of discussions aiming at reaching an agreement for the adjustment of timetable for the implementation of the business plan, charged Italgas Reti with contractual breaches given by alleged delays in the execution of the plan itself. In rejecting the claims of the Municipality of Rome, Italgas Reti had already filed an appeal with the Lazio Regional Administrative Court on 11 January 2019 for cancellation of the notice with which the Municipality of Rome had starting the procedure to apply default penalties. Subsequently, on 19 December 2019, the Municipality of Rome notified Italgas Reti of a managerial resolution in which it quantified the amount allegedly owed by Italgas Reti by way of penalty for the alleged failure to timely implement the Business Plan at 91,853,392.79 euro, and reserved the right to enforce the bank guarantee issued to guarantee the proper performance of the aforesaid contract. On 20 January 2020, Italgas Reti contested the aforementioned managerial resolution at the Lazio Regional Administrative Court and submitted, as a precautionary measure, a petition to suspend the effect of the measure, disputing, among other things, (i) the invalidity due to vagueness of the penalty clause, (ii) non-existence and/or in any case non-chargeability of Italgas Reti for the breaches challenged by the Municipality of Rome, (iii) waiver by the Municipality to promptly apply the penalty clause, (iv) violation of the procedure to apply the penalty clause.
The Regional Administrative Court of Lazio, however, expressed some doubts as to the applicability of its jurisdiction. In light of these circumstances, the lodging of an appeal before the Court of Cassation was proposed for the prior settlement of jurisdiction.
During the chamber proceedings of 22 April 2020, the Regional Administrative Court with Order no. 4140/2020 acknowledged the proposal for prior settlement of jurisdiction and suspended the proceedings and, considering itself to be without jurisdiction, declared the precautionary application inadmissible. On 13 May 2020, Italgas Reti challenged this order before the Council of State, which upheld the precautionary appeal filed by Italgas Reti, suspending the effectiveness of the first instance order until the definition of the merits.
On 12 January 2021, following the aforesaid jurisdictional ruling, the Court of Cassation declared the Jurisdiction of the Ordinary Court. Therefore, on 11 February 2021, Italgas Reti resumed the proceedings before the Civil Court of Rome.
In addition, on 5 June 2020, Italgas Reti lodged an appeal with the Regional Administrative Court of Lazio, by which it requested that the Municipality of Rome be ordered to pay Italgas Reti compensation of the total amount of 106,290,396.25 euro resulting from the failure of the Municipality of Rome to comply with the concession contract. Subsequently, consistent with the previous judgement, the Regional Administrative Court reaffirmed the jurisdiction of the Ordinary Court and Italgas Reti resumed the judgement before the Ordinary Court of Rome, asking for a joining with the judgement concerning the penalties applied by Municipality of Rome. The evidentiary hearing for both court cases, which have been combined, has been set for 11 July 2023. Following the hearing, the judge ordered an Expert's Report (CTU) to be carried out in the course of 2024. At the hearing on 11 December 2024, the judge invited the parties to come to a settlement agreement on the dispute, adjourned – in the absence of a settlement – the hearing to 18 February 2025 for closing arguments.
Lastly, it should also be noted that on 17 November 2021, Italgas Reti obtained an order from the Court of Rome suspending the effects of the penalty quantification measure and preventing the Municipality of Rome from enforcing the surety given in relation to the penalty payment claims.
Also on the basis of an external legal opinion, the Company, at present, does not believe that the risk of losing the dispute it's more likely than not.

Municipality of Venice / Italgas Reti S.p.A. – Court of Venice

On 24 April 2019, the Municipality of Venice served, at the Court of Venice, a writ of summons, aimed at the verification and consequent payment by Italgas Reti of 59,006,552.03 euro as a consideration for use of the portion of the network subject to free acquisition for the period between 1 June 2010 and 31 December 2018

as well as the sums due for the same reason for the period after 31 December 2018 and until the final judgement.
Italgas Reti disputed the payment request brought by the Municipality, requesting the rejection of the claims on the basis of the fact that: a) the Municipality had received the network as a free transfer, thus without any financial outlay to be remunerated; b) no legislative reference exists that makes it possible to tie the determination of the fee for use of the network to the tariffs defined by ARERA; c) the fee for use of the assets of the so-called Block A had been included in the fee agreed with a later additional deed. In the alternative, Italgas Reti requested: a) the redetermination of the “appropriate” fee that Italgas Reti would have to pay to the Municipality in the period between 1 January 2013 and 31 December 2018 since, as a result of the Letta Decree, the concession had expired by law on 31 December 2012; b) that the Municipality be ordered to return the amount paid by Italgas Reti in the period between 1 January 2013 and 31 December 2018 but not due to the Municipality (as the difference between the fee paid and the sum of the fees due), namely both the concession fee as well as that related to the use of Block A, as redetermined by the judge.
Having carried out the introductory procedural steps, by order of 26 April 2021, the judge ordered Italgas Reti to produce relevant documentation and consequently scheduled the hearing for 31 May 2022 for examination of the documentation. On 31 May 2022, the Municipality requested that Italgas Reti be ordered to supplement the documentation produced. Italgas Reti opposed the request for supplementation formulated by the Municipality and requested, principally, the postponement of the case for the clarification of the conclusions or, alternatively, the granting of a time limit to possibly counter-respond. At the outcome of the hearing, the Judge requested additional documentation and adjourned the hearing to 17 January 2023. On the date of this document, the Municipality insisted on the admission of a technical expert's report, while Italgas Reti requested that the hearing for clarification of the conclusions be postponed.
At this stage, the judge decided to order an Expert’s Report (CTU). At the Date of the Registration Document, the expert’s operations had begun. The next hearing, for examination of the CTU, is set for 24 April 2025.
Supported by a technical and economic appraisal issued by an expert and on the basis of an external legal opinion, the Company does not believe that the risk of losing the dispute it’s more likely than not.

Municipality of Cavallino Treporti / Italgas Reti S.p.A. – Court of Venice

Following the judgement of the Council of State on the acquisition, free of charge, of the assets included in Block A, the Municipality of Cavallino-Treporti brought a civil proceeding before the Court of Venice in order to recover the sums that it deemed due for the use by Italgas Reti of the Block A assets. The first hearing, set for 17 December 2020, was adjourned to 1 April 2021 and, lastly, until 22 April 2021 for the admission of evidence in support of the respective defence arguments, and subsequently until 13 January 2022 for the final hearing. With judgement delivered on 27 June 2022, the Court of Venice rejected the case of the Municipality of Cavallino-Treporti.
The Municipality of Cavallino-Treporti filed an appeal before the Court of Appeals of Venice. With judgement of 22 April 2024, the Court of Appeals of Venice, albeit raising several doubts on the jurisdiction, rejected the appeal of the Municipality of Cavallino-Treporti.
The Municipality of Cavallino-Treporti then lodged a Court of Cassation appeal against the judgement of the Court of Appeals of Venice, Italgas Reti filed an appearance and, at this stage, a date for the hearing is currently pending. The amount of the claim is 4,699,129.00 euro.
Italgas manages the public natural gas distribution service in the aforementioned Municipality under the terms of the same concession agreements in place with the Municipality of Venice. This is due to the fact that the Municipality of Cavallino-Treporti was established in 1999 as a spin-off portion of the geographic area already falling within the Municipality of Venice.
Supported by an external legal opinion, the Company does not, at present, believe that the risk of losing the dispute it’s more likely than not.

Publiservizi S.p.A. / Italgas S.p.A. – Florence Court

On 25 July 2019, a writ of summons was served on the Issuer by Publiservizi, on its own behalf and as agent of other Municipalities with stakes in Toscana Energia, which claimed the alleged violation of a shareholders’ agreement signed on 28 June 2018 between Italgas S.p.A. and Publiservizi, thus requesting that Italgas be ordered to acquire a 3% stake in Toscana Energia S.p.A. (for the price of 70,000,000.00 euro indicated in the tender notice of 20 July 2018) or, in any case, to fulfil the aforementioned shareholders’ agreement and, in the alternative, to pay Publiservizi an amount of 59,800,000.00 euro by way of compensation for damages for breach or, alternatively, by way of enrichment without just cause.

Following the exchange of introductory documents, by order of 30 April 2021, the Judge ruled that the case could be settled at that stage and therefore scheduled the hearing for specification of the pleadings for 13 September 2023. With judgement delivered on 11 June 2024, the Court of Florence fully rejected the requests of the writ of summons of Publiservizi. On 13 January 2025, Publiservizi (now Alia) lodged an appeal before the Court of Appeals of Florence against the judgement of the Court of Florence of 11 June 2024.

Criminal dispute

The main criminal disputes in which the Group is involved are set out below.

Italgas Reti S.p.A. – Ravanusa Event

The Public Prosecutor's Office at the Court of Agrigento opened an investigation into an explosion that occurred in the town of Ravanusa on 11 December 2021. The event caused a total of 9 victims and the collapse of and damage to several buildings. On 31 December 2021, the Public Prosecutor’s Office at the Court of Agrigento served a notice of indictment on ten Italgas Reti employees, to allow for the execution of technical assessments that could not be repeated in joint consultation.
These assessments found the rupture of the steel pipe laid along Via Trilussa in 1988 by Siciliana Gas S.p.A. (company subject to a merger by incorporation into Società Italiana per il gas S.p.A. in 2008, which in turn became Italgas Reti on 7 November 2016). In addition, further laboratory investigations were carried out on odorising gas and soil samples taken near the site of the event in the days following the explosion and the presence of the odorising molecule was confirmed.
An extension of the preliminary investigation was requested and granted in July 2022, and a subsequent extension request for a further six months was notified in February 2023.
On 16 May 2023, the Public Prosecutor's Office requested the dismissal of the proceedings against all Italgas Reti's defendants, while it issued a notice of conclusion of the preliminary investigation pursuant to Article 415-bis of the Italian Code of Criminal Procedure against individuals of Siciliana Gas S.p.A and the company that had laid the pipeline. It should be noted that the natural person of Siciliana Gas S.p.A. involved in the proceeding did not transfer to Italgas Reti as part of the aforementioned merger by incorporation of Siciliana Gas S.p.A. into Società Italiana per il gas S.p.A.
Following the opposition to the request for dismissal filed by the injured parties, hearings were held before the Court of Preliminary Investigations on 17 October 2023, 5 December 2023, 27 February 2024, 30 April 2024 and 31 May 2024.
Following the hearings, the judge for preliminary investigations ordered further investigations, specifically aimed at studying the inspection and maintenance activities on the network, assigning the Public Prosecutor’s Office a term of six months to complete them. The resulting determinations of the Public Prosecutor’s Office are pending. On 31 May 2024, the judge for preliminary investigations also ordered the committal for trial of the representatives of Siciliana Gas S.p.A. and of the construction company.
In this proceeding, Italgas Reti appeared as the “civilly liable” party (i.e. the party assuming civil liability on behalf of the representative of Siciliana Gas S.p.A., subsequently merged into Italgas Reti) in the context of the claim opened with the insurance companies for the orderly handling of the claims under the third-party liability policy. At the trial hearing on 12 December 2024, the defence of the Siciliana Gas representative requested an abbreviated trial subject to the expert examination, on which the judge reserved his decision, adjourning the hearing to 6 February 2025.
Italgas Reti, after having granted its willingness to the Municipality of Ravanusa to carry out a project for the removal of the rubble resulting from the explosion, completed the work in 2023.

Informative priorities ESMA 2024

In October 2024, the European Securities and Markets Authority (ESMA) published the document “Public Statement: European Common Enforcement Priorities for 2024”, which contained the annual recommendations for reporting purposes of the Cosolidated Financial Statement in accordance with IFRS.

ESMA encourages companies, auditors and supervisory bodies to carefully consider the recommendations contained in the Public Statement when preparing, reviewing and supervising the 2024 annual financial statements, in light of their relevance and materiality on operations and the budget.

In particular, the enforcement topics in terms of statement of cash flow for the 2024 financial statements are related to:
- Liquidity within financial reporting;
- Covenants;
- Accounting policies, judgements and significant estimates
- Classification of subsidiaries, jointly controlled companies and significant influence;
- Revenues from contracts with customers.

An additional aspect highlighted in the Statement concerns the connections between financial reporting and sustainability reporting (for the latter, ESMA provides further specific recommendations in the document).
Though these connections do not represent enforcement priorities for 2024, ESMA considers them to be additional focus points for an improvement in the business reporting process, for impacts on specific sectors or on particular activities of the company, for future reporting requirements.

As for priorities related to financial reports pursuant to IFRS, ESMA identified the topics described below.

The Group has considered these issues for the purposes of preparing the consolidated financial statements as of 31 December 2024:

Climate-related risks and impairment

The Group, through ERM, monitors risks related to climate-change issues, which are divided into physical risks, directly due to weather-climate variations, and transition risks, linked to society's socio-economic reaction to climate change.

The identified physical risks are the increased frequency of extreme natural events in the areas where Italgas operates and the rise in average temperatures in the same areas. Italgas constantly monitors the integrity of its infrastructure and adopts new technologies to reduce environmental impact, identify critical issues in advance, and avoid negative impacts on the service level.

The transition risks, on the other hand, are represented by: (i) changes in the regulatory and legislative context regarding greenhouse gases with the aim of limiting emissions, (ii) technological evolution, (iii) uncertainty about the role of natural gas in the future energy mix. To mitigate these risks, Italgas invests in innovative technologies (Picarro Surveyor, Power to Gas), in transforming the network into a digital infrastructure ready for the distribution of gases other than methane (such as hydrogen, biomethane, and e-gas), and in projects in the water and energy efficiency sectors. Additionally, Italgas pursues specific objectives for reducing greenhouse gas emissions, also through energy efficiency projects.

The rise in temperatures and transition risks could have, among other things, a negative impact on the number of active delivery points served and on revenues for the component related to covering operating costs. However, this risk is mitigated by Resolution 570/19 and Determination 4/2023, with which ARERA introduces a revenue adjustment mechanism aimed at compensating for the consequences of the reduction in delivery points in individual locations.

Finally, with reference to the risk related to gas demand, it is noted that under the tariff system currently applied to natural gas distribution services, revenue hedging mechanisms are envisaged.

For these reasons, it is believed that, also considering the specific business and sectors in which it operates, the Group currently has limited exposure to the impacts that possible climate risks could have on the valuation of non-current assets and other assets, including receivables, recorded in the financial statements.
Similarly, due to the systematic monitoring of its assets and the areas on which they are located, the Italgas Group is able to identify in advance possible situations that could generate the emergence of potential liabilities related to climate risks.

International Tax Reform – Pillar Two Model Rules

Legislative Decree no. 209 of 27 December 2023, transposing Council Directive (EU) no. 2022/2523 on “Global Minimum Tax” (also known as “Pillar Two”), introduced a reference regulation in Italy to guarantee a minimum level of taxation for multinational and national groups of businesses, applicable from 1 January 2024. Council Directive (EU) no. 2022/2523 was also adopted in Greece with Law 5100/2024.

The new provisions apply to undertakings operating in Italy and Greece belonging to multinational or national groups with consolidated annual revenues of 750 million euro or higher, calculated as an average in at least two of the four financial years immediately prior to the reporting year. The objective of the legislation is to ensure that such undertakings are subject to an effective minimum tax rate of 15%, with possible tax supplements required in jurisdictions that do not reach this level.

The regulation in question applies to Italgas S.p.A. and its subsidiaries since they form part of the CDP Group. Cassa Depositi e Prestiti S.p.A., as ultimate parent entity (“UPE”), is responsible for carrying out the minimum tax calculations based on the data provided by the subsidiaries.

At the approval date of these financial statements, Cassa Depositi e Prestiti S.p.A. has not yet finalised the calculations. However, on the basis of preliminary estimates and analyses that Italgas and the CDP Group have made for the jurisdictions where Italgas and its subsidiaries operate (Italy and Greece), no liabilities for supplementary tax of a significant amount were found.

Public funds received in Italy

With reference to the new rules introduced by Law no. 124 of 4 August 2017 “Annual competition law”, under Article 1, paragraphs 125-129, please note that the following grants from public authorities relating to the construction of gas networks in Italy were collected in 2024.

Beneficiary	Grantor			Type of transaction	Amount €
	Designation Company name	Tax code	VAT Number		
ITALGAS RETI S.P.A.	BENESTARE	81000530808	81000530808	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	278,365.00
ITALGAS RETI S.P.A.	CAMINI	81000690800	81000690800	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	71,505.00
ITALGAS RETI S.P.A.	FOSSATO	00296630791	00296630791	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	134,424.00
ITALGAS RETI S.P.A.	NOCERA TERINESE	00297930796	00297930796	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	529,422.00
ITALGAS RETI S.P.A.	RIACE	81000670802	81000670802	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	49,905.00

ITALGAS RETI S.P.A.	TIRIOLO	00297960791	00297960791	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	105,602.00
ITALGAS RETI S.P.A.	AUTORITÀ DI REGOLAZIONE PER ENERGIA RETI E AMBIENTE	97190020152	97190020152	Innovative project development – 3D ASSET	534,912.00
ITALGAS RETI S.P.A.	AUTORITÀ DI REGOLAZIONE PER ENERGIA RETI E AMBIENTE	97190020152	97190020152	Innovative project development – REVERSE FLOW	428,604.00
TOSCANA ENERGIA S.P.A.	BAGNO A RIPOLI	1329130486	1329130486	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	8,472.67
TOSCANA ENERGIA S.P.A.	FIGLINE/INCISA	6396970482	6396970482	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	10,236.00
TOSCANA ENERGIA S.P.A.	AZIENDA OSPEDALIERO UNIVERSITARIA PISANA	1310860505	1310860505	Plant account grants - Reg. Law no. 25 of 3 APRIL 1995 and - REGIONAL LAW NO. 84 of 27.12.2001	67,910.00
MEDEA S.P.A.	CONSORZIO INTERCOMUNALE DI SALVAGUARDIA AMBIENTALE	91005820922	02413680923	Plant account grants - Del. 54/28 22.11.2005 Art. 5 of autonomous region of Sardinia	6,803,489.27
MEDEA S.P.A.	COMUNE DI SANT'ANNA ARRESI	81001910926	01351570922	Plant account grants - Del. 54/28 22.11.2005 Art. 5 of autonomous region of Sardinia	1,157,622.80
TOTAL					**10,180,469.74**

27) Revenues and other income

The breakdown of revenues and other income is shown in the following table.

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Revenues	2,564,193	2,478,644
Other income	74,648	60,792
	2,638,841	**2,539,436**

Group revenues are generated in Italy and Greece.

An analysis of revenue by operating segment is provided in Note 34 “Information by operating segment”.

Revenues from related parties are described in Note 36 “Related party transactions”.

Revenues

Revenues, which amount to 2,478,644 thousand euro (2,564,193 thousand euro as at 31 December 2023), are analysed in the table below:

(€ thousands)	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**
Gas distribution	1,422,281	1,536,573
Revenues for infrastructure construction and improvements (IFRIC 12)	787,136	746,503
Technical assistance, engineering, IT and various services	47,199	53,109
Energy efficiency interventions	281,866	31,869
Integrated water service	8,435	96,125
Gas sales	1,748	0
Other ESCo revenues	13,499	14,358
Sale of other products	2,029	107
	2,564,193	**2,478,644**

Revenues refer primarily to the consideration for the natural gas distribution service and other gas regulated revenues (1,536,573 thousand euro as at 31 December 2024 and 1,422,281 thousand euro as at 31 December 2023) and revenues deriving from the construction and upgrading of gas and water distribution infrastructure connected with concession agreements pursuant to IFRIC 12 (746,503 thousand euro as at 31 December 2024 and 787,136 thousand euro as at 31 December 2023).

Gas distribution revenues in Italy are reported net of the following items, involving tariff components in addition to the tariff applied to cover gas system expenses of a general nature. The amounts in question are paid, where positive, or charged, where negative, for an equal amount, to the CSEA.

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
RE-RS-UG1 fees	9,022	180,998
UG3 fees	(2)	43,364
Gas Bonus and GS fees	(292,661)	(56,262)

UG2 fees	(727,529)	(32,640)
	(1,011,170)	**135,460**

The additional fees of the distribution service (135,460 thousand euro as at 31 December 2024 and -1,011,170 thousand euro as at 31 December 2023) mainly relate to the following components: (i) RE, to cover the expenses burdening the Fund for calculating and implementing energy savings and the development of renewable energy sources in the gas sector; (ii) RS, to cover expenses burdening the Account for gas services quality; (iii) UG1, to cover any imbalances in and adjustments to the equalisation system; (iv) UG2, to cover the costs of retail sales marketing; (v) UG3int, to cover expenses connected to the interruption of services; (vi) UG3ui, to cover expenses connected to any imbalances in specific equalisation mechanism balances for the Default Distribution Service Provider (FDD) as well as the expenses for payment delays incurred by Suppliers of Last Instance (FUI), limited to end customers for which the supply cannot be suspended; (vii) UG3ft, to cover the arrears paid to temporary providers on the transport system; (viii) GS, to cover the tariff compensation system for economically disadvantaged customers.
Gas distribution revenue (1,536,573 thousand euro as at 31 December 2024 and 1,422,281 thousand euro as at 31 December 2023) refers to natural gas distribution on behalf of all commercial operators requesting access to the networks of the distribution companies and include the effects arising from (i) the implementation of Resolution no. 737/2022/R/gas in terms of recognition of the residual value of smart meters of a class not exceeding G6 produced up to the year 2016 and commissioned by the year 2018, (ii) the higher revenues associated with the contribution pursuant to Article 57 of ARERA Resolution no. 570/2019/R/gas relating to the replacement of traditional meters with electronic smart meters and the recovery of non-depreciation (so-called IRMA) pursuant to Consultation Document DCO 545/2020/R/gas, Resolution no. 570/2019/R/gas, Resolution no. 287/2021 and Determination no. 3/2021.
Gas distribution revenue was also reduced as a result of the effects of (i) Resolution no. 207/2024/R/gas, which retroactively, for the 2011-2016 period, did not recognise the costs previously approved for the natural gas metering services related to the smart reading/remote management systems and concentrators (9.9 million euro), (ii) Resolution no. 704/2016/R/Gas, supplemented by Resolution no. 525/2022/R/gas, relating to the tariff recognition of capital costs in start-up locations starting from the 2018 financial year in which Italgas Reti did not reach the ceiling (re-delivery point density per km of network) expected in the years following the first gas supply (4.6 million euro relating to the 2018-2023 period, 0.9 million euro relating to 2024).
Italgas has taken action to challange these resolutions.

Revenues from energy efficiency measures (31,869 thousand euro as at 31 December 2024 and 281,866 thousand euro as at 31 December 2023) decreased mainly due to the expiration of the so-called “Superbonus” boost (Decree Law 34/2020; or “Relaunch Decree”). In this context, the Group ESCo is now focused on the development of industrial efficiency projects and the integration of the offer for the residential sector.

Revenues from integrated water service for 96,125 thousand euro as at 31 December 2024 (8,435 thousand euro as at 31 December 2023) are relate to water capture, supply, transport, distribution and sale in Campania.

Other income

Other income, which amounted to 60,792 thousand euro as at 31 December 2024 (74,648 thousand euro as at 31 December 2023), can be broken down as follows:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Income from gas distribution service safety recovery incentives	27,179	2,436
Plant safety assessment pursuant to ARERA Resolution no. 40/04	1,778	1,541
Other income from regulated activities	8,472	9,721
Release of connection contributions relating to the year	19,184	18,999
Capital gains from sale of assets	1,210	1,892
Sundry management refunds and chargebacks	9,062	18,148
Contractual penalties receivable	885	418
Income from real estate investments	230	287
Revenues from seconded personnel	357	1,215

Sundry other	6,291	6,135
	74,648	**60,792**

Income from gas distribution service safety recovery incentives, in the amount of 2,436 thousand euro, relates to refunds paid by the Authority associated with achieving quality and technical standards relating to the natural gas distribution service. The reduction essentially refers to the effects of Resolution no. 490/2024/R/gas, which cancelled the gas distribution service safety premiums for the year 2020, and therefore the non-recognition of approximately 24.0 million euro. Italgas does not agree with the contents of Resolution no. 490/2024/R/gas and has taken action to enforce its rights and interests in the relevant offices.

Refunds and operating charge-backs include 18,148 thousand euro of reimbursements from suppliers related to faulty meters under warranty.

Revenues from capital gains from sale of assets, in the amount of 1,892 thousand euro as at 31 December 2024, mainly refer to the sale of buildings and cryogenic LNG tanks.

28) Costs and other operating expenses

The breakdown of costs and other operating expenses, amounting 1,220,732 thousand euro as at 31 December 2024 (1,412,036 thousand euro as at 31 December 2023), is shown in the the following:

(€ thousands)	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**
Purchase costs for raw materials, consumables, supplies and goods	195,869	168,459
Costs for services	794,466	606,581
Lease expenses	89,133	102,496
Personnel costs	279,587	291,004
Impairment of trade receivables net	124	(822)
Other operating expenses	57,717	60,921
To be deducted:		
Increases for own work	**(4,860)**	**(7,907)**
- of which costs for services	(2,073)	(2,036)
- of which labour costs	(2,787)	(5,871)
	1,412,036	**1,220,732**

Costs for raw materials, consumables, supplies and goods, amounting to 168,459 thousand euro (195,870 as at 31 December 2023), comprise the following:

(€ thousands)	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**
Inventories	182,473	137,045
Purchase of gas	3,307	3,472
Purchase of water	2,720	195
Motive power and water lifting	1,279	22,704
Purchase of fuel	4,697	4,046
Consumables	1,394	997
	195,870	**168,459**

Inventories refer in particular to the acquisition of meters and gas pipes. it also includes 2,248 thousand euro in materials related to services delivered to the Campania Region.

The purchase of water decreased by 2,525 thousand euro predominantly following the first-time consolidation of Acqua Campania.

Motive power and water lifting amounting to 22,704 thousand euro (1,279 thousand euro as at 31 December 2023) increased following the entry into the scope of consolidation of Acqua Campania.

Purchase costs for raw materials, consumables, supplies and goods include costs relating to the construction and upgrading of gas distribution and water service infrastructure amounting to 127,284 thousand euro (159,872 thousand euro as at 31 December 2023), recorded in accordance with IFRIC 12.

Costs for services of 604,545 thousand euro (792,394 thousand euro as at 31 December 2023) relate to:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Project management and plant maintenance	620,170	414,957
Consultancy and professional services	70,181	67,110
Costs for personnel services	18,803	20,259
IT and telecommunications services	47,737	43,538
Electricity, water and other (utility) services	6,474	4,884
Insurance	6,849	6,840
Cleaning, security service and guard services	4,095	4,281
Advertising and entertainment	5,060	5,334
Costs for seconded personnel	1,510	698
Works performed on behalf of the Campania Region	0	13,832
Other services	38,864	40,374
Use of risk provision	(25,276)	(15,526)
	794,467	**606,581**
To be deducted:		
Increases for own work	(2,073)	(2,036)
	792,394	**604,545**

Costs for services include costs relating to the construction and upgrading of gas distribution and water distribution infrastructure amounting to 478,116 thousand euro (501,283 thousand euro as at 31 December 2023) recognised pursuant to IFRIC 12.

Costs for project management and plant maintenance planning (414,957 thousand euro as at 31 December 2024 and 620,170 thousand euro as at 31 December 2023) essentially relate to the extension and maintenance of gas distribution plants, as well as work carried out on buildings for energy efficiency purposes. The reduction of 205,213 thousand euro is mainly due to the progressive conclusion of “Superbonus” works (DL no. 34/2020, also known as the “Relaunch Decree”).

Lease expense, of 102,496 thousand euro (89,139 thousand euro as at 31 December 2023), regard:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Patent, license and concession fees	78,221	85,242
Leases and rentals	10,934	17,254
Use of risk and charges provision	(23)	0

	89,132	**102,496**

Fees, patents and licences (85,242 thousand euro as at 31 December 2024 and 78,221 thousand euro as at 31 December 2023) refer primarily to fees recognised to contracting parties for the running of natural gas distribution activities under concession.

Costs for use of third-party assets include costs relating to the construction and upgrading of gas distribution infrastructure amounting to 16,425 thousand euro (10,172 thousand euro as at 31 December 2023) recognised in accordance with IFRIC 12.

Personnel costs, totalling 285,133 thousand euro (276,800 thousand euro as at 31 December 2023), breaks down as follows:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Wages and salaries	198,722	209,744
Social charges	57,854	60,684
Employee benefits	17,982	16,659
Other expenses	5,029	3,917
	279,587	**291,004**
To be deducted:		
Increases for own work	(2,787)	(5,871)
	276,800	**285,133**

The item includes costs relating to the construction and upgrading of gas distribution infrastructure amounting to 118,104 thousand euro (113,673 thousand euro as at 31 December 2023) recognised pursuant to IFRIC 12.

Employee benefits (16,659 thousand euro as at 31 December 2024 and 17,982 thousand euro as at 31 December 2023) mainly regard the employee severance pay accrued, to be paid to pension funds or to INPS.

Other expenses of 3,917 thousand euro (5,029 thousand euro as at 31 December 2023), in particular refer to charges for the incentive plan for senior executives (co-investment plan).

For Stock Grant plans for Company employees, the fair value of the option, determined at the time it is granted (calculated on the basis of the “Black-Scholes” economic and actuarial method) is posted to the income statement as a cost throughout the vesting period, with a corresponding balancing item in a reserve under equity.

More details are provided in the “Provisions for employee benefits” note.

Average number of employees

The average number of payroll employees of the consolidated entities, broken down by status, is as follows:

Professional qualification	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**
Executives	75	82
Middle Managers	381	431
Employess	2,471	2,513
Manual workers	1,329	1,312
	4,256	**4,338**

The average number of employees is calculated on the basis of the monthly number of employees for each category. The increase stems mainly from the entry of Acqua Campania into the scope of consolidation.

There were 4,330 employees on average.

Remuneration due to key management personnel

The remuneration due to persons with powers and responsibilities for the planning, management and control of the Company, i.e. executive and non-executive directors, general managers and executives with strategic responsibilities ("key management personnel"), in office at 31 December 2024, amounted to 10,302 thousand and breaks down as follows:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Wages and salaries	7,979	8,081
Post-employment benefits	759	755
Other long-term benefits	1,406	1,466
	10,144	**10,302**

Remuneration due to Directors and Statutory Auditors

Remuneration due to Directors, except for the Chairperson and the CEO who form part of the key management personnel as explained in the foregoing paragraph, amounted to 2,584 thousand euro and remuneration due to Statutory Auditors amounted to 721 thousand euro (Article 2427, no. 16 of the Italian Civil Code). This remuneration includes emoluments and any other amounts relating to pay, pensions and healthcare due for the performance of duties as a director or statutory auditor giving rise to a cost for the Company, even if not subject to personal income taxes.

Other operating expenses, 60,921 thousand euro (57,718 thousand euro as at 31 December 2023), are analysed below:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Other penalties	3,069	6,887
Indirect taxes, local taxes	6,625	5,697
Allocations to/releases from provision for risks and charges	1,118	673
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	40,302	39,760
Sundry other	6,604	7,904
	57,718	**60,921**

Other penalties for 6,887 thousand euro (3,069 thousand euro as at 31 December 2023) mainly refer to the gas distribution sector.

Net allocations to provisions for risks and charges totalled 673 thousand euro (1,118 thousand euro as at 31 December 2023). For more details on the changes during the financial year, please refer to the note "Provisions for risks and charges".

The capital losses from the disposal/recovery of fixed assets (39,760 thousand euro as at 31 December 2024 and 40,302 thousand euro as at 31 December 2023) mainly relate to the replacement of meters, as well as pipes and connections.

Operating costs relating to the construction and upgrading of gas distribution and water service infrastructure connected with concession agreements pursuant to what is set forth in IFRIC 12, amount to 746,504 thousand euro and are broken down as follows:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Purchase costs for raw materials, consumables, supplies and goods	159,872	127,284
Costs for services	501,283	478,116
Costs for the use of third-party assets	10,172	16,425
Personnel cost	113,673	118,104
Other operating expenses	2,136	6,575
	787,136	**746,504**

29) Amortisation, depreciation and impairment of assets

Amortisation, depreciation and impairment of assets, totalling 536,555 thousand euro (545,546 thousand euro as at 31 December 2023), breaks down as follows:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Amortisation and depreciation	**522,530**	**549,120**
- Property, plant and equipment	17,719	20,547
- Right of use pursuant to IFRS 16	29,691	32,462
- Intangible assets	475,120	496,111
Impairment	**23,016**	**(12,565)**
- Use of provision	0	(12,565)
- Impairment of intangible assets	23,016	0
	545,546	**536,555**

Net impairment asset, amounting to a net use of -12,565 thousand euro (a net impairment of 23,016 thousand euro in 2023) refer to the use of provision for impairment of assets related to faulty gas smart meters.

30) Net financial expense

Net financial expense, amounting to 120,666 thousand euro (98,229 thousand euro as at 31 December 2023), comprises:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Total financial expense	**(94,289)**	**(122,362)**
Financial expense	(100,009)	(139,862)
Financial income	5,720	17,500
Total financial income (expense)	**(3,863)**	**1,317**
Other financial expenses	(3,633)	(9,704)
Other financial income	(230)	11,021
Gain/(loss) on derivatives measured at fair value	**(77)**	**379**
	(98,229)	**(120,666)**

Below is the breakdown of financial charges, financial income and other financial income and charges:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Net financial expense	**(94,289)**	**(122,362)**
Borrowing costs:	**(100,009)**	**(139,862)**
- Interest expense on bonds	(70,312)	(108,218)
- Commission expense on bank loans and credit lines	(8,860)	(4,824)
- Interest expense on credit line and loan expense due to banks and other lenders	(20,837)	(26,820)
Financial expense capitalised		
Income on financial receivables:	**5,720**	**17,500**
- Interest income and other income on financial receivables non-held for operations	5,720	17,500
Total net financial expense:	**(3,863)**	**1,317**
- Capitalised financial expense	1,424	1,293
- Financial income (expense) connected with the passing of time (accretion discount) (*)	(3,590)	(2,769)
- Expense for right of use pursuant to IFRS 16	(1,132)	(1,376)
- Other expenses	(334)	(6,852)
- Other income	(231)	11,021
Gain/(loss) on derivatives measured at fair value	**(77)**	**379**
	(98,229)	**(120,666)**

(*) The item relates to the increase in the provisions for risks and charges and provisions for employee benefits that are specified, at a discounted value, in the notes “Provisions for risks and charges” and “Provisions for employee benefits”.

31) Net income from equity investments

Net income from equity investments, totalling 11,209 thousand euro (3,068 thousand as at 31 December 2023), breaks down as follows:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Share of the profit of investments in associates/joint ventures	**1,652**	**9,945**
Income from share of the profit of equity investments in associates/joint ventures	1,652	9,945
Other income from equity investments	**1,416**	**1,264**
Dividends	25	0
Other income from equity investments	1,391	1,264
	3,068	**11,209**

Details of capital gains and capital losses accounted for using the equity method can be found in the note “Investments accounted for using the equity method”.

Other income from equity investments refers to the contribution deriving from equity investments in other companies (Distribution Networks).

32) Income taxes

Income taxes for the year, amounting to 165,257 thousand euro (118,626 thousand euro as at 31 December 2023) comprise:

For the year ended 31 December 2023

(€ thousands)	IRES	IRAP	FOREIGN	Total
Current taxes	**123,374**	**23,902**	**5,309**	**152,585**
Current taxes for the year	149,410	29,088	5,309	183,807
Patent box	(32,860)	(6,539)		(39,399)
Adjustments for current taxes pertaining to previous years	6,824	1,353		8,177
Deferred and prepaid taxes	**(40,048)**	**(2,332)**	**8,421**	**(33,959)**
Deferred taxes	(15,988)	(1,643)	8,129	(9,502)
Prepaid taxes	24,060	689	(292)	24,457
	83,326	**21,570**	**13,730**	**118,626**

	For the year ended 31 December 2024			
(€ thousands)	IRES	IRAP	FOREIGN	Total
Current taxes	**130,893**	**29,400**	**3,667**	**163,960**
Current taxes for the year	156,056	33,292	3,667	193,015
Patent box	(18,311)	(3,639)		(21,950)
Adjustments for current taxes pertaining to previous years	(6,852)	(253)		(7,105)
Deferred and prepaid taxes	**(12,261)**	**727**	**12,831**	**1,297**
Deferred taxes	(13,412)	(1,186)	12,831	(1,767)
Prepaid taxes	(1,151)	(1,913)	0	(3,064)
	118,632	**30,127**	**16,498**	**165,257**

Income taxes include current taxes of 163,960 thousand euro (152,585 thousand euro as at 31 December 2023) and net deferred taxes of 1,297 thousand euro.

Current taxes (IRES and IRAP) take into account the patent box benefit – pursuant to Article 1, subsections 37 to 45, Law no. 190/2014, as amended – resulting in an estimated tax benefit of 21,951 thousand euro (39,399 thousand euro in 2023).

The rates applied and provided for by the Italian tax regulations for current taxes are 24% for IRES and 4.2% for IRAP. The rate applied and provided for by the Greek tax regulations for current taxes is 22%.

The reconciliation of the theoretical tax charge, calculated by applying the corporation tax (IRES) rate in force in Italy of 24%, with the actual tax charge for the year can be broken down as follows:

	For the year ended 31 December 2023		For the year ended 31 December 2024	
(€ thousands)	Tax rate	Balance	Tax rate	Balance
IRES and FOREIGN				
Profit before Tax		586,097		672,691
IRES tax calculated based on the theoretical tax rate	**24.00%**	**140,663**	**24.00%**	**161,446**
Tax effect on:				
- Income from equity investments	0.7%	3,880	0.8%	5,179
- Patent box	(5.6)%	(32,860)	(2.7)%	(18,311)
- Current taxes for previous years	0.0%	140	(1.0)%	(6,852)
- “Super Iper amortisation and depreciation” tax benefit	(1.5)%	(8,738)	(1.3)%	(8,594)
- Other permanent differences	(1.0)%	(6,029)	0.3%	2,262

IRES taxes for the year through profit or loss	**16.6%**	**97,056**	**20.1%**	**135,130**

	For the year ended 31 December 2023		For the year ended 31 December 2024	
(€ thousands)	Tax rate	Balance	Tax rate	Balance
IRAP				
Operating profit for IRAP		603,239		782,147
IRAP tax calculated based on the theoretical tax rate	**4.2%**	**25,336**	**4.2%**	**32,850**
Tax effect on:				
- Taxes for previous years	0.2%	1,353	0.0%	(253)
- Patent box	(1.1)%	(6,539)	(0.5)%	(3,639)
- Regional IRAP adjustments	0.5%	2,777	0.6%	4,201
- Other permanent differences	(0.2)%	(1,357)	0.2%	(3,032)
IRAP taxes for the year through profit or loss	**3.6%**	**21,570**	**4.5%**	**30,127**

An analysis of deferred tax assets and liabilities grouped based on the nature of the significant temporary differences that generated them can be found in the note “Deferred tax liabilities”.

Taxes related to components of comprehensive income

Current and deferred taxes related to other components of comprehensive income can be broken down as follows:

	For the year ended 31 December 2023			For the year ended 31 December 2024		
(€ thousands)	Gross value	Tax impact	Net tax value	Gross value	Tax impact	Net tax value
Remeasurement of defined-benefit plans for employees	48	(13)	**35**	(629)	176	**(453)**
Change in fair value of investments measured at FVTOCI	(489)	117	**(372)**	106	(25)	**81**
Fair value gain/(loss) arising from hedging instruments during the period	(19,860)	4,766	**(15,094)**	(15,321)	3,677	**(11,644)**
Other components of comprehensive income	**(20,301)**	**4,870**	**(15,431)**	**(15,844)**	**3,828**	**(12,016)**
Deferred tax assets/liabilities		**4,870**			**3,828**	

33) Earnings per share

The earnings per basic share, equal to 0.59 euro (0.54 euro as at 31 December 2023), was calculated by dividing the net profit attributable to Italgas equal to 478,854 thousand euro (439,568 thousand euro as at 31 December 2023) by the weighted average number of Italgas shares during the year equal to 811,242,309 shares (810,745,220 shares as at 31 December 2023).

The diluted earnings per share is calculated by dividing the net profit attributable to Italgas, equal to 478,854 thousand euro, by the weighted average number of shares during the period, excluding any treasury shares, increased by the number of shares that could potentially be added to those as a result of the assignment or disposal of treasury shares in the portfolio for stock grant plans. The diluted earnings per share, calculated also considering the co-investment plan, was 0.59 euro per share (0.54 euro per share as at 31 December 2023).

34) Information by operating segment

In accordance with IFRS 8 "Operating Segments", the Group's identified segments as at 31 December 2024 are as follows:

- Gas distribution;
- Water service;
- Energy efficiency;
- Corporate.

The Gas Distribution operating segment aggregates the activities carried out in Italy and Greece.
Until 2023, the activities related to the water service business did not constitute an operating segment subject to separate reporting. The change occurred following the first consolidation of Acqua Campania S.p.A. in 2024.

Operating result is the key profit measure used by Group Management to assess performance and allocate resources to the Group's operating segments, as well as to analyze operating trends, perform analytical comparisons and benchmark performance between periods and among the segments. Operating result is defined as profit or loss before income taxes plus net financial expenses and net income from equity investments.

Investments in property, plant and equipment and Investments in intangible assets are the key measure used by the Group Management to allocate resources to the Group's operating segments.

The following tables summarize selected financial information by segment for the years ended 31 December, 2024 and 2023.

(€ thousands)	**Gas distribution**	**Water service**	**Energy efficiency**	**Corporate**	**Total**
For the year ended 31 December 2023					
Total revenues and others revenues	**2,344,941**	**11,010**	**299,909**	**82,747**	**2,738,607**
to be deducted: inter-sector others revenues	(17,017)	(15)	(1,742)	(80,992)	**(99,766)**
Total revenues and others revenues from third parties	**2,327,924**	**10,995**	**298,167**	**1,755**	**2,638,841**
Operating result	**636,925**	**(737)**	**51,208**	**(6,139)**	**681,257**
Total net financial expense					**(98,229)**
Total net income from equity investments					**3,068**
Profit before tax					**586,096**
Investments in property, plant and equipment	53,074	9	3,283	5,377	61,743
Investments in intangible assets	840,357	3,404	1,118		844,879
Total investments in property, plant and equipment and intangible assets	**893,431**	**3,413**	**4,401**	**5,377**	**906,622**

(€ thousands)	**Gas distribution**	**Water service**	**Energy efficiency**	**Corporate**	**Total**
For the year ended 31 December 2024					
Total revenues and others revenues	**2,408,448**	**99,093**	**48,608**	**85,293**	**2,641,442**
to be deducted: inter-sector others revenues	(16,707)	(47)	(2,022)	(83,230)	(102,006)

Total revenues and other revenues and income from third parties	**2,391,741**	**99,046**	**46,586**	**2,063**	**2,539,436**
Operating result	**773,734**	**12,262**	**407**	**(4,254)**	**782,149**
Total net financial expense					**(120,666)**
Total net income from equity investments					**11,209**
Profit before tax					**672,692**
Investments in property, plant and equipment	46,477	2,751	3,770	2,469	55,467
Investments in intangible assets (*)	851,102	26,958	577	50	878,687
Total investments in property, plant and equipment and intangible assets	**897,579**	**29,709**	**4,347**	**2,519**	**934,154**

(*) The item includes, for the gas distribution sector, the amount of 47,190 thousand euros relating to the acquisition completed on 1 February 2024 of the Belluno ATEM concession for the management of natural gas distribution service, with a term of 12 years.

35) Information by geographical area

In accordance with Subsection 33 of IFRS 8, revenues, non-current assets and investments by geographic area are shown below:

(€ thousands)

As of 31 December 2023	**Italy**	**Greece**
Revenues	2,384,087	254,754
Non-current assets	8,579,093	1,178,758
Investments in tangible and intangible assets	799,726	106,734

(€ thousands)

As of 31 December 2024	**Italy**	**Greece**	**Non-EU countries**
Revenues	2,258,800	279,196	1,440
Non-current assets	9,061,549	1,287,444	
Investments in tangible and intangible assets	765,979	120,984	

36) Related party transactions

Considering the equity investment of CDP S.p.A. in Italgas S.p.A., pursuant to international accounting standard IFRS 10 – Consolidated Financial Statements, Italgas' related parties are represented, as well as by the subsidiaries, associates and joint ventures of Italgas, by the parent company CDP S.p.A. and its subsidiaries, including those under joint control, and associates, as well as by the subsidiaries, including under joint control, and associates of the Ministry of Economy and Finance (MEF), and in any case any other related parties pursuant to IAS 24. Members of the Board of Directors, Statutory Auditors and Key Managers of Italgas and of the companies that, even jointly, control Italgas, as well as their family members and the entities controlled by them, even jointly, are also regarded as related parties.

As explained in detail below, related-party transactions involve the trading of goods and the provision of regulated services in the gas sector. Transactions between Italgas and related parties are part of ordinary business operations and are generally settled at arm's length, i.e. at the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group.

Pursuant to the provisions of the applicable legislations, the Company has adopted internal procedures to ensure that transactions carried out by the Company or its subsidiaries with related parties are transparent and correct in their substance and procedure. In particular, Italgas has adopted the compliance standard "Transactions involving the interests of Directors and Statutory Auditors with Related Parties" ("RPT Procedure"), which is available on the company's website. The RPT Procedure defines, among other things, the methods for maintaining and updating the database of Italgas' related parties, the thresholds applicable for related-party transactions of negligible value, of lesser and greater importance, and the procedure for investigating and approving such transactions.

Italgas is not subject to management and coordination activities. Italgas exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Civil Code.

The amounts involved in commercial, financial and other transactions with the above-mentioned related parties, are shown below. The nature of the most significant transactions is also stated.

With reference in particular to the balances exposed towards the Eni Group and Enel Group, the underlying relations refer to the natural gas distribution service business, according to the terms of the Network Code, defined by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA). The Network Code regulates the non-discriminatory conditions, including tariffs, applicable to all distribution users.

Commercial and other transactions

Commercial and other transactions are analysed below:

	As of 31 December 2023		For the year ended 31 December 2023				
			Costs (a)			Revenues (b)	
(€ thousands)	Receivables	Payables	Assets	Services	Other	Services	Other
Parent company							
- CDP Group	0	209	0	94	21	0	0
	0	**209**	**0**	**94**	**21**	**0**	**0**
Companies under joint control and associates							
- Umbria Distribuzione Gas	4,552	21	0	(32)	0	2,749	236
- Metano Sant'Angelo Lodigiano	732	(2)	0	(7)	0	426	92
- Gesam Reti	61	0	0	0	0	58	6
- Enerpaper	329	2,879	0	6,548	0	0	0
- Energie Rete Gas	1,541	5,863	0	4,160	1,755	1,352	38
	7,215	**8,761**	**0**	**10,669**	**1,755**	**4,585**	**372**
Companies owned or controlled by the State							
- Eni Group	130,542	41,681	6,845	727	2,024	64,497	4,522
- Snam Group	410	477	0	161	1	240	(96)
- Enel Group	42,291	9,384	(6)	327	611	(28,124)	(3,196)
- Anas Group	839	1,201	0	9	410	0	1,063
- Ferrovie dello Stato Group	904	38	0	4	700	65	772
- GSE Gestore Servizi Group	956	1,043	0	45	68,433	4,601	20
- Poste italiane Group	2	171	0	224	0	0	0
- Leonardo Group	28	157	0	129	0	0	105

- Saipem Group	3	27	0	0	0	0	3
	175,975	**54,179**	**6,839**	**1,626**	**72,179**	**41,279**	**3,193**
Other related parties							
- Zecca dello Stato	0	0	0	0	0	1	0
- Acqua Campania	0	1,378	2,689	0	0	0	0
- Eur Group	0	4	0	0	2	0	0
- Valvitalia Group	0	1,112	4,637	37	0	0	0
- Gruppo SMAT	0	0	0	0	0	0	2
- Autovie Venete	0	0	0	0	6	0	0
- Oper Fiber	0	0	0	0	0	0	6
- Dispositivi protezione individuale	1	11	1	14	14	0	0
- Monte Titoli	0	11	0	17	0	0	0
- Borsa Italiana	0	0	0	193	0	0	0
- Zurig Investment Life	0	1	0	1	0	0	0
- Ferrovienord	0	0	0	0	6	0	0
- Petrolig	15	0	0	0	0	0	0
- LT S.r.l.	306	1	0	380	0	0	0
- CESI - Giacinto Motta	0	21	0	19	0	0	0
- Assicurazioni Generali	891	0	0	0	0	0	(444)
- Valdarno	0	22	0	0	0	0	0
- Trevi	0	287	0	250	0	0	0
	1,213	**2,848**	**7,327**	**911**	**28**	**1**	**(436)**
Total	**184,403**	**65,997**	**14,166**	**13,300**	**73,983**	**45,865**	**3,129**

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

	As of 31 December 2024		For the year ended 31 December 2024				
			Costs (a)			Revenues (b)	
(€ thousands)	**Receivables**	**Payables**	**Assets**	**Services**	**Other**	**Services**	**Other**
Parent company							
- CDP Group	0	95	1	100	195	0	0
	0	**95**	**1**	**100**	**195**	**0**	**0**
Companies under joint control and associates							
- Umbria Distribuzione Gas	2,972	30	0	(31)	0	839	86
- Metano Sant'Angelo Lodigiano	474	2	0	(8)	0	340	106
- Gesam Reti	81	0	0	0	0	78	6
- Enerpaper	45	290	0	403	0	0	0
- Energie Rete Gas	2,007	10,835	92	7,876	1,579	1,322	367

	5,579	**11,157**	**92**	**8,240**	**1,579**	**2,579**	**565**
Companies owned or controlled by the State							
- Eni Group	177,500	40,716	4,468	704	2,402	570,429	3,723
- Snam Group	413	376	0	156	167	240	111
- Enel Group	49,177	11,625	(3)	150	1,342	167,987	2,928
- Anas Group	353	1,248	12	7	525	0	699
- Ferrovie dello Stato Group	696	56	0	33	710	245	176
- GSE Gestore Servizi Group	1,073	(678)	0	60	80,466	2,823	(1,372)
- Poste italiane Group	5	150	0	277	0	0	0
- Leonardo Group	33	115	0	186	0	1	5
- Rai Group	0	0	0	0	1	0	0
- Saipem Group	3	27	0	0	0	0	0
	229,253	**53,635**	**4,477**	**1,573**	**85,613**	**741,725**	**6,270**
Other related parties							
- Zecca dello Stato	0	12	12	0	0	0	0
- Eur Group	0	4	0	0	2	0	0
- Valvitalia Group	0	488	2,040	(3)	0	0	0
- CESI - Giacinto Motta	0	22	0	11	0	0	0
- Trevi	0	90	0	277	0	0	0
	0	**616**	**2,052**	**285**	**2**	**0**	**0**
Total	**234,832**	**65,503**	**6,622**	**10,198**	**87,389**	**744,304**	**6,835**

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

Parent company

Commercial relations with the CDP Group are essentially related to fees due to directors.

Companies under joint control and associates

With Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A., the main receivable commercial transactions mainly refer to IT and staff services.

With Enerpaper S.r.l., the payable commercial transactions refer to activities related to Superbonus construction sites managed by the Group.

With Energie Rete Gas S.r.l., the main receivable commercial transactions refer to technical services on the gas network and sale of cryogenic LNG tanks; the main payable transactions refer to services associated with the transport of natural gas by road.

Companies owned or controlled by the State

The main receivable commercial transactions predominantly refer to:

- the distribution of natural gas to the Eni Group and Enel Group;
- IT services and chargebacks of gas supply truck costs related to the Snam Group;

- energy efficiency certificates and net metering/dedicated collection of energy efficiency produced by photovoltaic plants in relation to the GSE Gestore Servizi Group;
- services associated with natural gas distribution in relation to the Ferrovie dello Stato Group and the Anas Group.

The main payable commercial transactions refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group;
- rental expenses and additional charges to lease contracts with the Snam Group;
- acquisition of energy efficiency certificates in relation to the GSE Gestore Servizi Group

Financial transactions

Financial transactions can be broken down as follows:

	As of 31 December 2023		For the year ended 31 December 2023	
(€ thousands)	**Receivables**	**Payables**	**Income**	**Expense**
Parent company				
- CDP Group	1,075	0	1	0
	1,075	**0**	**1**	**0**
Companies under joint control and associates				
- Energie Rete gas	2,126	0	0	0
	2,126	**0**	**0**	**0**
State-owned or controlled enterprises				
- Ferrovie dello Stato Group	0	405	0	0
- Anas Group	0	331	0	0
- Snam Group	0	1,466	0	0
	0	**2,202**	**0**	**0**
Other companies				
- Acqua Campania	2,581	0	0	0
	2,581	**0**	**0**	**0**
Total	**5,782**	**2,202**	**1**	**0**

	As of 31 December 2024		For the year ended 31 December 2024	
(€ thousands)	**Receivables**	**Payables**	**Income**	**Expense**
Parent company				
- CDP Group	1,570	143,944	0	1,171
	1,570	**143,944**	**0**	**1,171**
Companies under joint control and associates				
- Energie Rete gas	2,125	0	0	0
- Umbria Distribuzione Gas	0	0	253	0
	2,125	**0**	**253**	**0**

State-owned or controlled enterprises				
- Ferrovie dello Stato Group	0	405	0	0
- Anas Group	0	331	0	0
- Snam Group	0	1,466	0	0
	0	**2,202**	**0**	**0**
Total	**3,695**	**146,146**	**253**	**1,171**

Parent company

The main financial transactions conducted with the CDP Group concern portions of bond loans issued by Italgas as part of the EMTN Programme and portions of a mutual investment fund subscribed by Italgas.

Companies under joint control and associates

The main financial transactions with Energie Rete Gas relate to a shareholder loan agreement.

The main financial transactions conducted with Umbria Distribuzione Gas are related to the chargeback of interest in arrears due to non-payment.

Companies owned or controlled by the State

The main financial transactions conducted with the Ferrovie dello Stato Group, the Anas Group, Eni Group and the Snam Group relate to IFRS16 debt for real estate operating leases.

Transactions with Directors, Statutory Auditors and key managers, with reference in particular to their remuneration, are described in the note “Operating costs”, to which reference is made.

Impact of related-party transactions or positions on the statement of financial position, income statement and statement of cash flows

The impact of related-party transactions or positions on the Statement of Financial Position is summarised in the following table:

	As of 31 December 2023			**As of 31 December 2023**		
(€ thousands)	**Total**	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Statement of financial position						
Current financial assets	4,248	2,127	50.07%	3,592	2,125	59.16%
Trade and other receivables	853,488	184,114	21.57%	905,092	234,138	25.87%
Other current financial assets	18,094	0	0.00%	5,878	0	0.00%
Other current non-financial assets	152,864	2	0.00%	232,559	288	0.12%
Non-current financial assets	23,778	3,655	15.37%	339,747	1,570	0.46%
Other non-current financial assets	13,708	0	0.00%	10,982	0	0.00%
Other non-current non-financial assets	417,069	287	0.07%	619,323	406	0.07%
Current financial liabilities	1,033,434	636	0.06%	980,569	4,580	0.47%
Trade and other payables	829,862	65,775	7.93%	1,184,609	64,410	5.44%
Other current non-financial liabilities	17,393	222	1.28%	14,063	1,093	7.77%
Non-current financial liabilities	5,886,922	1,566	0.03%	6,205,299	141,566	2.28%
Other non-current non-financial liabilities	527,884	0	0.00%	566,985	0	0.00%

The impact of related-party transactions on the income statement is summarised in the following table:

	For the year ended 31 December 2023			For the year ended 31 December 2024		
(€ thousands)	**Total**	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Income Statement						
Revenues	2,564,193	45,865	1.79%	2,478,644	744,304	30.03%
Other income	74,648	3,129	4.19%	60,792	6,835	11.24%
Purchase costs for raw materials, consumables, supplies and goods	195,869	14,166	7.23%	168,459	6,622	3.93%
Costs for services	792,394	13,300	1.68%	604,545	10,198	1.69%
Lease expenses	89,133	1,125	1.26%	102,496	1,235	1.20%
Personnel costs	276,800	0	0.00%	285,133	0	0.00%
Other operating expenses	57,718	72,858	126.23%	60,921	86,154	141.42%
Financial expense	103,642	0	0.00%	149,566	1,171	0.78%
Financial income	5,490	1	0.02%	28,521	253	0.89%

Related-party transactions are generally carried out at arm's length, i.e. at the conditions that would be applied between two independent parties.

The principal cash flows with related parties are shown in the following table:

(€ thousands)	For the year ended 31 December 2023	For the year ended 31 December 2024
Revenues and income	48,994	751,139
Costs and charges	101,449	104,209
Change in current financial assets	119	2
Change in trade and other current receivables	(155,526)	(50,024)
Change in non-current financial assets	(3,043)	2,085
Change in other assets	(55)	(405)
Change in trade and other payables	(378,265)	(1,365)
Change in other current liabilities	28	871
Interest collected (paid)	(1)	(918)
Net cash flow from operating activities	**(386,300)**	**805,594**
Net cash flow from investment activities	**0**	**0**
Dividends distributed to minority shareholders	(101,470)	(112,681)
Increase (decrease) in financial debt	4,132	143,944
Net cash flow from financing activities	**(97,338)**	**31,263**
Total cash flows to related entities	**(483,638)**	**836,857**

The incidence of cash flows with related parties are shown in the following table:

	For the year ended 31 December 2023			For the year ended 31 December 2024		
(€ thousands)	**Total**	**Related entities**	**Incidence %**	**Total**	**Related entities**	**Incidence %**
Cash flow / (used in) operating activities	572,672	(386,300)	(67.46)%	1,098,715	805,594	73.32%
Cash flow used in investment activities	(857,604)	0	0.00%	(809,134)	0	0.00%
Cash flow / (used in) financing activities	82,949	(97,338)	(117.35)%	(136,882)	31,263	(22.84)%

37) Significant non-recurring events and transactions

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, it should be stated that no significant non-recurring events or transactions took place during the course of the year.

38) Positions or transactions arising from atypical and/or unusual transactions

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, it should be stated that no atypical and/or unusual positions or transactions took place during the course of the year.

39) Significant events after year end

The significant transactions carried out after 31 December 2024 are summarised below. The Integrated Annual Report has been submitted to the examination of the Company's Board of Directors and its publication was authorised within the terms and in accordance with the procedure prescribed by law. Therefore, this document does not note any events that occurred subsequent to that date.

Extraordinary transactions and area tenders

On 27 December 2022 Italgas, Toscana Energia and Alia Servizi Ambientali signed an agreement that granted Italgas an option to purchase 30,134,618 shares in Toscana Energia held by Alia Servizi Ambientali following their transfer by the Municipality of Florence.

Italgas exercised the option on 14 January 2025. The envisaged contractual price to purchase the shares of Toscana Energia is to be determined as the "fair market value" at the date of execution of the option, calculated by an international financial institution named jointly by the parties.

Legal and Regulatory Framework

Italgas Reti challenged on additional grounds Resolution no. 513/2024/R/com through which the Authority, following an update for the 2025-2027 sub-period of the parameters common to all regulated services and following a review of the criteria for updating the β-asset (beta asset) parameter for all regulated infrastructural services of the electricity and gas sectors, updated the WACC for the year 2025. The setting of a date for the hearing is currently pending.

Capital operations

On 12 February 2025, in execution of the 2021-2023 Co-investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 April 2021, the Board of Directors determined the free assignment of a total of 511,604 new ordinary shares of the Company to the beneficiaries of the Plan itself (so-called second cycle of the Plan) and resolved to carry out the second tranche of the share capital increase approved by the aforementioned Shareholders' Meeting, for a nominal amount of 634,388.96 euro taken from retained earnings reserves.

Other events

On 7 February 2025, Italgas was confirmed for the third consecutive year by CDP (Carbon Disclosure Project) in the "Climate A list" which groups together the best players globally in terms of transparency and performance in combating climate change.

On 11 February 2025, Italgas was included for the sixth consecutive year in the S&P Global Sustainability Yearbook, S&P Global's annual publication that collects best practices, experiences and success stories of the world's leading companies on sustainability issues. Italgas also confirmed its leadership with inclusion in the "Top 1% S&P Global CSA Score", category, based on the results of the Corporate Sustainability Assessment (CSA) 2024.

40) Publication of the financial statements

The financial statements were authorised for publication by the Board of Directors of Italgas at its meeting of 12 February 2025. The Board of Directors authorised the Chairperson and the Chief Executive Officer to make any changes which might be necessary or appropriate for finalising the form of the document.

Certification of the consolidated financial statements pursuant to Article 154-bis, paragraph 5 of Legislative Decree 58/1998 (Consolidated Finance Act)

1. Pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, the undersigned Paolo Gallo and Gianfranco Maria Amoroso, as Chief Executive Officer and Director in charge of preparing company accounting documents of Italgas S.p.A. respectively, certify:
   - the adequacy, considering the Company's characteristics, and
   - the effective implementation

   of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2024.
2. The administrative and accounting procedures for the preparation of the consolidated financial statements at 31 December 2024 were defined and their adequacy was assessed using the rules and methods in line with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a benchmark framework for the internal control system generally accepted at international level.
3. It is also certified that:

3.1 The consolidated financial statements at 31 December 2024:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) are consistent with the accounting books and records;

c) are able to provide a true and fair view of the financial position, results of operations and cash flows of the issuer and the consolidated companies.

3.2 The Directors' Report includes a reliable analysis of the operating performance and results, as well as the position of the issuer and of all the companies included in the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

12 February 2025

Chief Executive Officer	Officer responsible for the preparation of financial reports
Paolo Gallo	Gianfranco Maria Amoroso

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

**To the Shareholders of
Italgas S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Italgas S.p.A. and its subsidiaries ("Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Italgas S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Investments in service concession agreements for the natural gas distribution and metering services and related impairment test	
Description of the key audit matter	As at December 31, 2024, the Group accounts for intangible assets including the captions "Service concession agreements" and "Work in progress and payments on account IFRC 12", respectively equal to euro 8,268,714 thousand and euro 212,190 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy and Greece. Investments made in the financial year relating to these items of intangible assets totaled euro 821,820 thousand. The goodwill allocated to the cash-generating units for the "distribution and metering of natural and other gases" and for the "distribution and metering of natural gas abroad" amounts to euro 66.2 million and euro 115.8 million respectively. The natural gas distribution and metering activity is regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA") and Greek Regulatory Authority for Energy Waste and Water ("RAEWW"), which define, among the others, the rules for the remuneration of the natural gas distribution and metering services. In particular, the regulated revenues for the natural gas distribution and metering services provided by the Group are determined by ARERA and by RAE and provide for recognition of a predefined return on net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), relative depreciation and certain operating expenses – the so-called "revenue cap". The RAB value is mainly determined through the "revalued historical cost" and the "historical cost" method, respectively by ARERA and by RAEWW. At the end of the financial year, the Group's Management assessed the recoverability of non-financial fixed assets related to the natural gas distribution and metering services comparing the carrying amount, represented by the net invested capital of the relative cash-generating unit, with the corresponding recoverable amount. In performing the impairment test, the recoverable amount of the cash-generating unit "distribution and metering of natural and other gases" and the cash-generating unit "distribution and metering of natural gas abroad" were estimated respectively according to the methodology of the RAB updated as at the balance sheet date and the value in use estimated on the basis of discounted cash flow methodology. No impairment loss resulted from the test.

We believe that investments in service concession agreements related to the natural gas distribution and metering services and the related impairment test represent a key audit matter for the Group's consolidated financial statements as at December 31, 2024 due to: (i) the relevance of the intangible assets related to such service concession agreements compared to the Group's total assets, (ii) the relevance of the investments made during the year, (iii) their impact in determining the revenue cap for the remuneration of the natural gas distribution and metering services, and (iv) the estimation component in determining the recoverable amount of the assets.

Paragraphs "4) Material accounting policies – Intangible assets", "4) Material accounting policies – Impairment of non-financial assets", "5) Use of estimates" and "14) Intangible assets" of the consolidated financial statements include the disclosure on the investments and the relative impairment test.

Audit procedures performed

With reference to investments in service concession agreements for the natural gas distribution and metering services and the relative impairment test, our audit procedures included, among the others, the following:

- Understand the processes and relevant controls related to the recognition of such investments in the financial statements and assessment of their operating effectiveness.
- Understand the processes and relevant controls related to impairment test.
- Critical analysis of the composition of the intangible assets caption, including the analysis of any unusual item.
- For a sample of investment items accounted within intangible assets for which the amortization process begun during the year, test of the accurate start of depreciation when the asset is available for use and aging analysis of the assets capitalized within work in progress.
- With reference to investments and disposals occurred during the period, selection of a sample of transactions and test of the compliance with the capitalization and disposal criteria provided by accounting standards.
- Assessment of the consistency between the useful life used for the depreciation of the assets under concession and their regulatory useful life and reperforming of the period depreciation.
- Discussion meetings with the Group's Management in order to understand the impairment test methodology.
- Assessment of the reasonableness of the assumptions underlying the determination of the recoverable amount, also using the work of experts of the Deloitte network.
- Mathematical accuracy's test of the recoverable amount estimated by the Management and of the comparison between the recoverable amount and the carrying amount for each cash generating unit.

- Test of the sensitivity analysis prepared by the Management.

Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Italgas S.p.A. has appointed us on May 12, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

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We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Italgas S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Italgas S.p.A. are responsible for the preparation of the report of Directors and the report on corporate governance and the ownership structure of the Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- Express an opinion on the consistency of the report of Directors and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements.

- Express an opinion on compliance with the law of the report of Directors, excluding the section related to the consolidated sustainability statement, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

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- Make a statement about any material misstatement in the report of Directors and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report of Directors and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2024.

In addition, in our opinion, the report of Directors, excluding the section related to the consolidated sustainability statement, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated sustainability statement. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
March 10, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative

ANNEXES TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annexes to the notes to the consolidated financial statements

Companies and equity investments of Italgas S.p.A. as at 31 December 2024

In compliance with the provisions of Consob communication DEM/6064293 of 28 July 2006 and of articles 38 and 39 of Italian Legislative Decree 127/1991, the list of subsidiary and related companies of Italgas S.p.A as at 31 December 2024, as well as other relevant shareholdings, are reported below.
The name, registered office, share capital, shareholders and respective percentages of ownership are reported for each company. For companies consolidated using the line-by-line method, the consolidated percentage pertaining to Italgas and the segment to which they belong is indicated. The measurement criterion is indicated for companies not consolidated using the line-by-line method.

The companies of Italgas S.p.A. as at 31 December 2024 are broken down as follows:

CONSOLIDATING COMPANY

Name	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Operating sector
Italgas S.p.A.	Milan	Eur	1,003,843,958.76	CDP Reti S.p.A.	25.98%	100.00%	full consolidation	Corporate
				Snam S.p.A.	13.46%			
				Non-controlling Interests	60.56%			

SUBSIDIARY COMPANIES

Designation	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Operating sector
Italgas Reti S.p.A.	Turin	Eur	252,263,314	Italgas S.p.A.	100.00%	100.00%	full consolidation	Gas distribution
Nepta S.p.A.	Milan	Eur	50,000	Italgas S.p.A.	100.00%	100.00%	full consolidation	Water service
Geoside S.p.A.	Casalecchio di Reno (BO)	Eur	57,089,254	Italgas S.p.A.	67.22%	83.82%	full consolidation	Energy efficiency
				Toscana Energia S.p.A.	32.78%			
Medea S.p.A.	Sassari	Eur	95,500,000	Italgas Reti S.p.A.	51.85%	51.85%	full consolidation	Gas distribution
				Non-controlling Interests	48.15%			
Toscana Energia S.p.A.	Florence	Eur	146,214,387	Italgas S.p.A.	50.66%	50.66%	full consolidation	Gas distribution
				Non-controlling Interests	49.34%			
Italgas Newco S.p.A.	Milan	Eur	50,000,000	Italgas S.p.A. Non-controlling Interests	90.00% 10.00%	90.00%	full consolidation	Gas distribution
Bludigit S.p.A.	Milan	Eur	11,000,000	Italgas S.p.A.	100.00%	100.00%	full consolidation	Gas distribution
Enaon S.A.	Athens	Eur	79,709,919	Italgas Newco S.p.A.	100.00%	90.00%	full consolidation	Gas distribution
Enaon EDA S.A.	Athens	Eur	580,273,050	Enaon S.A.	100.00%	90.00%	full consolidation	Gas distribution
Immogas S.r.l.	Florence	Eur	1,718,600	Toscana Energia S.p.A.	100.00%	50.66%	full consolidation	Gas distribution
Acqua S.r.l.	Milan	Eur	20,350,000	Nepta S.p.A.	100.00%	100.00%	full consolidation	Water service
Idrolatina S.r.l.	Milan	Eur	6,902,587	Acqua S.r.l.	100.00%	100.00%	full consolidation	Water service

Idrosicilia S.p.A.	Milan	Eur	22,520,000	Acqua S.r.l. Non-controlling Interests	99.22% 0.78%	99.22%	full consolidation	Water service
Acqua Campania S.p.A.	Naples	Eur	4,950,000	Nepta S.p.A. Italgas Reti S.p.A. Non-controlling Interests	95.70% 0.53% 3.77%	96.23%	full consolidation	Water service
LAC Laboratorio Acqua Campania S.r.l.	Naples	Eur	30,000	Acqua Campania S.p.A. Non-controlling Interests	51,00% 49.00%	49.08%	full consolidation	Water service

ASSOCIATED AND JOINT CONTROL COMPANIES

Name	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Metano Sant'Angelo Lodigiano S.p.A. (a)	Sant'Angelo Lodigiano (LO)	Eur	200,000	Italgas S.p.A. Non-controlling Interests	50.00% 50.00%	equity measurement
Umbria Distribuzione Gas S.p.A.	Terni	Eur	2,120,000	Italgas S.p.A. Non-controlling Interests	45.00% 55.00%	equity measurement
Energie Rete Gas S.r.l.	Milan	Eur	11,000,000	Medea S.p.A. Non-controlling Interests	49.00% 51.00%	equity measurement
Gesam Reti S.p.A.	Lucca	Eur	20,626,657	Toscana Energia S.p.A. Non-controlling Interests	42.96% 57.04%	equity measurement
Enerpaper S.r.l.	Turin	Eur	20,156	Geoside S.p.A. Non-controlling Interests	20.01% 79.99%	equity measurement
Siciliacque S.p.A.	Palermo	Eur	20,400,000	Idrosicilia S.p.A. Non-controlling Interests	75.00% 25.00%	equity measurement
Acqualatina S.p.A.	Latina	Eur	23,661,533	Idrolatina S.r.l. Non-controlling Interests	49.00% 51.00%	equity measurement

(a) Company subject to joint control

OTHER COMPANIES

Name	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Reti Distribuzione S.r.l.	Ivrea (TO)	Eur	20,000,000	Italgas Reti S.p.A. Non-controlling Interests	15.00% 85.00%	fair value measurement
Picarro Inc.	Santa Clara (USA)	Dollar		Italgas S.p.A. Non-controlling Interests	6.75% 93.25%	fair value measurement
Gaxa S.p.A.	Cagliari	Eur	3,100,000	Italgas S.p.A. Non-controlling Interests	1.00% 99.00%	fair value measurement

CHANGE IN SCOPE OF CONSOLIDATION

Name	Registered office	Currency	Share capital	Shareholders	% ownership	Consolidation method or measurement criterion
Acqua Campania S.p.A. (a)	Naples	Eur	4,950,000	Nepta S.p.A. Italgas Reti S.p.A. Non-controlling Interests	95.70% 0.53% 3.77%	full consolidation
LAC S.r.l. (a)	Naples	Eur	30,000	Acqua Campania S.p.A. Non-controlling Interests	51.00% 49.00%	full consolidation

(a) Companies joined the scope of consolidation following the acquisition.

Fees for auditing and services other than auditing

Pursuant to Article 149-duodecies, subsection 2, of CONSOB Resolution no. 11971 of 14 May 1999 as amended, the fees for the year due to the independent auditing firm Deloitte & Touche S.p.A. for services provided to the Parent Company Italgas S.p.A., its subsidiaries and joint ventures, are specified below.

(€ thousands)

Type of services	Subject that provided the service	Recipient	Remuneration
Audit (*)	Parent company's independent auditor	Parent company	337
	Parent company's independent auditor	Subsidiaries	844
	Parent company's independent auditor	Company subject to joint control	6
Certification services (**)	Parent company's independent auditor	Parent company	277
	Parent company's independent auditor	Subsidiaries	34
	Parent company's independent auditor	Company subject to joint control	1
			1,499

(*) The services basically include: (i) the audit of the Consolidated Financial Statements and the Financial Statements for the year of Italgas S.p.A., its subsidiaries and joint ventures; (ii) the limited audit of the half-year financial report; (iii) audits during the year pursuant to Article 14, letter b of Legislative Decree no. 39/2010; (iv) the audit of the separate annual accounts pursuant to the Integrated Text on Accounting Unbundling (TIUC); (vi) the audit of the conformity of the Non-Financial Statement.

(**) The certification services regard: (i) the audit of the financial reporting control system; (ii) EMTN programme procedures carried out; (iii) procedures connected with certification of the investments for tariff purposes.