






CONSOLIDATED
HALF-YEAR
FINANCIAL
REPORT
AS AT 30 JUNE 2024

<p>VISION</p> 	<p>To be a leading figure in the world of energy, driving its sustainable evolution and innovating each day to improve people’s quality of life.</p>
<p>MISSION</p> 	<p>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.</p>
<p>PURPOSE</p> 	<p>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.</p>

Disclaimer

The consolidated half-year 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 effects of the pandemic, 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, as well as 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.



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01

INTERIM DIRECTORS' REPORT

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CORPORATE BODIES

BOARD OF DIRECTORS ^(A)

BENEDETTA NAVARRA

Chairperson

PAOLO GALLO

Chief Executive Officer
and General Manager

CLAUDIO DE MARCO ^(B)

Directors

FABIOLA MASCARDI

Directors

GIANMARCO MONTANARI

Directors

LORENZO PAROLA

Directors

MANUELA SABBATINI

Directors

MARIA SFERRUZZA

Directors

QUINJING SHEN

Directors

BOARD OF STATUTORY AUDITORS ^(A)

GIULIA PUSTERLA

Chairperson

MAURIZIO DI MARCOTULLIO

Standing auditors

PAOLA MARIA MAIORANA

Standing auditors

STEFANO FIORINI

Alternate auditors

BARBARA CAVALIERI

Alternate auditors

(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.

COMPOSITION OF THE INTERNAL COMMITTEES

CONTROL, RISK AND RELATED PARTIES TRANSACTIONS COMMITTEE ^(C)

Gianmarco Montanari
(Chairperson)

Claudio De Marco

Manuela Sabbatini

APPOINTMENTS AND COMPENSATION COMMITTEE ^(D)

Fabiola Mascardi ^(E)
(Chairperson)

Claudio De Marco

Manuela Sabbatini

SUSTAINABLE VALUE CREATION COMMITTEE ^(F)

Lorenzo Parola ^(G)
(Chairperson)

Maria Sferruzza

Qinjing Shen

SUPERVISORY BODY ^(H)

Antonio Gullo
(Chairperson)

Romina Guglielmetti

Francesco Profumo

INDEPENDENT AUDITING FIRM ^(I)

Deloitte & Touche S.p.A.

(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. On 22 February 2023, the Board of Directors appointed Fabiola Mascardi member and Chairperson of the Appointments and Compensation Committee, an appointment previously held by Lorenzo Parola.

(E) Appointment conferred by the Board of Directors on 22 February 2023.

(F) Committee established by the Board of Directors on 4 August 2016. Members appointed by the Board of Directors on 2 May 2022. On 22 February 2023, the Board of Directors appointed Lorenzo Parola member and Chairperson of the Sustainable Value Creation Committee, an appointment previously held by Fabiola Mascardi.

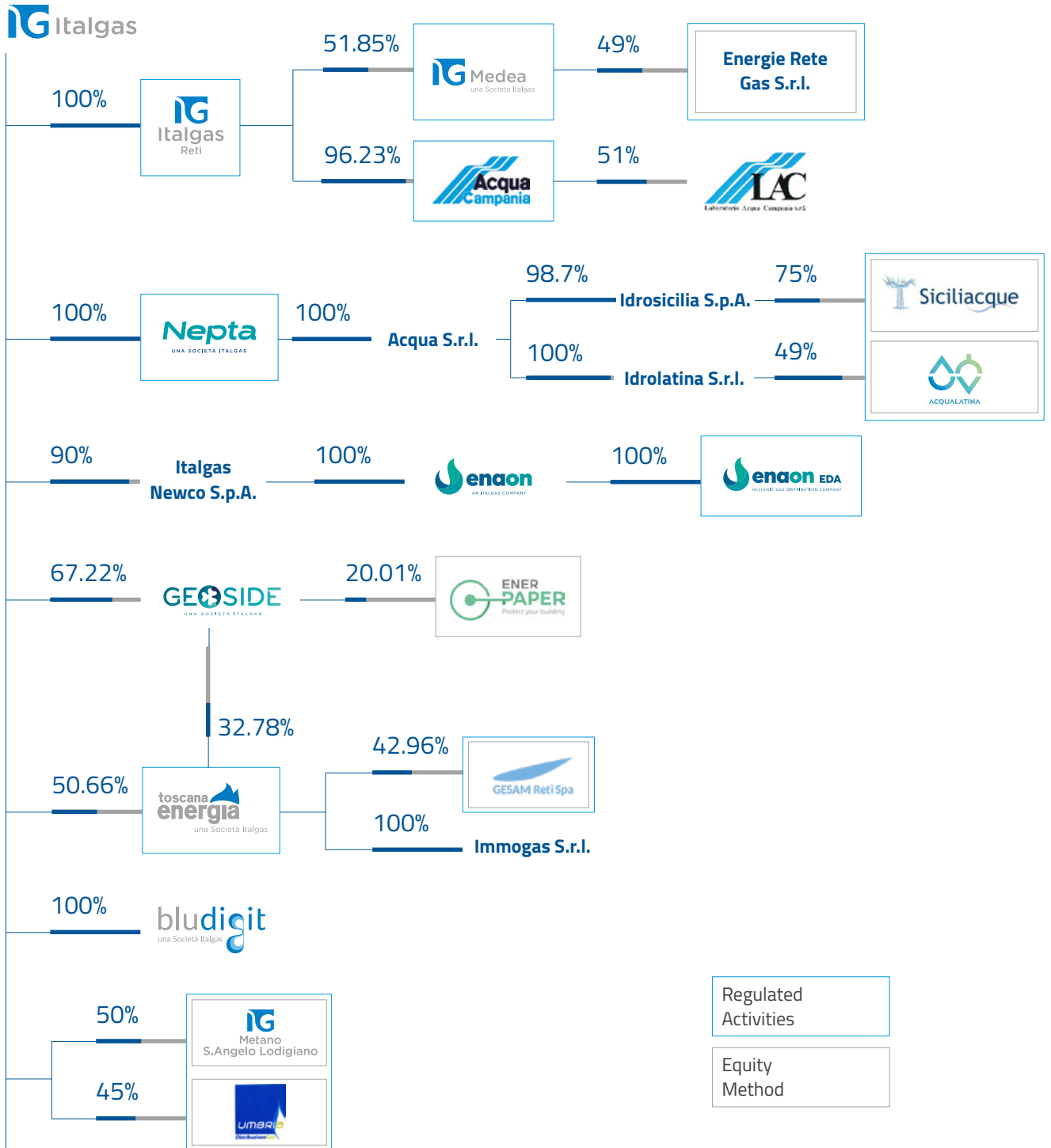
(G) Appointment conferred by the Board of Directors on 22 February 2023.

(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.

GROUP STRUCTURE AS AT 30 JUNE 2024

The structure of the Italgas Group as at 30 June 2024 changed from that in place as at 31 December 2023 due to the acquisition, finalised by Italgas Reti, 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.



¹ Acqua Campania controls the company Laboratorio Ac qua Campania holding 51% of the share capital.

SUMMARY FIGURES AND INFORMATION

MAIN EVENTS

EXTRAORDINARY TRANSACTIONS AND AREA TENDERS

- Following a non-binding offer for the entire share capital of 2i Rete Gas S.p.A., the shareholders F2i SGR S.p.A. and Finavias S.à r.l. granted Italgas an exclusive period of time to complete due diligence aimed at formulating a binding offer for the purchase of 100% of the capital of 2i Rete Gas. In the event of binding agreements, Italgas will meet the relevant financing requirements by means of a bridge loan, guaranteed by J.P. Morgan, the refinancing of which may be carried out through a combination of equity, debt or "equity-like" instruments, with the aim of maintaining Italgas' current rating profile. The final terms and conditions of this refinancing will be communicated to the market upon the successful outcome of negotiations.

Following the announcement of the start of the exclusive negotiation period, the main shareholder CDP Reti S.p.A., emphasised in a letter that "Taking into account the strategic nature of the infrastructure and energy sectors, it looks favourably on the possibility that the Transaction may materialise, recognising its potential industrial value".

- On 20 June 2024, Italgas ranked first in the tender procedure for the award of the gas distribution service in the CATANZARO – CROTONE Territorial Area, which comprises 107 municipalities and 109 thousand overall re-delivery points. In its offer, the company envisaged an investment of € 165 million intended to extend the network by 174 km to serve approximately 8,000 new users, and upgrades and interconnections for approximately 100 km. The official award of the tender procedure is now pending, following completion of the usual checks by the contracting authority.
- 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.

INNOVATION, DIGITISATION OF THE CORPORATE NETWORKS AND PROCESSES

In the first half of 2024, Italgas continued to stand out as a leader in the innovation and digitisation of its networks and company processes. The strategic vision manifested in initiatives and projects that further reinforced our position in the sector.

Bludigit, the digital branch of Italgas, led the transformation with the launch of innovative solutions such as the new Nimbus smart meter, which promises more efficient, secure and sustainable management of the gas network. Collaboration with excellent suppliers enabled the successful development and testing of this cutting-edge technology.: at the end of June 2024, around 20,000 Nimbus smart meters were installed in numerous locations throughout the country, for which a performance monitoring period is being carried out, which will conclude in the first quarter of 2025.

The DANA (Digital Advanced Network Automation) system, already consolidated in our ecosystem, continued to provide optimised control and management of the digitised gas network with the important development of system expansion to cathodic protection, and improvements in the use of AI for consulting documents and integrating remote control systems.

Italgas is projected into the world of GenAI (Generative Artificial Intelligence): Italgas' Digital Factory represents the beating heart of innovation, where the use of GenAI is revolutionising company processes, pioneering new frontiers in digitisation, significantly increasing operational efficiency and resource management, and ushering in an era of digital transformation that permeates throughout the organisation.

OPTIMISATION 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, an annual coupon of 3.125%.
- On 8 March 2024, Italgas signed a € 600 million Sustainability Linked Revolving Credit Facility with a pool of leading financial institutions with a maximum maturity of five years.

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, 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, 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 earnings 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.

OTHER EVENTS

- On 6 February 2024, Italgas was confirmed for the second 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 7 February 2024, Italgas was included for the fifth 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 ESG Score", category, based on the results of the Corporate Sustainability Assessment (CSA) 2023.

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 share 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. The Company does not agree with the contents of Resolution no. 207/2024/R/gas and has taken action to enforce its rights and interests in the competent fora.

KEY FIGURES

In order to allow for a better assessment of economic and financial performance, the Directors' Report includes the reclassified financial statements and certain alternative performance indicators, including EBITDA, EBIT and net financial debt, in addition to the financial statements and conventional indicators laid out in IAS/IFRS. These figures are presented in the tables below, the relative 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

		30.06.2023	30.06.2024
Number of shares of share capital		810,745,220	811,242,309
Closing price at the end of period	(€)	5.425	4.602
Average closing price in the period (a)	(€)	5.553	5.124
Market capitalisation (b)	(€ million)	4,502	4,156
Exact market capitalisation (c)	(€ million)	4,398	3,733

(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

(€ million)	First half of the year	
	2023	2024
Total revenues (*)	931.8	862.4
Adjusted total revenues (*)	931.8	872.3
EBITDA	607.0	661.3
Adjusted gross operating margin	607.0	671.2
EBIT	358.8	391.9
Adjusted operating profit	358.8	401.8
Gross profit	313.9	342.2
Adjusted gross profit	313.9	352.1
Net profit	228.7	248.0
Adjusted net profit	228.7	255.1
Net profit attributable to the Group	213.2	234.4
Adjusted net profit attributable to the Group	213.2	241.5
Adjusted Earnings per share (**)	0.263	0.298

(*) Unlike the legal statement, the reclassified income statement requires the listing of Total revenues and Operating costs net of the impact of IFRIC 12 "Service Concession Arrangements" (€ 311.2 and € 345.5 million respectively in the first half of 2024 and 2023), connection contributions (€ 9.4 and € 9.7 million respectively in the first half of 2024 and 2023), reimbursements from third parties and other components (€ 10.5 and € 6.7 million respectively in the first half of 2024 and 2023).

(**) The indicator is calculated as a ratio between the net profit attributable to the Group and the total number of shares, which is 811,242,309 at 30 June 2024 and 810,745,220 at 30 June 2023.

(€ million)	31.12.2023	30.06.2024
Net invested capital at the end of the end of period	9,235.0	9,376.8
Shareholders' equity	2,600.7	2,547.4
Net financial debt	6,634.3	6,829.4
Finance lease payables - IFRS 16 and IFRIC 12	79.1	98.0
Net financial debt (excluding the effects pursuant to IFRS 16 and IFRIC 12)	6,555.2	6,731.4

1. ITALGAS AND THE FINANCIAL MARKETS

The first half of 2024 saw a rise in the global equity markets, led by the United States, continuing the positive trend of the previous year. This performance was supported by: (i) the macroeconomic data and the results reported by companies confirming the substantial resilience of economic growth, despite interest rates remaining high; (ii) the gradual reduction in inflation and the consequent expectations of an easing of monetary tightening, albeit at a slower pace than initially estimated. In the first half of the year, the European Central Bank made only one 25-bp rate cut in June. The rise of equity markets in Europe was partially dampened in June by the changed political scenario following the unexpected government crisis in France, which resulted from the outcome of the European elections. This event also had repercussions on the bond market, signalling the return of the Italian spread to levels close to those of the beginning of the year, after having reached lows in May. The BTP and Bund reached 4.1% and 2.5% respectively at the end of June, up from the end of 2023.

During the first half of the year, gas prices on the European market (TTF) rose by 8% compared to the price at the end of 2023. This trend is attributable to the new-found balance in commodity markets, after the geopolitical shocks of the past few years, a balance that has significantly reduced price volatility, which nevertheless remains well above pre-crisis levels. Demand for gas in the winter season also fell due to mild temperatures and lower consumption for thermoelectric production, while storage levels remain well above the historical average. In the first half of the year, Brent prices rose by 9.8%, supported by the decision by OPEC+ countries to extend production cuts until the end of 2025.

The renewed price stability of major energy commodities contributed to lower inflation in the Eurozone to 2.5% at the end of June, down from 5.7% on average during 2023. However, the overall resilience of the economy contributed to keeping inflation above the ECB's target (2%) and helped moderate expectations on the timing of interest rate cuts during the six-month period.

Overall, with share prices adjusted after the ex-dividend date, the Euro Stoxx share index gained 9.5%, while the S&P 500 rose by +15.3%. In Europe, with an increase of 13.4%, the FTSE Mib was one of the best performing major national equity indices, bolstered by the performance of the banking sector. The other European national indices recorded increases between +11.02% for the Spanish Ibex 35 and +1.88% for the French CAC 40, negatively affected by the recent political uncertainty.

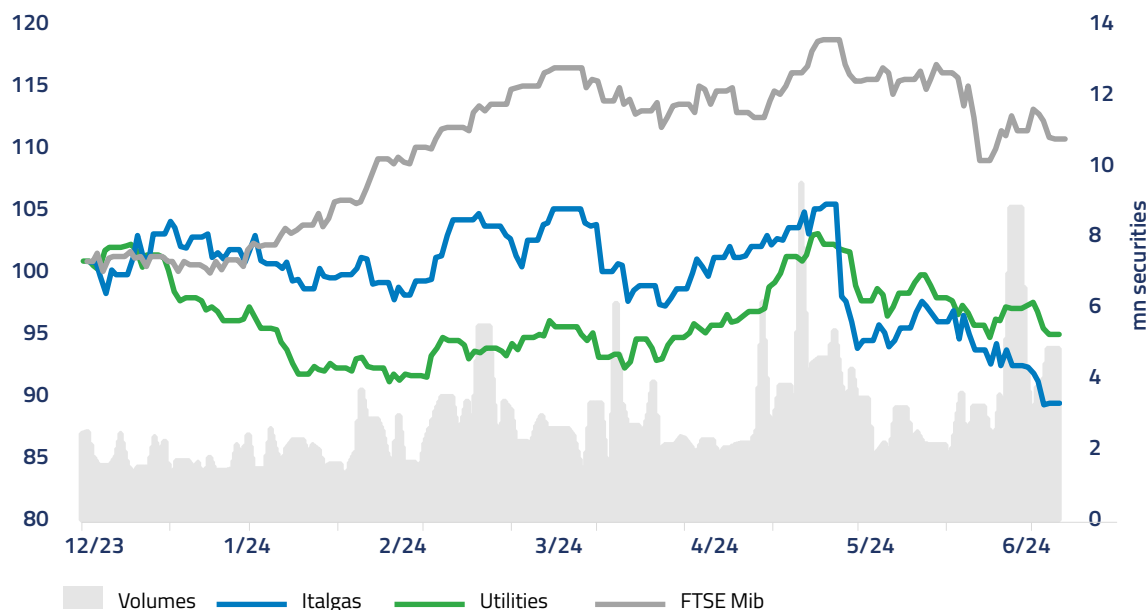
On a sectoral level, the Euro Stoxx Utilities fell 2.7% over the six-month period, underperforming the market, driven by cyclical sectors such as the tech and banking sectors. The sector was adversely affected by interest rate expectations and persistent weakness in stocks with greater exposure to renewables and/or commodity prices.

Italgas shares closed the first half of 2024 at € 4.602, down 4.95% adjusted for the ex-dividend. From the day of listing on 7 November 2016 to 30 June 2024, the total shareholder return was 72.5%.

In the first half of the year, the average daily trading volume of the Italgas stock on the electronic market of the Italian Stock Exchange was around 2.7 million shares.

Comparison of the quotes Italgas, FTSE MIB and EURO STOXX Utilities

(1 January 2024 - 30 June 2024, figures adjusted for dividends)



SHAREHOLDERS

The share capital of the Company as at 30 June 2024 consisted of 811,242,309 shares without par value, giving a share capital value of € 1,003,843,958.76.

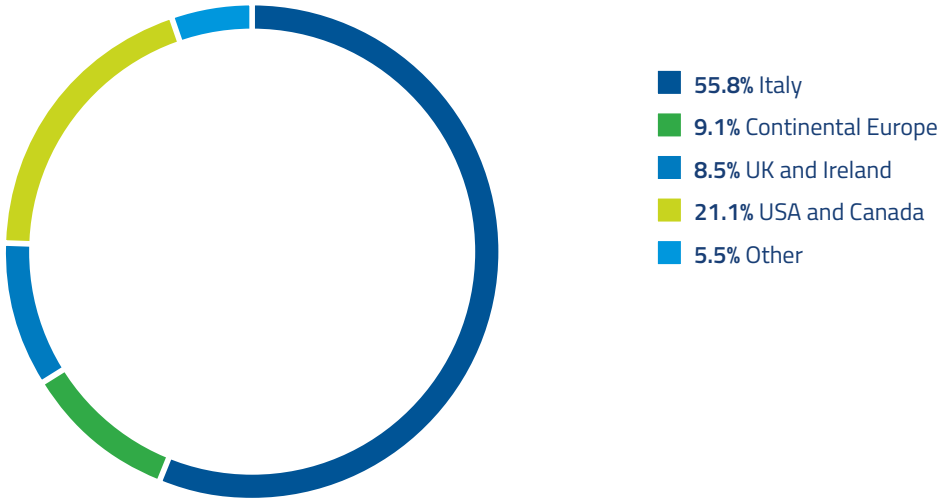
As at 30 June 2024, based on the shareholders' list, the information available and the notices received pursuant to Article 120 of the Consolidated Finance Act, the owners of significant equity investments are represented below.

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
	Romano Minozzi	4.2
	Blackrock Inc.	3.7
	Crédit Agricole S.A.	3.1
	Banca D'Italia	1.4
	Other institutional shareholders	30.1
	Retail shareholders	8.2

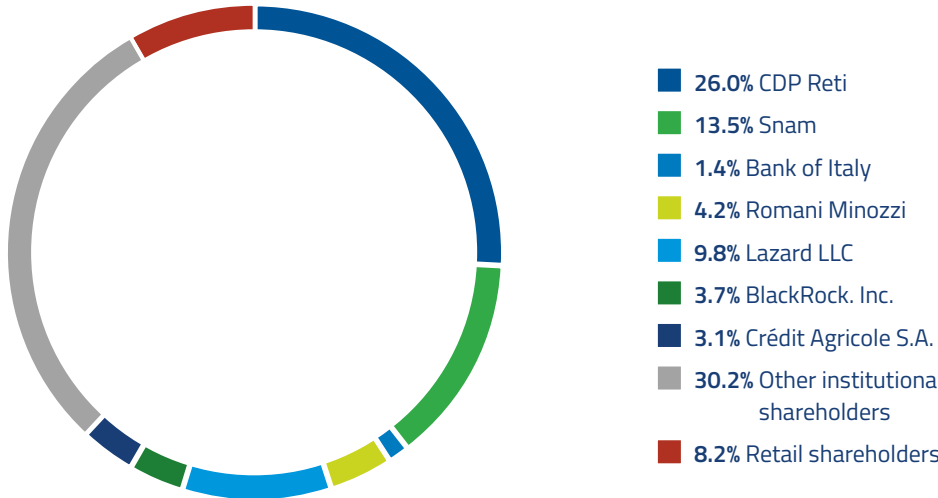
(*) On 1 August 2019 the Board of Directors of CDP S.p.A., also with a view to considering the control guidelines contained in Consob Communication no. 0106341 of 13 September 2017, reclassified its equity investment in Italgas as de facto control pursuant to Article 2359, subsection 1, no. 2) of the Italian Civil Code and Article 93 of the CLF, 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 geographical area



Italgas Shareholders by type of investor



2. OPERATING PERFORMANCE

INFRASTRUCTURE

Italgas is the leader in Italy and Greece in the industry of natural gas distribution 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.

Italgas increased its presence in the water sector, managing the aqueduct service of five Municipalities in the Province of Caserta and, on behalf of the Campania Region, the Western Campania Aqueduct that supplies the area of Naples and Caserta. Through its associate Siciliacque, Italgas is also the area operator in the Sicily Region and, through its associate Acqualatina, it manages the integrated water service in ATO 4 – Southern Lazio.

INVESTMENTS

In the first half of 2024, technical investments were made for € 353.7 million (30 June 2023: € 398.2 million), of which € 9.6 million relating to investments accounted for in accordance with IFRS 16.

(€ million)	First half of the year		Abs. change	% Change
Financial Year 2023	2023	2024		
Gas distribution	225.6	224.5	(1.1)	(0.5)
420.7 Network maintenance and development	196.1	178.1	(18.0)	(9.2)
118.2 New networks	29.5	46.4	16.9	57.3
283.4 Digitisation	128.1	99.1	(29.0)	(22.6)
152.4 Other assets	76.7	40.3	(36.4)	(47.5)
110.0 Metering	42.8	49.3	6.5	15.2
21.0 Processes	8.6	9.5	0.9	10.5
84.2 Other investments	44.5	30.1	(14.4)	(32.4)
13.3 - of which Real Estate	2.1	5.9	3.8	-
26.2 - of which ICT	12.1	8.7	(3.4)	(28.1)
37.0 - of which the effect of IFRS 16	25.7	9.6	(16.1)	(62.6)
906.5	398.2	353.7	(44.5)	(11.2)

Investments in gas distribution remained virtually unchanged compared to the corresponding period of 2023 at € 224.5 million.

Investments in digitisation (€ 99.1 million) decreased by 22.6% compared to the same period in 2023 due to the gradual completion of the digitisation process of the network in Italy.

Other investments (€ 30.1 million) decreased by 32.4% due to software licences and property leases (pursuant to IFRS 16).

OPERATING FIGURES

The key operating figures are presented in the chapter “Business Segment Operating Performance” of this Report.

3. STRATEGIC PLAN AND SUSTAINABLE VALUE CREATION PLAN

The ESG criteria adopted by the Group are an integral part of its development strategies: in fact², the Strategic Plan integrates the Sustainable Value Creation Plan and addresses all business-related sustainability issues.

The entire Group has adopted climate change targets to reduce CO₂ emissions and energy consumption, ahead of the EU's 2030 targets.

By deploying a mix of actions – from energy efficiency, timely inspection, location and leak 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-changing emissions by 34% and 42% respectively by 2028 and 2030, and its net energy consumption by 27% and 33% compared to 2020 levels³. In addition, through intensified actions and engagement of its suppliers, the Group has set itself a Scope 3 (supply chain) reduction target of 30% by 2028 and 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.

² https://www.italgas.it/wp-content/uploads/sites/2/2023/06/15-06-2023-Strategic-Plan-2023-29-Italgas_v12.pdf

³ Total energy consumption minus total self-produced and self-consumed electricity. Scope of consolidation as per the Group structure as at 31 March 2023. Any changes as a result of M&A and ATEM tenders, where relevant, will be taken into account in the revision of targets.

ENERGY CONSUMPTION

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

Below are the net energy consumption figures for the first six months of 2023 and 2024: both periods take into consideration the Enaon Group, while Acqua Campania, which was consolidated in the reporting period, is excluded.

Net energy consumption (TJ) ⁴	First half of the year		Abs. change	% Change
	2023	2024		
Fuel energy consumption for industrial use	152.4	131.6	(20.8)	(13.6)
Fuel energy consumption for civil use	12.1	10.2	(1.9)	(15.7)
Fuel energy consumption for vehicles ⁵	61.7	58.5	(3.2)	(5.2)
Net electricity consumption for industrial use ⁶	13.7	10.9	(2.8)	(20.4)
Net electricity consumption for civil use	17.1	13.9	(3.2)	(18.7)
Thermal energy consumption for civil use	0.2	0.1	(0.1)	(50.0)
	257.2	225.2	(32.0)	(12.4)

In terms of fuel energy consumption, a decrease in consumption for industrial use was recorded for the first six months of 2024 (-12.4%, from 257.2 TJ to 225.2 TJ), a result which was achieved thanks to the continuation of the efficiency measures implemented on the Group's plant fleet, 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 specific consumption of the pre-heating process (cubic metres of natural gas consumed for pre-heating per thousand cubic metres of gas injected into the network) recorded a decrease for the Group⁷, from a value of 1.15 to 1.02, despite the effect of additional gas consumption due to the operation of plants equipped with turbo-expanders and cogeneration, the same plants that resulted in a simultaneous production for self-consumption of 3.5 TJ of additional electricity in the first six months of 2024, compared to the same period in 2023.

For fuel energy consumption for civil use, in the first six months of 2024, there was a decrease of 15.7% compared to the same period of the previous year (from 12.1 TJ to 10.2 TJ), also against a reduction in electricity consumption, equal to 18.7% (from 17.1 TJ to 13.9 TJ). The reduction in total energy consumption for civil use is related to the constant process of optimising and renewing the real estate assets.

The Group's industrial electricity consumption has reduced by 20.4% (from 13.7 TJ to 10.9 TJ) as a result of the greater self-production of electricity in the citygates equipped with turbo-expanders coupled with the cogeneration plants (+3.5 TJ additional electricity self-consumed in the first six months of 2024, compared to the same period in 2023) 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.

Finally, the consumption of energy from automotive fuel recorded a 5.2% decrease (from 61.7 TJ to 58.5 TJ), mainly due to the optimisation of the car fleet and the progressive digitisation of company processes (online quotation service and the full adoption of Work-on-Site for monitoring sites, as well as the progressive use of DANA), which overall lead to a significant reduction in the number of field trips by operational staff.

⁴ This refers to total energy consumption, from which any self-produced and self-consumed electricity consumption is subtracted.

⁵ Consumption and emissions from the personal use of cars have been excluded.

⁶ For the first half of 2024, 14.4 TJ of electricity produced by plants equipped with turbo-expanders and cogeneration plant were subtracted, as compared with 10.9 TJ subtracted during the first half of 2023.

⁷ Referring to Toscana Energia and Italgas Reti (which account for 99% of the gas injected by the Group). If plants equipped with turbo-expanders and co-generation were to be excluded, specific consumption would fall from 1.03, for the first six months of 2023 - recalculated with the same perimeter adopted for 2024 - to 0.86, for the first six months of 2024.

All of the variations described above, with regard to the consumption of gas for civil and industrial use and those relating to automotive fuels, reflect similar variations in the corresponding greenhouse gas emissions shown in the table in the following section; finally, emissions from the consumption of electricity for civil and industrial use remain extremely low, as a result of the reduction in consumption and the supply of electricity from certified renewable sources for almost all volumes in Italy and for part of the civil consumption in Greece.

GREENHOUSE GAS EMISSIONS

The Italgas Group's main greenhouse gas emission contribution is from fugitive emissions of natural gas from distribution networks, distributed gas preheating processes in the decompression systems and the use of cars in the corporate fleet.

Below are the Scope 1 and 2 (market-based) CO₂eq emissions for the first six months of 2024, which also take into account the contribution of the Enaon Group (the data does not include Acqua Campania, which was consolidated during the reference period).

Scope 1 and Scope 2 ⁸ (thousand tCO ₂ eq)	First half of the year ⁹		Abs. change	% Change
	2023	2024		
Fugitive gas emissions (Scope 1)	46.7	54.9 ¹⁰	8.2	17.6
Emissions from gas consumption for industrial use (Scope 1)	8.6	7.5	(1.1)	(12.8)
Emissions from gas consumption for civil use (Scope 1)	0.7	0.5	(0.2)	(28.6)
Emissions from fuel consumption for vehicles (Scope 1) ⁵	2.9	2.7	(0.2)	(6.9)
Emissions from electricity consumption for industrial use (Scope 2)	0.1	0.1	-	-
Emissions from electricity consumption for civil use (Scope 2)	0.3	0.2	(0.1)	(33.3)
Emissions from thermal energy for civil use (Scope 2)	-	-	-	-
	59.3	65.9	6.6	11.1

The increase in total emissions in the first half of 2024 compared to the first half of 2023 (+11.1%) is a consequence of the increase in fugitive emissions (+17.6%), as a result of the increased kilometres of network investigated in the areas with the highest leakage in 2023 (+35.9%, or 73,059 km in 2024, compared to 53,752 km in 2023) and the change in the *Global Warming Potential* (GWP) considered for methane in the first half of 2024 (without which the change would have been 10.5%).

In Italy, significant efforts to reduce fugitive emissions led to an increase in the network investigated to 65,970 km in 2024 (+27.8% compared to 51,633 km recorded in 2023). Looking more specifically at the KPIs characteristic of the process, in the first six months of 2024 there was a 17.4% decrease in the ratio of leaked gas to kilometres of network investigated for the Italian scope, the value of which fell from 48.97 Sm³/km in the first six months of 2023 to 40.46 Sm³/km in the same period of 2024. As concerns the Greek perimeter, 7,090 km of network were investigated (+234.6% compared with the first six months of 2023, 2,119 km) and the parameter of emissions per km inspected was 44.30 Sm³/km (-44.1% compared with the first six months of 2023, 79.20 Sm³/km).

The Group is applying a model for predictive maintenance of networks that, by combining the physical characteristics of the networks (e.g. age, material and pressure) with the outcome of the processing of data obtained in the field via the intensive leak detection programme, will identify the areas potentially at risk of leakage and the related probability of emissions, with a view to predictive management and maintenance.

⁸ Scope 2 market-based.

⁹ The 2023 and 2024 emission values for gas, electricity and heat consumption were calculated using the ISPRA 2023 Emission Factors – Table of national standard parameters: standard parameters – fuels/materials.

¹⁰ The latest Global Warming Potential of methane of 29.8 was used for fugitive emissions (source: Sixth Assessment Report from the IPCC AR6).

4. COMMENT ON THE ECONOMIC AND FINANCIAL RESULTS

4.1 RECLASSIFIED INCOME STATEMENT

(€ million)		First half of the year		Abs.	% Change
Financial Year 2023		2023	2024	change	
1,493.9	Gas distribution regulated revenues	722.3	799.2	76.9	10.6
1,363.2	of which distribution revenues	683.2	757.8	74.6	10.9
-	of which special items	-	(9.9)	(9.9)	-
130.7	of which other distribution revenues	39.1	41.4	2.3	5.9
42.7	of which special items	-	-	-	-
323.6	Other revenues	209.5	63.2	(146.3)	(69.8)
1,817.5	Total revenues (*)	931.8	862.4	(69.4)	(7.4)
1,774.8	Adjusted total revenues (*)	931.8	872.3	(59.5)	(6.4)
(609.9)	Operating costs (*)	(324.8)	(201.1)	123.7	(38.1)
(18.8)	of which special items	-	-	-	-
1,207.6	EBITDA	607.0	661.3	54.3	8.9
1,183.7	Adjusted EBITDA	607.0	671.2	64.2	10.6
(526.4)	Amortisation, depreciation and impairment	(248.2)	(269.4)	(21.2)	8.5
(23.9)	of which special items	-	-	-	-
681.2	EBIT	358.8	391.9	33.1	9.2
681.2	Adjusted EBIT	358.8	401.8	43.0	12.0
(98.2)	Net financial expense	(44.6)	(55.8)	(11.2)	25.1
3.1	Net income from equity investments	(0.3)	6.1	6.4	-
1.5	of which gas distribution	(0.3)	1.1	1.4	-
1.6	of which integrated water service	-	5.0	5.0	-
586.1	Gross profit	313.9	342.2	28.3	9.0
586.1	Adjusted gross profit	313.9	352.1	38.2	12.2
(118.6)	Income taxes	(85.2)	(94.2)	(9.0)	10.6
-	taxation related to special items	-	2.8	2.8	-
(118.6)	Adjusted income taxes	(85.2)	(97.0)	(11.8)	13.8
467.5	Net profit	228.7	248.0	19.3	8.4
439.6	Net profit attributable to the Group	213.2	234.4	21.2	9.9
27.9	Net profit attributable to minority shareholders	15.5	13.6	(1.9)	(12.3)
467.5	Adjusted net profit	228.7	255.1	26.4	11.5
439.6	Adjusted net profit attributable to the Group	213.2	241.5	28.3	13.3
27.9	Adjusted net profit attributable to minority interests	15.5	13.6	(1.9)	(12.3)

(*) Unlike the legal statement, the reclassified income statement requires the listing of Total revenues and Operating costs net of the impact of IFRIC 12 "Service Concession Arrangements" (€ 311.2 and € 345.5 million respectively in the first half of 2024 and 2023), connection contributions (€ 9.4 and € 9.7 million respectively in the first half of 2024 and 2023), reimbursements from third parties and other components (€ 10.5 and € 6.7 million respectively in the first half of 2024 and 2023).

For a broader representation of the sectors, reference should be made to the chapter "Business Segment Operating Performance".

RECONCILIATION OF REPORTED EBIT AND NET PROFIT WITH ADJUSTED EBIT AND NET PROFIT

The income components classified in the special items, which contribute to determining the adjusted results, for the first half of 2024 concern the exclusion of the effects deriving from the transposition of Resolution no. 207/2024/R/gas (see the section "Legal and regulatory events"), which involved the repayment of € 9.9 million that had been recognised previously (with a tax effect of € 2.8 million).

The first half of 2023 showed no income components classified under special items.

ANALYSIS OF THE RECLASSIFIED INCOME STATEMENT ITEMS

TOTAL REVENUES

(€ million)		First half of the year		Abs. change	% Change
		2023	2024		
Financial Year 2023					
1,493.9	Total gas distribution regulated revenues	722.3	799.2	76.9	10.6
1,363.2	Distribution revenues	683.2	757.8	74.6	10.9
-	<i>of which special items</i>	-	(9.9)	(9.9)	-
130.7	Other distribution revenues	39.1	41.4	2.3	5.9
42.7	<i>of which special items</i>	-	-	-	-
1,451.2	Total adjusted gas distribution regulated revenues	722.3	809.1	86.8	12.0
323.6	Other revenues	209.5	63.2	(146.3)	(69.8)
1,817.5	Total revenues	931.8	862.4	(69.4)	(7.4)
1,774.8	Adjusted total revenues	931.8	872.3	(59.5)	(6.4)

Adjusted total revenues for the first half of 2024 amounted to € 872.3 million, a decrease of € 59.5 million compared to the same period of 2023 (-6.4%) and referred to gas distribution regulated revenues (€ 809.1 million) and other revenues (€ 63.2 million).

Adjusted gas distribution regulated revenues increased by € 86.8 million compared with the same period of 2023, mainly due to the higher distribution revenues (€ +84.5 million) resulting from the increase in the WACC (€ +37.6 million), in the RAB and in the deflator (€ 32.6 million) and remunerated operating costs (€ +8.4 million).

Other revenues decreased by € 146.3 million compared to the corresponding period of 2023, with € 175.0 million of the reduction in revenues related to energy efficiency activities linked to the Superbonus (against a corresponding reduction in operating costs), partially offset by the increase in revenues from the water sector, also as a result of the consolidation scope of Acqua Campania (€ +31.6 million).

OPERATING COSTS

(€ million)	First half of the year		Abs. change	% Change
Financial Year 2023	2023	2024		
263.8 Fixed gas distribution costs	127.8	122.3	(5.5)	(4.3)
162.8 - net personnel cost	79.0	72.6	(6.4)	(8.2)
101.0 - net external costs	48.8	49.7	0.9	1.8
250.5 Other assets	160.9	39.6	(121.3)	(75.4)
7.7 - net personnel cost	3.5	7.1	3.6	-
242.8 - net external costs	157.4	32.5	(124.9)	(79.4)
27.1 Other costs and provisions	1.2	3.0	1.8	-
18.8 of which special items	-	-	-	-
1.6 EEC	1.6	0.1	(1.5)	(93.6)
66.9 Concession-related expenses	33.3	36.2	2.9	8.7
609.9 Operating costs	324.8	201.1	(123.7)	(38.1)
591.1 Adjusted operating costs	324.8	201.1	(123.7)	(38.1)

Operating costs as at 30 June 2024 came to € 201.1 million, down by € 123.7 million compared to the same period in 2023, mainly due to the decrease in energy efficiency activities (€ -138.5 million). The first consolidation of Acqua Campania entailed higher costs in the amount of € 17.4 million.

AMORTISATION, DEPRECIATION AND IMPAIRMENT

(€ million)	First half of the year		Abs. change	% Change
Financial Year 2023	2023	2024		
503.4 Amortisation and depreciation	248.2	269.8	21.6	8.7
413.4 Intangible assets IFRIC 12	203.2	225.0	21.8	10.7
42.6 Other Intangible Assets	22.1	20.1	(2.0)	(9.0)
47.4 Property, plant and equipment	22.9	24.7	1.8	7.9
29.7 - of which amortisation of Right of Use	14.0	15.0	1.0	7.1
23.0 Depreciation and impairment (net of utilisations)	-	(0.4)	(0.4)	-
23.9 of which special items	-	-	-	-
526.4 Amortisation, depreciation and impairment	248.2	269.4	21.2	8.5
502.5 Adjusted amortisation, depreciation and impairment	248.2	269.4	21.2	8.5

Amortisation, depreciation and impairment at 30 June 2024 came to € 269.4 million, up € 21.2 million (+8.5%) compared with the same period of 2023, mainly due to the investments made and the change in the scope of consolidation following the acquisition of Acqua Campania (€ +11.1 million).

NET FINANCIAL EXPENSE

(€ million)		First half of the year		Abs. change	% Change
		2023	2024		
Financial Year 2023					
94.8	Expense (income) on short-term and long-term financial debt	43.1	52.3	9.2	21.3
6.1	Depreciation upfront fee	3.0	5.0	2.0	66.7
(1.3)	Other net financial expense (income)	(0.8)	(1.0)	(0.2)	25.0
(1.4)	Financial expense capitalised	(0.7)	(0.5)	0.2	(28.6)
98.2	Net financial expense	44.6	55.8	11.2	25.1

Net financial expense for the six months ended 30 June 2024 increased by € 11.2 million compared to the same period of the previous year, mainly due to the effects of the bond issue carried out in February 2024, which refinanced the bond that matured in March 2024, and the full effect of the issue carried out in June 2023.

NET INCOME FROM EQUITY INVESTMENTS

The **net income from equity investments** as at 30 June 2024 amounted to € 6.1 million and refers to the contribution of affiliated companies valued using the equity method; in particular, the water companies contributed € 5.0 million (Acqualatina for € 2.5 million and Siciliacque for € 2.5 million).

INCOME TAXES

(€ million)		First half of the year		Abs. change	% Change
		2023	2024		
118.6	Income taxes	85.2	94.2	9.0	10.6
-	- <i>taxation related to special items</i>	-	2.8	2.8	-
118.6	Adjusted income taxes	85.2	97.0	11.8	13.8
20.2%	Effective tax rate (%)	27.1%	27.5%		
20.2%	Adjusted effective tax rate (%)	27.1%	27.5%		

Adjusted income taxes as at 30 June 2024 came to € 97.0 million, up € 11.8 million compared to the same value of the previous year, as a consequence of the higher period result. The **tax rate** thus stands at 27.5%.

4.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The Reclassified Statement of Financial Position combines the assets and liabilities of the mandatory format included in the Half-year Report 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-parties funds) and uses of financial resources in fixed and working capital.

The Italgas' Reclassified Statement of Financial Position as at 30 June 2024, compared with that as at 31 December 2023, is summarised below:

(€ million)	31.12.2023	30.06.2024	Abs. change
Fixed capital (*)	8,421.4	8,622.9	201.5
Property, plant and equipment	386.0	378.9	(7.1)
Intangible assets	8,250.3	8,380.2	129.9
Equity investments	153.0	156.3	3.3
Financial receivables and securities instrumental to operations	2.6	11.0	8.4
Net payables for investments	(370.5)	(303.5)	67.0
Net working capital	872.3	809.4	(62.9)
Provisions for employee benefits	(65.3)	(63.4)	1.9
Assets held for sale and directly related liabilities	6.6	7.9	1.3
NET INVESTED CAPITAL	9,235.0	9,376.8	141.8
Shareholders' equity	2,600.7	2,547.4	(53.3)
- attributable to the Italgas Group	2,280.0	2,226.5	(53.5)
- attributable to third parties shareholders	320.7	320.9	0.2
Net financial debt	6,634.3	6,829.4	195.1
FUNDING	9,235.0	9,376.8	141.8

(*) 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**:

(€ million)	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
Investments	21.7	312.1	19.9	353.7
- of which IFRS 16	9.6	-	-	9.6
Amortisation, depreciation and impairment	(24.7)	(224.6)	(20.1)	(269.4)
- of which, depreciation as per IFRS 16	(15.0)	-	-	(15.0)
Awarding of the ATEM tenders	-	47.3	-	47.3
Change in the scope of consolidation	1.7	22.6	5.6	29.9
Grants	-	(24.7)	-	(24.7)
Other changes	(5.8)	(10.6)	2.4	(14.0)
Balance at 30 June 2024	378.9	8,036.4	343.8	8,759.1

Equity investments (€ 156.3 million) increased by € 3.3 million.

Financial receivables and securities instrumental to operations (€ 11.0 million) increased by € 8.4 million mainly due to bonds deriving from the inclusion of Acqua Campania in the scope of consolidation (€ 8.2 million).

Net working capital at 30 June 2024 is broken down as follows:

(€ million)	31.12.2023	30.06.2024	Abs. change
Trade receivables	694.3	520.4	(173.9)
Inventories	79.1	79.1	-
Tax assets	319.6	495.3	175.7
Other assets	434.5	620.0	185.5
Trade payables	(278.3)	(222.9)	55.4
Provisions for risks and charges	(109.9)	(97.6)	12.3
Deferred tax liabilities	(47.8)	(42.0)	5.8
Tax payables	(30.2)	(60.5)	(30.3)
Other liabilities	(189.0)	(482.4)	(293.4)
	872.3	809.4	(62.9)

Compared with 31 December 2023, net working capital has declined by € 62.9 million and considers the effects deriving from the seasonal nature of gas distribution billing (€ -56.0 million) and the inclusion of Acqua Campania in the consolidation scope (€ -32.0 million).

NET FINANCIAL DEBT

(€ million)	31.12.2023	30.06.2024	Abs. change
Financial and bond debt	6,920.3	7,193.5	273.2
Short-term financial debt (*)	1,000.3	1,349.8	349.5
Other short-term financial debt	-	37.5	37.5
Long-term financial debt	5,840.9	5,708.2	(132.7)
Finance lease payables - IFRS 16 and IFRIC 12	79.1	98.0	18.9
Funding derivative contracts Cash flow Hedge	(31.8)	(27.8)	4.0
Short-term contracts	(18.1)	(13.3)	4.8
Long-term contracts	(13.7)	(14.5)	(0.8)
Financial receivables and cash and cash equivalents	(254.2)	(336.3)	(82.1)
Cash and cash equivalents	(250.0)	(332.3)	(82.3)
Financial receivables	(4.2)	(4.0)	0.2
Net financial debt	6,634.3	6,829.4	195.1
Finance lease payables - IFRS 16 and IFRIC 12	79.1	98.0	18.9
Net financial debt (excluding the effects pursuant to IFRS 16 and IFRIC 12)	6,555.2	6,731.4	176.2

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

1 INTERIM DIRECTORS' REPORT

Gross financial and bond debt as at 30 June 2024 totalled € 7,193.5 million (€ 6,920.3 million as at 31 December 2023) and refer to: bonds (€ 5,236.2 million), loan agreements with the European Investment Bank (EIB) (€ 857.5 million), payables to banks (€ 964.3 million), other debt (€ 37.5 million) and financial liabilities pursuant to IFRS 16 and IFRIC 12 (€ 98.0 million).

As at 30 June 2024, the breakdown of gross financial debt by type of interest rate, inclusive of liabilities for leases pursuant to IFRS 16 and IFRIC 12 was as follows:

(€ million)	31.12.2023	%	30.06.2024	%
Fixed rate	6,361.7	91.9%	6,637.2	92.3
Floating rate	558.6	8.1%	556.3	7.7
Gross financial debt	6,920.3	100.0%	7,193.5	100.0

The increase in fixed-rate liabilities was mainly due to the bond issue carried out in February (for a nominal amount of € 650 million), which refinanced the redemption of the bond issue that matured in March (€ 381.3 million), and to the depreciation instalments of EIB loans (totalling € 28.6 million).

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 30 June 2024, there were no loan agreements containing financial covenants, with the exception of an EIB loan with a nominal value of € 90 million signed by Toscana Energia. As at 30 June 2024, these commitments were respected.

4.3 RECLASSIFIED STATEMENT OF CASH FLOWS

The reclassified statement of cash flows provided below 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 flow¹¹, i.e. the cash surplus or deficit remaining after the financing of investments.

(€ million)	First half of the year	
	2023	2024
Net profit	228.7	248.0
<i>Correction:</i>		
- Amortisation, depreciation and other non-monetary components	248.1	262.9
- Net capital losses (capital gains) on asset sales and eliminations	1.1	1.7
- Interest and income taxes	130.4	150.0
Change in working capital due to operating activities	(177.3)	(60.3)
Dividends, interest and income taxes collected (paid)	(111.4)	(72.8)
Cash flow from operating activities	319.6	529.5
Technical investments	(363.1)	(331.7)
Other changes related to investments activities	(6.9)	(64.1)
Divestments and other changes	0.5	5.5
Free cash flow before Merger and Acquisition transactions	(49.9)	139.2
Companies included in the scope of consolidation	-	19.8
Net acquisition of business units, plant and financial assets	-	(47.7)
Free cash flow	(49.9)	111.4
Change in short- and long-term financial debt and financial receivables	331.0	270.3
Reimbursements of financial liabilities for leased assets	(14.6)	(14.4)
Equity cash flow	(252.5)	(285.0)
Net cash flow for the year	14.0	82.3

¹¹ 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).

CHANGE IN NET FINANCIAL DEBT

(€ million)	First half of the year	
	2023	2024
Free cash flow before Merger and Acquisition transactions	(49.9)	139.2
Change due to acquisitions of equity investments, business units and assets	-	(27.8)
Increase in finance lease payables	(26.7)	(33.3)
Equity cash flow	(252.5)	(285.0)
Other changes (Difference between interest accounted for, and paid fair value of derivatives)	14.4	11.9
Change in net financial debt	(314.7)	(195.1)

The cash flow from operating activities as at 30 June 2024 of € 529.5 million entirely financed the flow from net investments of € 390.3 million, generating a free cash flow before Merger and Acquisition transactions of € 139.2 million.

Taking into account the dividend payout of € 285.0 million, the increase in net financial debt amounted to € 195.1 million, € 176.2 million excluding the effects of IFRS 16 and IFRIC 12.

NON - GAAP MEASURES

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 the Total revenues. Other revenues are revenues from unregulated activities, revenues 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".
Reclassified 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 by subtracting from net profit the income taxes, net income from equity investments, net financial expense, amortisation, depreciation and impairment.
Adjusted EBITDA	Operating performance indicator, calculated by subtracting income components classified as special items (as defined in the chapter "Comment on the economic and financial results" of this Report) from EBITDA.
EBIT	Operating performance indicator, calculated by subtracting from net profit the income taxes, net income from equity investments and net financial expense.

Alternative economic performance indicators	Description
Adjusted EBIT	Operating performance indicator, calculated by subtracting income components classified as special items (as defined in the chapter "Comment on the economic and financial results" of this Report) from EBIT.
Adjusted Earnings per Share	Indicator of the profitability of the company's shares, calculated as the ratio between the adjusted net profit attributable to the Group and the total number of shares.
<hr/>	
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.
<hr/>	
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.
<i>Free cash flow</i>	It represents the cash surplus or deficit remaining after financing of the investments.
Net financial debt	Determined as the sum of short and long-term financial debt, net of cash and cash equivalents, cash flow hedges and current financial assets, such as, for example, securities held for trading.

RECONCILIATION OF THE RECLASSIFIED INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION

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, commented in the Directors' Report is provided below with the related legally required statements.

RECONCILIATION BETWEEN RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS AND THE LEGALLY REQUIRED FINANCIAL STATEMENTS

Reclassified income statement

(€ million)	Reference to the explanatory notes of the consolidated half-year financial statements	First half of the year					
		2023			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)		1,293.7			1,193.5		
- Revenues for construction and upgrading of distribution infrastructures IFRIC 12	(note 27)		(345.5)			(311.2)	
- Release of connection contributions relating to the financial year	(note 26)		(9.7)			(9.4)	
- Reimbursement of faulty meters	(note 27)		(4.3)			(0.7)	
- Repayments from third parties	(note 27)		(2.4)			(6.8)	
- Operational performance vs. Campania Region	(note 27)		-			(2.4)	
- Other reimbursement	(note 27)		-			(0.6)	
Total revenues (from reclassified statements)				931.8		862.4	
Operating costs (from mandatory statements)		(677.0)			(533.4)		
- Revenues for construction and upgrading of distribution infrastructures IFRIC 12	(note 27)		345.5			311.2	
- Reimbursement of faulty meters	(note 27)		4.3			0.7	
- Repayments from third parties	(note 27)		2.4			6.8	
- Operational performance vs. Campania Region	(note 27)		-			2.4	
- Other reimbursement	(note 27)		-			0.6	
- Use of metering provision	(note 27)		-			10.6	
Operating costs (from reclassified statements)				(324.8)		(201.1)	

(€ million)	Reference to the explanatory notes of the consolidated half-year financial statements	First half of the year					
		2023			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
EBITDA				607.0			661.3
Amortisation, depreciation and impairment (from mandatory statements)		(257.9)			(268.2)		
- Release of connection contributions relating to the financial year	(note 26)		9.7			9.4	
- Use of metering provision	(note 28)					(10.6)	
Amortisation, depreciation and impairment (from reclassified statements)				(248.2)			(269.4)
EBIT		358.8		358.8	391.9		391.9
Net financial expense		(44.6)		(44.6)	(55.8)		(55.8)
Net income from equity investments		(0.3)		(0.3)	6.1		6.1
Gross profit		313.9		313.9	342.2		342.2
Income taxes		(85.2)		(85.2)	(94.2)		(94.2)
Net profit (loss)		228.7		228.7	248.0		248.0

Reclassified Statement of Financial Position

(€ million)	Reference	31.12.2023		30.06.2024	
(Where not expressly indicated, the item is obtained directly from the legally-required statement)	to the explanatory notes of the consolidated financial statements	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		378.9
Intangible assets, of which:			8,250.3		8,380.2
- Intangible assets	(nota 13)	8,772.6		8,903.0	
<i>from which to deduct Connection contributions</i>	(nota 20)	(522.3)		(522.8)	
Equity investments			153.0		156.3
Financial receivables and securities instrumental to operations			2.6		11.0
Net payables relating to investment activities, composed of:			(370.5)		(303.5)
- Payables for investment activities	(nota 18)	(375.8)		(308.8)	
- Receivables from investment/divestment activities	(nota 8)	5.3		5.3	
Total fixed capital (from reclassified statements)			8,421.40		8,622.9
Net working capital					
Trade receivables			694.3		520.4
Inventories			79.1		79.1
Tax assets, composed of:			319.6		495.3
- Current and non-current income tax assets	(nota 10)	30.4		22.1	
- Other current tax assets	(nota 11)	20.0		35.7	
- IRES receivables for National Tax Consolidation Scheme	(nota 8)	5.2		5.2	
- Reclassification from Other assets for Superbonus credits	(nota 11)	264.0		432.3	
Other assets, composed of:			434.5		620.0
- Other receivables	(nota 8)	148.6		185.6	
- Other assets	(nota 11)	278.1		460.8	
- Reclassification to Tax receivables for Superbonus	(nota 11)	(264.0)		(432.3)	
- Accruals and deferrals from regulated activities	(nota 11)	271.8		405.9	
Trade payables			(278.3)		(222.9)
Provisions for risks and charges			(109.9)		(97.6)
Deferred tax liabilities			(47.8)		(42.0)
Tax payables, composed of:			(30.2)		60.5
- Current income tax liabilities	(nota 10)	(20.4)		52.4	
- Other tax liabilities	(nota 20)	(9.7)		(8.1)	
- Parent company's payables for liquidation of Group VAT	(nota 18)	(0.1)		-	
Other liabilities, composed of:			(189.0)		(482.4)
- Other payables	(nota 18)	(175.8)		(450.9)	
- Other liabilities	(nota 20)	(13.2)		(31.5)	
Total net working capital (from reclassified statements)			872.3		809.4
Provisions for employee benefits			(65.3)		(63.4)
Assets held for sale:			6.6		7.9
NET INVESTED CAPITAL			9,235.0		9,376.8

(€ million) (Where not expressly indicated, the item is obtained directly from the legally-required statement)	Reference to the explanatory notes of the consolidated financial statements	31.12.2023		30.06.2024	
		Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Shareholders' equity including minority interests			(2,600.7)		(2,547.4)
Net financial debt					
<i>Financial and bond debt, composed of:</i>			(6,920.3)		(7,193.5)
Long-term net financial liabilities, composed of:					
- Long-term financial liabilities	(nota 17)	(5,840.9)		(5,708.2)	
Short-term net financial liabilities, composed of:					
- Short-term portions of long-term financial debt	(nota 17)	(501.6)		(600.6)	
- Short-term financial liabilities	(nota 17)	(498.7)		(749.2)	
Other financial debt	(nota 17)	-		(37.5)	
- Financial liabilities pursuant to IFRS 16 and IFRIC 12	(nota 17)	(79.1)		(98.0)	
<i>CFH hedging derivative contracts, consisting of:</i>			31.8		27.8
Short-term contracts	(nota 19)	18.1		13.3	
Long-term contracts	(nota 19)	13.7		14.5	
<i>Financial receivables and cash and cash equivalents, composed of:</i>			254.2		336.3
Cash and cash equivalents			250.0		332.3
Current financial assets, composed of:			4.2		4.0
Financial receivables non-instrumental to operations	(nota 7)	4.2		4.0	
Total net financial debt (from reclassified statements)			(6,634.3)		(6,829.4)
FUNDING			(9,235.0)		(9,376.8)

Reclassified Statement of Cash Flows

(€ million)	First half of 2023		First half of 2024	
	Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Reclassified Statement of Cash Flows items and intersection of legally-required statement items				
Net profit		228.7		248.0
<i>Correction:</i>				
Amortisation, depreciation and other non-monetary components:		248.1		262.9
- Amortisation and depreciation	257.9		279.2	
- Net impairment of property, plant and equipment and intangible assets	-		(0.4)	
- Contributions for connections - uses	(9.7)		(9.4)	
- Effect of valuation using equity method	0.3		(6.1)	
- Non-monetary items (stock grants)	(0.4)		(0.4)	
Net capital losses (capital gains) on asset sales and eliminations		1.1		1.7
Interest, income taxes and other changes:		130.4		150.0
- Interest income	(5.0)		(13.1)	
- Interest expense	50.2		68.8	
- Income taxes	85.2		94.3	
of which is deferred taxes	(19.4)		(4.3)	
Change in working capital due to operating activities:		(178.0)		(60.3)
- Inventories	2.1		6.8	
- Trade and other receivables	(115.9)		94.7	
- Trade and other payables	(479.9)		(77.8)	
- Change to provisions for risks and charges	(7.4)		(12.5)	
- Other assets and liabilities	424.1		(67.9)	
<i>from which to deduct Deferrals for connection contributions - increases</i>	7.9		-	
<i>from which to deduct Deferrals for connection contributions - uses</i>	(9.7)		(9.4)	
- Change in provisions for employee benefits	(1.5)		(3.6)	
Dividends, interest and income taxes collected (paid):		(111.4)		(72.8)
- Dividends collected	0.1		0.1	
- Interest income	4.1		6.1	
- Interest paid	(64.4)		(77.0)	
- Income taxes (paid) refunded	(51.2)		(2.0)	
Cash flow from operating activities		319.6		529.5
Technical investments:		(363.1)		(331.7)
- Property, plant and equipment	(5.0)		(12.1)	
- Intangible assets	(366.0)		(319.6)	
- Contributions for connections - increases	7.9		-	
Other changes relating to investment activities:		(6.9)		(64.1)
- Change in payables relating to investment activities	(7.1)		(67.0)	
- Other changes	0.2		2.9	
Disinvestments:		0.5		5.5
- Property, plant and equipment	0.1		2.0	
- Intangible assets	-		3.5	
- Companies outside the consolidation area	0.4		-	

(€ million)	First half of 2023		First half of 2024	
	Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Reclassified Statement of Cash Flows items and intersection of legally-required statement items				
Free cash flow before M&A transactions		(49.9)		139.2
Change in scope of consolidation		-		19.8
Net acquisition of business units, plant and financial assets				(47.7)
Plant acquisition		-	(47.3)	
Acquisition of financial assets		-	(0.4)	
Free cash flow		(49.9)		111.4
Change in financial debt:		331.0		270.3
- Change in short- and long-term financial debt	450.8		270.1	
- Medium- to long-term financial receivables	(119.8)		0.2	
Reimbursements of financial liabilities for leased assets		(14.6)		(14.4)
Equity cash flow		(252.5)		(285.0)
Cash flow for the year		14.0		82.3

5. COMPLEMENTARY INFORMATION

TREASURY SHARES

The company did not own any treasury shares as at 30 June 2024.

RELATED PARTIES 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 in accordance with the international accounting standard IFRS 10; in addition, at the meeting of its Board of Directors on 1 August 2019, CDP reclassified its equity interest in Italgas S.p.A. as de facto control pursuant to article 2359, subsection 1, no. 2) of the Italian Civil code and article 93 of the CLF. Italgas is not subject to management and coordination activities by CDP.

As at 30 June 2024, Italgas manages and coordinates its subsidiaries, pursuant to Article 2497 et seq. of the Italian Civil code.

The amounts 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 paragraph "Related-parties transactions" of the Notes to the consolidated financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE HALF-YEAR

- On 9 July 2024, the Italgas stock was confirmed in the FTSE4Good Index Series for the eighth consecutive year. The FTSE4Good is designed to measure the performance of companies that demonstrate solid environmental, social and governance (ESG) practices. Its rating of 4.3 of a maximum of 5 points was confirmed, ranking higher than the sector average. The achievement of this result once again confirms Italgas' attention to sustainable development, intended for the creation of opportunities centred around the principle of shared value.
- Recently, the Greek Regulatory Authority for Energy, Waste and Water (RAEWW) approved the Five-Year Investment Plan submitted by Enaon Eda. The company submitted to the Authority a proposal for a single tariff for the entire Greek territory in order to make pricing fair for all consumers.

6. BUSINESS 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"¹².

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:

(€ million)	First half of the year		
	2023	2024	2024* pro rata
Adjusted Gas Distribution Sector (regulated and unregulated)	740.7	823.3	823.3
Water Sector	4.5	36.2	88.5
Energy efficiency sector	194.7	19.7	19.7
Corporate	40.2	39.1	39.1
Intra-sector eliminations	(48.3)	(46.0)	(46.0)
Adjusted total revenues	931.8	872.3	924.64
Adjusted gas distribution sector	567.6	656.1	656.1
Water Sector	0.5	13.3	27.4
Energy efficiency sector	38.3	1.8	1.8
Corporate	0.5	-	-
Adjusted EBITDA	607.0	671.2	685.31
Adjusted gas distribution sector	322.9	401.6	401.6
Water Sector	0.1	1.7	9.4
Energy efficiency sector	36.6	(0.1)	(0.1)
Corporate	(0.8)	(1.4)	(1.4)
Adjusted EBIT	358.8	401.8	409.5

* Unaudited values

¹² 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.

GAS DISTRIBUTION SECTOR

MAIN ECONOMIC AND FINANCIAL INDICATORS

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

(€ million)	First half of the year	
	2023	2024
Total adjusted revenues (regulated and unregulated)	740.7	823.3
Adjusted EBITDA	567.6	656.1
Adjusted EBIT	322.9	401.6
Adjusted EBITDA margin (%)	77%	80%
Adjusted EBIT margin (%)	44%	49%

Total adjusted revenues for the Gas Distribution segment as at 30 June 2024 amounted to € 823.3 million (€ 740.7 million in 2023), an increase of € 82.6 million, mainly due to the combined effect of (i) the increase in distribution revenues (€ +84.5 million) and (ii) the decrease in revenues from services and other (€ -1.9 million). Adjusted operating profit increased by € 78.7 million (+24.4% compared to the previous year), from € 322.9 million as at 30 June 2023 to € 401.6 million as at 30 June 2024.

OPERATING PERFORMANCE

INVESTMENTS

In the first half of 2024, technical investments were made for € 349.7 million (30 June 2023: € 392.5 million), of which € 9.1 million related to investments accounted for in accordance with IFRS 16, and included the installation of an additional 354 km of pipelines.

(€ million)	First half of the year		Abs. change	% Change
	2023	2024		
Distribution	225.6	224.5	(1.1)	(0.5)
Network maintenance and development	196.1	178.1	(18.0)	(9.2)
New networks	29.5	46.4	16.9	57.3
Digitisation	127.7	98.8	(28.9)	(22.6)
Other assets	76.3	40.0	(36.3)	(47.6)
Metering	42.8	49.3	6.5	15.2
Processes	8.6	9.5	0.9	10.5
Other investments	39.2	26.4	(12.8)	(32.7)
- of which Real Estate	1.9	5.9	4.0	-
- of which ICT	12.0	8.7	(3.3)	(27.5)
- of which the effect of IFRS 16	22.8	9.1	(13.7)	(60.1)
	392.5	349.7	(42.8)	(10.9)

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Investments in gas distribution remained virtually unchanged compared to the corresponding period of 2023 at € 224.5 million.

Investments in digitisation (€ 98.8 million) decreased by 22.6% compared to the same period in 2023 due to the gradual completion of digitising the network in Italy.

Other investments (€ 26.4 million) decreased by 32.7% due to software licences and property leases (pursuant to IFRS 16).

OPERATING FIGURES

Key operating figures for gas distribution Italgas Group and affiliates (Italy and Greece)	First half of the year		Abs. change	% Change
	2023	2024		
Active meters (millions)	7.960	8.014	0.054	0.7
Municipalities with gas distribution concessions (no.)	2.045	2.099	54	2.6
Municipalities with gas distribution concessions in operation (no.)	1.952	2.007	55	2.8
Distribution network (kilometres)	81,581.6	83,290.0	1,708.4	2.1
Gas distributed (million cubic metres)	4,538.9	4,552.5	13.6	0.3

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:

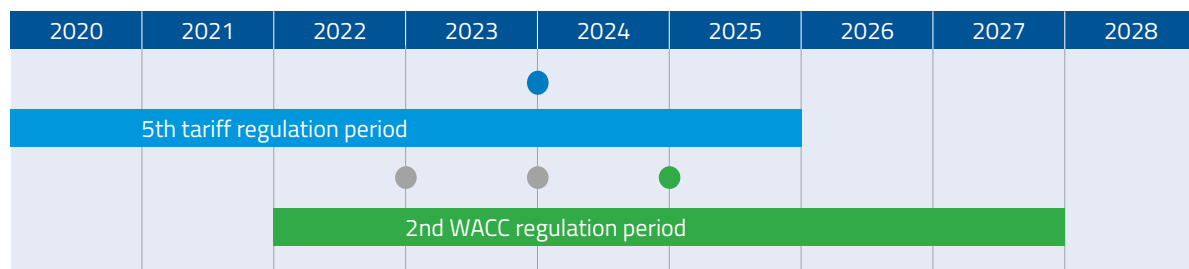
- the cost of net invested capital for RAB (Regulatory Asset Base) purposes through the application of a rate of return of the same;
- economic-technical amortisation/depreciation, hedging investment costs;
- operating costs, hedging operational costs.

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: <ul style="list-style-type: none"> ▪ 6.3%: 2020 and 2021 years ▪ 5.6%: 2022 and 2023 years ▪ 6.5%: 2024 year 	
Incentives for new investments	Remuneration of t-1 investments to compensate for regulatory time lag since 2013	Remuneration of t-1 investments to compensate for regulatory time lag since 2013
Efficiency factor	<i>Set by Delibera 570/2019/R/Gas:</i> Distribution operating costs: <ul style="list-style-type: none"> ▪ 3.5% for large companies ▪ 4.79% for medium-sized companies ▪ 6.59% for small companies Metering operating costs: 0% Marketing operating costs: 1.57%	<i>Rectified by Delibero 409/1023/R/Gas:</i> Distribution operating costs: <ul style="list-style-type: none"> ▪ 3.39% for large companies ▪ 4.62% for medium-sized companies ▪ 6.46% for small companies

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 2023, in the definition of the reference tariffs, is equal to € 8.8 billion.



- Infra-period parameters review (x-factor, beta, gearing)
- WACC update if an increase in the main parameters results in a change of at least 50 bps of the WACC with respect to the current value
- Update of WACC parameters common to all services (R^{nominal}, FP, physical parameters, CRP, Inflation, IBoxx indexes and cost of debt graduation)

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

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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 8 May 2024, the Authority published Resolution no. 173/2024/R/gas with which, as an exception, it updated the rate of change in the deflator for the year 2024, increasing it to 5.3% from the previous 3.8%. The Resolution recognises the effects deriving from the review of the ISTAT data used for the purposes of determining the change in the deflator of gross fixed investments for the gas distribution and metering service.

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. 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. The Company does not agree with the contents of Resolution no. 207/2024/R/gas and has taken action to enforce its rights and interests in the competent fora.

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/EEC as the weighted value between the average GME stock market price (€ 249.33/MWh) and the average price of the relevant bilateral contracts (€ 248.22/MWh).

TARIFF REGULATION – GREECE

The concessions held by the distributor of the Enaon Group extend over the entire Greek territory.

The expiry and renewal of the gas distribution concession 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 RAB¹³ 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 ΦΕΚΑ 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.

¹³ 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 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.

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:

- 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)

1 INTERIM DIRECTORS' REPORT

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 2023, is equal to € 0.8 billion.

The timings defined by the tariff regulation are shown below.

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Previous Regulatory Period 19-22				Current Regulatory Period 23-26				Next Regulatory Period 27-30			
		Base Year	Tariff Proposal			Base Year	Tariff Proposal			Base Year	Tariff Proposal
			Calculation Year				Calculation Year				Calculation Year

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.

MUNICIPALITIES IN CONCESSION AND LOCAL TENDER AREAS¹⁴

The following figure shows the presence of the Italgas Group in Italy¹⁵. As at 30 June 2024, as a result of the regulatory framework envisaging the award of gas distribution services through local tenders (and not by individual municipality), 40 tender notices have been published, of which 33 sent to the Authority, as envisaged in Ministerial Decree no. 226/2011.

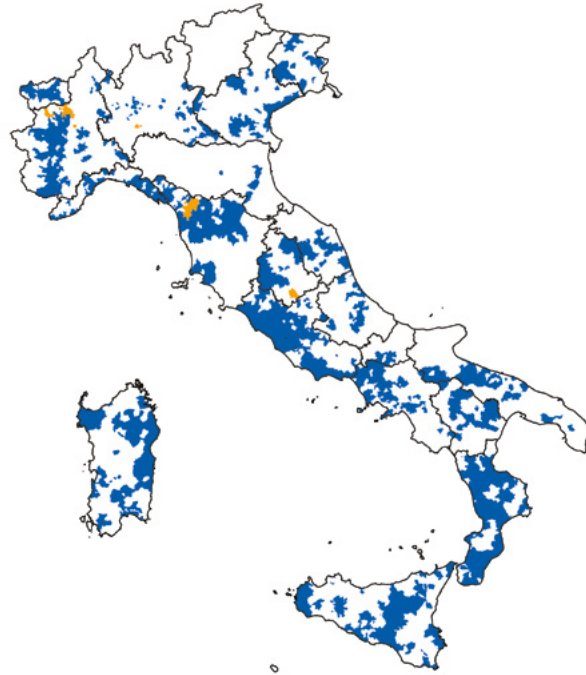
Of the 40 tender notices published to date:

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;

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, VARESE 2 - Centre, UDINE 1, North, and UDINE 3 - South, were withdrawn by their respective contracting stations;

TURIN 2 - Turin plant, VALLE D'AOSTA, BELLUNO, TURIN 1 - City of Turin and LA SPEZIA were officially awarded to Italgas Reti.



In Greece, as at 30 June 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 107 are already in operation.

¹⁴ For more information on the regulation concerning the assignments of gas distribution service and the related call for tenders, please see the specific paragraph "Main events".

¹⁵ 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.

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 the first half of 2024*, showing the data of the operative companies Acqualatina and Siciliacque as *pro rata* consolidation (First half 2024* *pro rata*)¹⁶.

(€ million)	First half of the year	
	2024	2024* pro rata
Total revenues (regulated and unregulated)	36.2	88.5
EBITDA	13.3	27.4
EBIT	1.7	9.4
Net profit	4.5	4.5
Group's net profit	4.4	4.4
EBITDA margin (%)	37%	31%
EBIT margin (%)	5%	11%

* 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	First half of the year		Abs. change	% Change
	2023	2024*		
Customers served directly and indirectly (millions)	0.03	6.2	6.2	-
Managed water distribution network (kilometres)	295	8,982	8,686	-

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

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.

¹⁶ 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.

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.

Regulatory periods in the Water Sector

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
MTI 3 Third Water Tariff Method				MTI 4 Fourth Water Tariff Method							
RDTI 20-23				RDTI 24-29							
				RDTI 22-23 Biennial update 22-23				RDTI 26-27 Biennial update 26-27		RDTI 28-29 Biennial update 28-29	

RDTI
20-23

Collection of Water Tariff Data for submission and approval to the EGA for the approval of the tariffs for the four-year period 20-23.

Biennial
update

Biennial update of the resolution relating to the tariff method, preceded by a DCO and followed by data collection for the second two-year period of the regulatory period.

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)	Investments before 2012	2024-2025 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 (<i>operators with a ratio of expected new investments to RAB from the previous regulatory period greater than 0.5</i>)	

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 2023, within the scope of the definition of the reference tariffs, is equal to € 0.1 billion.

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. 580/2019/R/idr of 27 December 2019, the Authority approved the Water Tariff Method for the third regulatory period (MTI-3), defining the rules for calculating the costs admitted to tariff recognition for the four-year period 2020-2023.

With Resolution no. 639/2021/R/idr of 30 December 2021, the Authority approved the rules and procedures for the two-year update, provided for by Article 6 of Resolution no. 580/2019/R/idr, for the purposes of redetermining the tariffs of the integrated water service for the years 2022 and 2023, drawn up in compliance with the Tariff Methodology (MTI-3).

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.

CONCESSIONS

At 30 June 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.

ENERGY EFFICIENCY SECTOR

MAIN ECONOMIC AND FINANCIAL INDICATORS

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

(€ million)	First half of the year	
	2023	2024
Total revenues	194.7	19.7
EBITDA	38.3	1.8
EBIT	36.6	(0.1)
EBITDA margin (%)	20%	9%
EBIT margin (%)	19%	-1%

The revenues of the Energy Efficiency segment, amounting to € 19.7 million as at 30 June 2024, decreased mainly due to the decline in "Superbonus" activities. In this context, the ESCo Geoside is now focused on increasing the pipeline of industrial efficiency projects and on 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.

7. RISK 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 relative to the 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. For all risks, the risk ownerships are identified and attributed and the management strategies are defined, broken down into specific actions for dealing with the risk and establishing the relative implementation time.

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 Parties Transactions Committee at each updating. Moreover, the mapping of risks and the relative 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 and the material topics identified.

Category	Risk	Description	Main methods of management	Connected material topics
Strategic/ business- related	Changes in Regulation and legislation	<p>Risk of changes in the regulatory and institutional context in Europe or nationally affecting the natural gas sector</p> <p>Risk of a penalising update of the rate of return on net invested capital recognised by the Regulator</p> <p>Focus on Greece: Risk of review by the Greek Regulator of the investment and tariff plans submitted for approval</p>	<ul style="list-style-type: none"> - 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 	Generation of economic value and ESG finance
Strategic/ business- related	Climate Change	<p>Physical Risk: increased frequency of extremely intense natural events in the places where Italgas operates (more or less prolonged unavailability of assets and infrastructure, increase in repair and insurance costs, service interruption, etc.) with a negative impact on costs, revenues and level of service</p> <p>Emerging Risk:¹⁷ 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</p> <p>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</p> <p>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</p> <p>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</p>	<p>Countermeasures are summarised below, for more details please refer to the document "2022 – 2023 Driving innovation for energy transition – TCFD Report":</p> <ul style="list-style-type: none"> - 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 emissions¹⁸: <ul style="list-style-type: none"> 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 - Internal leakage repair SLAs stricter than those defined by the Regulator - Actions to modernise the network - 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, active participation in consultations called by the government or community bodies on relevant issues, and presence in the leading sector associations. - Carrying out energy efficiency projects and investments intended to increase the Group's presence in the water and energy efficiency sectors - Actions intended to promote the development and dissemination of biomethane and power-to-gas technology 	<p>Energy transition and the fight against climate change</p> <p>Generation of economic value and ESG finance</p> <p>Safety of the networks, assets and people</p> <p>Quality of service and customer satisfaction</p> <p>Network innovation and digitisation</p> <p>Corporate identity</p> <p>Adoption of circular economy principles</p> <p>Management of ecosystems and biodiversity</p>

¹⁷ Risk for which the potential effects for the company and/or sector refer to a medium to long-term time frame.

¹⁸ At June 2023, the targets, approved by the BoD in June 2023, refer to the scope of the Group companies consolidated using the line-by-line method. This does not include the water service companies acquired in 2023 and subsequently merged into Nepta, nor any future changes as a result of ATEM tenders and M&A transactions.

Category	Risk	Description	Main methods of management	Connected material topics
Strategic/ business- related	Risks associated with the development and awarding of area tenders for the gas distribution service	<p>Risk of not being awarded concessions in the planned areas, or being awarded concessions with less favourable conditions</p> <p>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</p> <p>Risk of legal and/or arbitration disputes deriving from the complexity of the legislation that governs the expiry of the concessions held by Italgas.</p> <p>Risk that the redemption value of the concessions for which, following the assignment process, a third parties is an assignee is lower than the value of the RAB</p>	<ul style="list-style-type: none"> - 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 	<p>Corporate identity</p> <p>Generation of economic value and ESG finance</p> <p>Network development</p>
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	<ul style="list-style-type: none"> - 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, intelligence centre for integrated security management, multi-domain crises, risk containment - PSIM (Physical Security Information Management), management centre for security operations - With reference to the conflicts in Russia/ Ukraine and Israel/Palestine, the following is confirmed: <ul style="list-style-type: none"> - 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 by either conflict, which impact on the Group's operating continuity 	Safety of the networks, assets and people

Category	Risk	Description	Main methods of management	Connected material topics
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	<ul style="list-style-type: none"> - 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 - Analysis and monitoring of the credit portfolio - Assessments of initiatives for outsourcing to external companies specialised in credit recovery. Monthly monitoring of the activities and performance of the appointed companies - Strong reliability of gas distribution customers as at 30 June 2024: <ul style="list-style-type: none"> ▪ in Italy on average 98.7% of trade receivables are settled on the due date and more than 99.6% within the next 4 days; ▪ in Greece on average 94.3% of trade receivables are settled on the due date and approximately all within the next 4 days 	Generation of economic value and ESG finance
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	<ul style="list-style-type: none"> - Process for the preparation and monitoring of the financial and management plan, control and reporting of financial risks - Financial planning with a time frame of 7 years, carried out annually - Maintenance of a debt ratio between a fixed rate and floating rate to minimise the risk (as at 30 June 2024, 92.3% of the gross financial debt was at fixed rate and 7.7% at floating rate) - Mix of external financial resources (bonds subscribed by institutional investors, syndicated loans with banks and other financial institutions, in the form of medium-long-term loans and bank credit lines at interest rates indexed to benchmark market rates, in particular the Europe Interbank Offered Rate [Euribor]) - 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 counterparties liabilities, and of certain key parameters, such as the ratio between debt and the RAB 	Generation of economic value and ESG finance

Category	Risk	Description	Main methods of management	Connected material topics
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	<ul style="list-style-type: none"> - 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 € 1.25 billion to be placed with institutional investors 	<ul style="list-style-type: none"> Corporate identity Generation of economic value and ESG finance Sustainable supply chain management
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	<ul style="list-style-type: none"> - Countermeasures as described in the "Changes in Interest rate, inflation and deflation" risk - Constant dialogue with rating agencies 	<ul style="list-style-type: none"> Corporate identity Generation of economic value and ESG finance
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 relative loan	<ul style="list-style-type: none"> - Absence of financial covenants and/or collateral in the loan agreements (as at 30 June 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, 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 30 June 2024, these commitments appear to have been respected) 	<ul style="list-style-type: none"> Corporate identity Generation of economic value and ESG finance

Category	Risk	Description	Main methods of management	Connected material topics
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	<ul style="list-style-type: none"> - 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 the suppliers of materials - 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 of the smart meters decommissioned earlier than the end of their regulatory useful life - Plan to replace and/or repair meters with function anomalies - Operative centres for the regeneration of smart meters with anomalies - Audits on suppliers and supply tests - Updating of technical specifications, including in consideration of technological developments 	<ul style="list-style-type: none"> Corporate identity Quality of service and customer satisfaction Adoption of circular economy principles Generation of economic value and ESG finance Safety of the networks, assets and people Sustainable supply chain management Network innovation and digitisation
Operational	Service continuity: malfunctioning, accidents or extraordinary events	Risks of malfunctioning and unforeseeable distribution service disruptions from unintended events, such as accidents, breakdowns or malfunctioning of equipment or control systems, the underperformance of plants, and extraordinary events such as explosions, fires, earthquakes, landslides or other similar events beyond Italgas' control	<ul style="list-style-type: none"> - Third Parties 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; - Health and safety procedures, communication campaigns, training and meetings to raise awareness of and analyse the prevention of accidents, initiatives that also involve suppliers/contractors - Command and Control Centre for Plants and Networks (CIR) active 24/7 - Digital applications for the remote control of worksites - Gradual adoption of DANA – Digital Advanced Network Automation – the innovative network command and control system - Smart Maintenance: GIS model for the intelligent maintenance of Italgas networks. - Planned search for leaks using the best systems (Picarro Surveyor) and with higher levels of annual coverage of the network inspected than the standards defined by the Regulator - Internal leakage repair SLAs stricter than those defined by the Regulator - Continuous modernisation of the network - Prevention of potential damage to pipes caused by third parties 	<ul style="list-style-type: none"> Corporate identity Protection, inclusion, development and well-being of human resources Safety of the networks, assets and people Network innovation and digitisation Quality of service and customer satisfaction Sustainable supply chain management Management of ecosystems and biodiversity Dialogue and creation of value on the territory Energy transition and the fight against climate change Generation of economic value and ESG finance

Category	Risk	Description	Main methods of management	Connected material topics
Operational	<i>Cyber attacks</i>	Risks of cyber attacks on the IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things) sectors	<ul style="list-style-type: none"> - Specific insurance coverage of the risks related to cybersecurity - Bludigit ISO 27001 Information Security 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 - Monitoring of the Group's Bitsight cyber risk rating, currently positioned in an advanced range (high level of maturity of the frameworks) - Conditional access solutions on the basis of certain factors and Multi-Factor-Authentication for Group employees, suppliers and contractors - Security measures to protect endpoints - Information classification and protection system according to criteria of Confidentiality, Integrity and Secrecy and a Data Loss Prevention solution to protect the Group's information assets - Specific training on cyber risks, common vulnerabilities, phishing and spam and phishing simulations - Secure Product Development Lifecycle process in which the measures to prevent and mitigate cybersecurity risks are integrated from the very start of the procurement and/or the development - Security measures to protect the network infrastructure from unauthorised alterations, disservices, misapplications and unauthorised disclosure of data - Periodic IT and OT vulnerability assessments and penetration tests performed by third parties - Continuous real-time monitoring of IT and OT systems using Security Information and Event Management (SIEM) solutions - Leading sector suppliers with maximum levels of security defined and monitored - "Cybersecurity Awareness for third parties", with which the Italgas Group's suppliers must formally comply - Cyber Threat Intelligence 	<ul style="list-style-type: none"> Network cybersecurity Compliance, transparency and fight against corruption Sustainable supply chain management Quality of service and customer satisfaction Safety of the networks, assets and people Generation of economic value and ESG finance Network innovation and digitisation

Category	Risk	Description	Main methods of management	Connected material topics
Operational	Risks associated with the health and safety of people and environmental protection	<p>Risk of incidents and/or injuries involving employees and partner companies</p> <p>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</p> <p>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</p>	<ul style="list-style-type: none"> - Insurance policies for "individuals" (professional and non-professional accidents, death by illness) - HSE system in compliance with reference standards, certified according to international legislation for aspects of health, safety, environment and energy efficiency, which envisages compliance audits carried out by the certification body - Research and technological innovation and actions and projects for the energy efficiency of processes, the improvement of safety conditions, environmental recovery of former manufactured gas production sites - Monitoring of HSE legislation - Training on HSE issues - Digital applications for reporting and recording "near misses" and for waste management - Analysis of incidents and root causes, implementation of improvement actions - Communication campaigns and awareness-raising meetings on HSE with innovative and digital tools - Reward systems for virtuous operational structures - Training and information events with suppliers/contractors on HSE topics and for creating standardised operating practices - Internal procedures providing for specific measures against suppliers/contractors in the event of non-compliance in the HSE field and a reward system for virtuous behaviour - 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 <p>With particular reference to reclamation activities:</p> <ul style="list-style-type: none"> - A specific provision has been set up 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 - Structure dedicated to monitoring the design and construction phases. Audits on sites being reclaimed, carried out internally and by third parties, both during the works and for the final inspection 	<ul style="list-style-type: none"> Corporate identity Protection, inclusion, development and well-being of human resources Safety of the networks, assets and people Adoption of circular economy principles Management of ecosystems and biodiversity Sustainable supply chain management Dialogue and creation of value on the territory Compliance, transparency and fight against corruption Generation of economic value and ESG finance

Category	Risk	Description	Main methods of management	Connected material topics
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	<ul style="list-style-type: none"> - Top Employers 2023 certification, attesting to the adoption of HRO processes and methodologies in line with the best international benchmarks - Italgas Academy, the Corporate University of Italgas supporting the continuous growth of people and the Group. - Training courses in partnerships with universities - Multimedia platform that provides access to all group training initiatives in the "Excellence", "People" and "Innovation" areas - Knowledge transfer system - I-Grow Programme (induction paths, training programmes and structured job rotation paths) - Initiatives to spread the digital culture and knowledge - Smart Rotation system, Italgas' internal Job Posting, and Iscout, Italgas' Referral Program, to facilitate upskilling and reskilling activities - Succession plan for senior roles - Personnel scouting and recruitment process, performance management system and development plans for resources with a role-specific training programme - Italgas Human Rights Policy - Italgas Diversity and Inclusion Policy - Structures dedicated to diversity and inclusion and to HR sustainability - UNI/PdR 125:2022 certification for gender equality - Survey on climate extended to all Group employees - Welfare system 	<ul style="list-style-type: none"> Corporate identity Protection, inclusion, development and well-being of human resources Respect for human rights Generation of economic value and ESG finance Network innovation and digitisation
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	<ul style="list-style-type: none"> - Continuous monitoring of Key Performance Indicators on commercial processes - Operating procedures and instructions for Commercial Management of the Service - Capexforce software, developed in partnership with Salesforce, for digital oversight of the investment process - Surveys at sales companies - Portal dedicated to Gas2Be sales companies, to strengthen the partnerships, facilitate the accreditation process of the network and allow direct access to information and news about Italgas - ClickToGas portal, the set of free sustainable and digital services dedicated to end customers - Mapping the existing concession obligations, monitoring and activating the network technical units for prompt interventions - Constant dialogue with contracting parties 	<ul style="list-style-type: none"> Corporate identity Quality of service and customer satisfaction Network development Dialogue and creation of value on the territory Generation of economic value and ESG finance Network innovation and digitisation

Category	Risk	Description	Main methods of management	Connected material topics
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	<ul style="list-style-type: none"> - Planning of procurement, analysis and monitoring of department KPIs - Supplier qualification process with economic-financial, reputational and ESG audits and mapping of sub-supplies (Tier II and Tier III) through recognised external providers - On-site, technical and ESG checks for the qualification purposes of Critical/Strategic Suppliers - "Supplier Code of Ethics" - Standardised tender processes and regulations, with request for details on sub-supplies (Tier II and Tier III) - Tender committee - IT4Buy digital platform covering supplier registration and qualification process, tender process; contract management - 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, financial solidity/resilience analysis of strategic suppliers - Supplier performance evaluation, including in terms of sustainability, risk assessment to Suppliers - Procurement diversification and scouting activities for innovative assets, produced with alternative materials - Technical specifications being continuously updated - "Anti-Bribery" and "Cybersecurity" Policy for third parties - Renewed logistics model 	<p>Corporate identity</p> <p>Compliance, transparency and fight against corruption</p> <p>Protection, inclusion, development and well-being of human resources</p> <p>Sustainable supply chain management</p> <p>Adoption of circular economy principles</p> <p>Management of ecosystems and biodiversity</p> <p>Respect for human rights</p> <p>Energy transition and the fight against climate change</p> <p>Generation of economic value and ESG finance</p> <p>Network innovation and digitisation</p>
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	<ul style="list-style-type: none"> - 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 - "Supplier Code of Ethics" 	<p>Corporate identity</p> <p>Compliance, transparency and fight against corruption</p> <p>Protection, inclusion, development and well-being of human resources</p> <p>Management of ecosystems and biodiversity</p> <p>Sustainable supply chain management</p> <p>Quality of service and customer satisfaction</p> <p>Respect for human rights</p> <p>Generation of economic value and ESG finance</p>



8. BUSINESS OUTLOOK

Italgas will continue to pursue its objectives aimed at strengthening, developing and digitally transforming its gas distribution assets in order to facilitate the energy transition in Italy and Greece; the recent non-binding offer for the acquisition of 100% of 2i Rete Gas is also part of this strategy. The Group will strengthen its leading role in achieving the European Union's climate targets, further advancing the decarbonisation of the sector through the development of renewable gases and improving the flexibility and resilience of the entire energy system, while at the same time ensuring its security.

02

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(€ thousands)	31.12.2023			30.06.2024	
	Notes	Total	of which, related parties	Total	of which, related parties
ASSETS					
Current assets					
Cash and cash equivalents	(6)	249,963		332,257	
Current financial assets	(7)	4,248	2,127	4,053	2,125
Trade and other receivables	(8)	853,488	184,114	717,133	173,973
Inventories	(9)	79,052		79,059	
Current income tax assets	(10)	17,475		1,121	
Other current financial assets	(19)	18,094		13,298	
Other current non-financial assets	(11)	152,864	2	252,976	
		1,375,184		1,399,897	
Non-current assets					
Property, plant and equipment	(12)	386,040		378,922	
Intangible assets	(13)	8,772,609		8,902,962	
Equity investments measured using the equity method	(14)	131,771		136,000	
Non-current financial assets	(15)	23,778	3,655	31,224	1,351
Non-current income tax assets	(10)	12,876		20,924	
Other non-current financial assets	(19)	13,708		14,468	
Other non-current non-financial assets	(11)	417,069	287	648,796	292
		9,757,851		10,133,296	
Non-current assets held for sale	(16)	6,613		7,913	
TOTAL ASSETS		11,139,648		11,541,106	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term financial liabilities	(17)	1,033,434	636	1,433,868	637
Trade and other payables	(18)	829,862	65,775	982,414	66,459
Current income tax liabilities	(10)	20,448		52,378	
Other current financial liabilities	(19)	-		-	
Other current non-financial liabilities	(20)	17,393	222	8,378	1,260
		1,901,137		2,477,038	
Non-current liabilities					
Long-term financial liabilities	(17)	5,886,922	1,566	5,759,622	1,579
Provisions for risks and charges	(21)	109,851		97,618	
Provisions for employee benefits	(22)	65,330		63,436	
Non-current income tax liabilities	(10)	-		-	
Deferred tax liabilities	(23)	47,780		42,003	
Other non-current financial liabilities	(19)	-		-	
Other non-current non-financial liabilities	(20)	527,884		554,013	
		6,637,767		6,516,692	
Liabilities directly associated with non-current assets held for sale		-		-	
TOTAL LIABILITIES		8,538,904		8,993,730	
SHAREHOLDERS' EQUITY					
Share capital	(24)	1,003,228		1,003,844	
Reserves		191,529		188,628	
Profit (loss) carried forward		645,747		799,635	
Profit (loss) for the year		439,568		234,375	
Treasury shares					
Total Italgas shareholders' equity		2,280,072		2,226,482	
Minority interests		320,672		320,894	
TOTAL SHAREHOLDERS' EQUITY		2,600,744		2,547,376	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11,139,648		11,541,106	

INCOME STATEMENT

(€ thousands)	30.06.2023			30.06.2024	
	Notes	Total	of which, related parties	Total	of which, related parties
REVENUES	(26)				
Revenues		1,254,219	(223,983)	1,157,440	393,749
Other revenues and income		39,467	4,688	36,090	3,983
		1,293,686		1,193,530	
OPERATING COSTS	(27)				
Costs for raw materials, consumables, supplies and goods		(76,383)	(7,866)	(56,721)	(3,887)
Costs for services		(396,076)	(3,713)	(266,720)	(5,323)
Costs for leased assets		(43,477)	(351)	(46,841)	(609)
Personnel cost		(134,496)		(137,797)	
Allocations to/releases from provision for risks and charges		(1,591)		(60)	
Allocations to/releases from provisions for doubtful debt		(20)		906	
Other expenses		(25,105)	(15,527)	(26,216)	(49,741)
		(677,148)		(533,449)	
AMORTISATION, DEPRECIATION AND IMPAIRMENT	(28)	(257,705)		(268,261)	
EBIT		358,833		391,820	
FINANCIAL INCOME (EXPENSE)	(29)				
Financial expense		(49,624)		(68,844)	
Financial income		4,783		12,967	
Derivative financial instruments		211		135	
		(44,630)		(55,742)	
INCOME (EXPENSE) FROM EQUITY INVESTMENTS	(30)				
Effect of valuation using the equity method		428	428	4,949	4,949
Dividends		25	25	-	-
Other income (expense) from equity investments		(777)		1,167	
		(324)		6,116	
Gross profit		313,879		342,194	
Income taxes	(31)	85,152		94,210	
Net profit (loss) for the year		228,727		247,984	
Attributable to Italgas		213,229		234,375	
Minority interests		15,499		13,609	
Net profit (loss) per share attributable to Italgas (€ per share)	(32)				
- basic and diluted from continuing operations		0.26		0.29	
- basic and diluted from discontinued operations		-		-	
- total basic and diluted		0.26		0.29	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME: ATTRIBUTABLE TO THE PARENT COMPANY AND TO MINORITY INTERESTS

(€ thousands)	First half of 2023			First half of 2024		
	Attributable to the parent company	Attributable to minority interests	Total	Attributable to the parent company	Attributable to minority interests	Total
Net profit (loss) for the year	213,229	15,499	228,728	234,375	13,609	247,984
Other comprehensive income						
<i>Components reclassifiable to the income statement:</i>						
Change in fair value of financial assets, other than equity investments, measured at fair value with effects on OCI						
Change in fair value of cash flow hedge derivatives (Effective portion)	(4,328)		(4,328)	(4,030)	(160)	(4,190)
Change in fair value of the time value of options						
Share of "other comprehensive income" of investments valued using the equity method						
Tax effect	1,039		1,039	967	38	1,005
	(3,289)		(3,289)	(3,063)	(122)	(3,185)
<i>Components not reclassifiable to the income statement:</i>						
Actuarial gains (losses) from remeasurement of defined benefit plans for employees	(67)	(7)	(74)	(171)	(9)	(180)
Change in fair value of investments measured at fair value with effects on OCI	(405)		(405)	452		452
Share of "other comprehensive income" of investments valued using the equity method						
Tax effect	128	1	129	(79)	2	(77)
	(344)	(6)	(350)	202	(7)	195
Total other components of comprehensive income, net of tax effect	(3,633)	(6)	(3,639)	(2,861)	(129)	(2,990)
Total comprehensive income for the year	209,596	15,493	225,089	231,514	13,480	244,994

STATEMENT OF CHANGES IN SHAREHOLDERS' 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
Balance as at 31 December 2022 (a) (Note 24)	1,002,608	(323,907)	624,449	200,246	(7,195)	38,261
Net profit for the first half of 2023						
Other components of comprehensive income:						
<i>Components reclassifiable to the income statement:</i>						
- change in fair value of cash flow hedge derivatives						(3,289)
<i>Components not reclassifiable to the income statement:</i>						
- Actuarial gains on remeasurement of defined-benefit plans for employees					(52)	
- Valuations of equity investments measured at fair value						
Total comprehensive income 30.06.2023 (b)					(52)	(3,289)
Transactions with shareholders:						
- Allocation of 2022 profit for the year				400		
- Allocation of Italgas SpA dividend for 2022						
- Allocation of dividends to minority shareholders						
- Stock grant reserve						
Total transactions with shareholders (c)				400		
Other changes in shareholders' equity (d)	620		1,803			
Balance as at 30.06.2023 (e=a+b+c+d) (Note 24)	1,003,228	(323,907)	626,252	200,646	(7,247)	34,972
Net profit for the second half of 2023						
Other components of comprehensive income:						
<i>Components reclassifiable to the income statement:</i>						
- change in fair value of cash flow hedge derivatives						(12,289)
<i>Components not reclassifiable to the income statement:</i>						
- Actuarial gains on remeasurement of defined-benefit plans for employees					223	
- Valuations of equity investments measured at fair value						
Total comprehensive income 2023 (b)					223	(12,289)
Transactions with shareholders:						
- Allocation of 2022 profit for the year						
- Allocation of Italgas SpA dividend for 2022						
- Payment of share capital by minority shareholders						
- Allocation of dividends to minority shareholders						
- Stock grant reserve						
- Change in scope of consolidation						
Total transactions with shareholders (c)						
Other changes in shareholders' equity (d)						
Balance as at 31 December 2023 (e=a+b+c+d) (Note 24)	1,003,228	(323,907)	626,252	200,646	(7,024)	22,683

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Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Net profit for the year	Total	Minority interests	Total shareholders' equity
(349,839)	7,202	609	12,534	496,006	407,288	2,108,262	282,308	2,390,570
					213,229	213,229	15,499	228,728
						(3,289)		(3,289)
						(52)	(6)	(58)
		(292)				(292)		(292)
		(292)			213,229	209,596	15,493	225,089
				406,888	(407,288)			
				(257,147)		(257,147)		(257,147)
							(12,848)	(12,848)
	1,647					1,647		1,647
	1,647			149,741	(407,288)	(255,500)	(12,848)	(268,348)
	(1,803)		(638)			(18)	105	87
(349,839)	7,046	317	11,896	645,747	213,229	2,062,340	285,058	2,347,398
					226,339	226,339	12,405	238,744
						(12,289)		(12,289)
						223	(12)	211
		(79)				(79)		(79)
		(79)			226,339	214,194	12,393	226,587
	3,538					3,538		3,538
	3,538					3,538	-	3,538
	(1,167)		1,167				23,221	23,221
(349,839)	9,417	238	13,063	645,747	439,568	2,280,072	320,672	2,600,744

2 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

(€ 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
Balance as at 31 December 2023 (a) (Note 24)	1,003,228	(323,907)	626,252	200,646	(7,024)	22,683
Net profit for the first half of 2024						
Other components of comprehensive income:						
Components reclassifiable to the income statement:						
- change in fair value of cash flow hedge derivatives						(3,063)
Components not reclassifiable to the income statement:						
- Actuarial gains on remeasurement of defined-benefit plans for employees					(123)	
- Valuations of equity investments measured at fair value						
- Share-based payments						
Total comprehensive income first half of 2024 (b)					(123)	(3,063)
Transactions with shareholders:						
- Allocation of 2023 profit for the year				123		
- Allocation of Italgas SpA dividend for 2023						
- Payment of share capital by minority shareholders						
- Allocation of dividends to minority shareholders						
- Stock grant reserve						
- Change in scope of consolidation	-	-	-	-		-
Total transactions with shareholders (c)	-	-	-	123	-	-
Other changes in shareholders' equity (d)	616	-	2,143			(245)
Balance as at 30.06.2024 (e=a+b+c+d) (Note 24)	1,003,844	(323,907)	628,395	200,769	(7,147)	19,375

2 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Reserve for business combinations under common control	Stock grant reserve	Fair value valuation reserve for equity investments	Other reserves	Retained earnings	Net profit for the year	Total	Minority interests	Total shareholders' equity
(349,839)	9,417	238	13,063	645,747	439,568	2,280,072	320,672	2,600,744
					234,375	234,375	13,609	247,984
						(3,063)	(122)	(3,185)
						(123)	(7)	(130)
		325				325		325
						-		-
		325			234,375	231,514	13,480	244,994
				439,445	(439,568)	-		-
				(285,557)		(285,557)		(285,557)
							-	-
							(14,221)	(14,221)
	1,824					1,824		1,824
-	-	-			-		718	718
-	1,824	-	-	153,888	(439,568)	(283,733)	(13,503)	(297,236)
-	(2,143)		(1,742)			(1,371)	245	(1,126)
(349,839)	9,098	563	11,321	799,635	234,375	2,226,482	320,894	2,547,376

CASH FLOW STATEMENT

(€ thousands)	First half of 2023	First half of 2024
Profit (loss) for the year	228,727	247,984
Adjustments to reclassify net profit to cash flow from operating activities:		
Amortisation and depreciation	257,705	279,201
Net impairment of assets	-	(10,940)
Effect of valuation using the equity method	324	(4,949)
Other income from equity investments	-	-
Non-monetary items	(423)	(423)
Net capital losses (capital gains) on asset sales, cancellations and eliminations	18,171	16,074
Dividends	(25)	-
Financial income	(4,994)	(13,101)
Financial expense	50,206	68,844
Income taxes	85,152	94,210
Change in provisions for employee benefits	(1,525)	(3,603)
Changes in working capital:		
- Inventories	2,140	4,124
- Trade receivables	(126,098)	93,583
- Trade payables	(441,686)	(66,919)
- Provisions for risks and charges	(24,425)	(12,548)
- Other assets and liabilities	394,756	(89,140)
Cash flow from working capital	(195,313)	(70,900)
Dividends collected	75	93
Financial income collected	4,147	6,136
Financial expense paid	(64,423)	(77,123)
Income taxes paid, net of tax credits reimbursed	(51,179)	(1,954)
Net cash flow from operating activities	326,625	529,549
<i>of which, related parties</i>	<i>669,066</i>	<i>352,246</i>
Investments:		
- Property, plant and equipment	(4,998)	(12,094)
- Intangible assets	(366,019)	(366,913)
- Change in scope of consolidation, business units and equity investments	-	51,231
- Change in other current financial assets	(120,333)	2,889
- Change in payables and receivables for investments	(7,146)	(66,944)
Disinvestments:		
- Assets available for sale	-	-
- Property, plant and equipment	146	2,000
- Intangible assets	-	3,475
- Disposals of assets and business units	652	-
- Equity investments	-	(276)
- Change in receivables relating to disinvestment activities	-	-
Net cash flow from investment activities	(497,698)	(386,632)
<i>of which, related parties</i>		
Assumptions of long-term financial debt	495,227	647,900
Repayment of long-term financial debt	(45,182)	(411,906)
Increase (decrease) in short-term financial debt	1,663	2,527
Capital contributions from third parties	-	-
Financial receivables non-instrumental to operations	427	196
Dividends collected	(252,466)	(284,982)
Reimbursements of financial liabilities for leased assets	(14,645)	(14,432)
Net cash flow from financing activities	185,024	(60,697)
<i>of which, related parties</i>	<i>(98,300)</i>	<i>(112,667)</i>
Other changes	63	75
Net cash flow for the year	14,014	82,294
Opening cash and cash equivalents	451,945	249,963
Closing cash and cash equivalents	465,959	332,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION

The Italgas Group, consisting of Italgas S.p.A., the consolidating company, and its subsidiaries (hereinafter referred to as "Italgas", the "Italgas Group" or the "Group"), is at the forefront of the regulated natural gas sector.

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 at 11 via Carlo Bo.

CDP S.p.A. exercises "de facto" control over Italgas S.p.A. pursuant to the accounting principle IFRS 10 "Consolidated Financial Statements".

As at 30 June 2024, CDP S.p.A. owns, via CDP Reti S.p.A.¹ 25.98% of the share capital of Italgas S.p.A.

The parent company Italgas S.p.A. is not subject to management and coordination activities. Italgas S.p.A. exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Italian Civil Code.

1. PREPARATION AND MEASUREMENT CRITERIA

The Condensed Consolidated Half-Year Financial Statements as at 30 June 2024, hereinafter also the "Interim Financial Statement", was prepared in accordance with the provisions of IAS 34 "Interim financial reporting". As permitted by this standard, the Interim Financial Statements do not include all the information required in annual consolidated financial statements and, therefore, must be read together with Italgas Group's Consolidated Financial Statements for the year ending 31 December 2023.

The financial statements are the same as those adopted in the Integrated Annual Report. The Interim Financial Statements as at 30 June 2024 were prepared using the same consolidation principles and measurement criteria described when preparing the last Consolidated Financial Statements, to which reference is made, with the exception of the international accounting standards that came into force on 1 January 2024, illustrated in the section "New Accounting Standards, Amendments and Interpretations already Issued and Approved by the European Union but not yet in force" of the aforementioned report. No impacts resulting from the application of these new provisions have been identified.

The notes to the half-year financial statements are presented in summary form.

Consolidated companies, joint ventures, associates and other significant equity investments are indicated separately in the appendix "Subsidiaries, associates and equity investments of Italgas S.p.A. as at 30 June 2024", which represents an integral part of these notes.

The Condensed Consolidated Half-Year Financial Statements as at 30 June 2024, approved by the Board of Directors of Italgas S.p.A. at the meeting of 24 July 2024, were subject to a limited audit by Deloitte & Touche S.p.A. The limited audit involves significantly reduced amount of work significantly reduced compared to the full audit required by generally accepted auditing standards.

The Condensed Consolidated Half-Year Financial Statements are presented in Euro. Given their size, amounts in the financial statements and respective notes are expressed in thousands of Euro.

2. CHANGE IN ACCOUNTING VALUES

The condensed Consolidated Half-year Financial Statements as at 30 June 2024 were prepared using the same consolidation principles and the measurement criteria described in the last Annual Financial Statements, to which reference is made, with the exception of the international accounting standards that came into force on 1 January 2024, which are illustrated in section 4 below named "Recently issued accounting standards".

No changes were made to the financial statements.

¹ CDP S.p.A. holds 59.10%.

3. USE OF ESTIMATES

Please refer to the relevant Note to the 2023 Consolidated Financial Statements for information on the use of accounting estimates

4. RECENTLY ISSUED ACCOUNTING STANDARDS

The following provisions issued by the IASB (International Accounting Standards Board) entered into effect in the European Union on 1 January 2024:

Accounting standards, amendments and interpretations issued by the IASB (International Accounting Standards Board), approved by the European Union (EU) and in force since 1/1/2024

On 23 January 2020, the IASB issued the "*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*" document, providing a more general approach to the classification of liabilities pursuant to IAS 1. The objective is to clarify whether a liability is classified as non-current if an entity expects, or has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms. The IASB has specified that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period and only those rights should influence the classification of a liability. Classification is therefore not influenced by the faculty to defer settlement of a liability.

On 22 September 2022 the IASB issued the document "*Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*" with changes that clarify how the seller of an asset, subsequently the lessee of that asset, shall measure sale and leaseback transactions pursuant to IFRS 15. The Board established that the seller-lessee shall measure the Liabilities arising from the leaseback so as not to recognise any gain or loss associated with the right to continue to use the asset.

On 25 May 2023, the IASB published "*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 the financing entity to provide additional qualitative and quantitative information 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 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 not any effect on the Group consolidated financial statements.

Accounting standards, amendments and interpretations not yet approved by the European Union as at the date of reference of 30 June 2024.

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 is to improve the way companies communicate with 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, with early application possible.

On 30 May 2024, the IASB published the "*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 in 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.

The administrators are currently assessing the possible effects of introducing the new principles.

New accounting standards, amendments and interpretations already issued and approved by the European Union but not yet in force

On 15 August 2023, the International Accounting Standards Board (IASB) published "*Lack of Exchangeability (Amendments to IAS 21)*"; an amendment that contains the criteria for determining when one currency is convertible into another and how to determine the exchange rate when it is not. This amendment specifies that a currency is a convertible currency when an entity is able to exchange that currency for another through markets or exchange mechanisms that create rights and obligations applicable without undue delay at the valuation date and for a specific purpose; a currency is not exchangeable for another if an entity can obtain only a small amount of the other currency. It also defines how to determine the exchange rate to be applied when a currency is not convertible, in this case at the valuation date, the spot exchange rate is estimated as the rate that would have been applied to a transaction ordered between market participants at the valuation date and that would faithfully reflect existing economic conditions. Furthermore, additional disclosures are required when a currency is not convertible: in particular, in such a case, information must be provided to allow readers of the financial statements to assess how the inability to convert a currency affects, or is expected to affect, profit or loss, Net Financial Position and cash flows. The amendments will come into force on 1 January 2025, but early application is permitted. The adoption of such amendments is not expected to have effects on the Consolidated Financial Statements of the Group.

5. BUSINESS COMBINATION TRANSACTIONS

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%.

Acqua Campania is currently the manager of the Western Campania Aqueduct (WCA) 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.

The same company holds 51% of L.A.C. Laboratorio Acqua Campania S.r.l., which performs chemical and microbiological analyses for water quality control.

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The analysis of the transaction is given below:

Acquisition of companies (€ thousands)	ACQUA CAMPANIA SUB-CONSOLIDATED
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	22,412
Equity investments	26
Financial assets	10,998
Deferred tax assets	745
Other non-current assets	110,003
Non-current assets	145,882
TOTAL ASSETS	348,694
Short-term financial liabilities	55,898
Trade and other payables	269,624
Tax liabilities	5
Other current liabilities	1,802
Current liabilities	327,329
Long-term financial liabilities	-
Provisions for risks and charges	-
Provisions for employee benefits	609
Deferred tax liabilities	167
Other non-current liabilities	9,401
Non-current liabilities	10,177
TOTAL LIABILITIES	337,506
NET VALUE OF ACQUIRED ASSETS	11,188
GOODWILL	5,635
PRICE OF THE ACQUIRED ASSETS	16,823
of which paid	16,823
to be paid	

With regard to the acquisition transactions, it should be noted that the values entered are subject to the valuation period referred to in paragraph 45 of IFRS 3 which allows provisional amounts to be recognised in the closing financial statements, pending acquisition within a year. additional information that may derive from any adjustments relating to the assets and liabilities acquired. The abovementioned evaluation period ends as soon as the buyer receives the latest informations regarding the facts and circumstances existing at the acquisition date or becomes aware of the impossibility to obtain further informations.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, equal to € 332,257 thousand (€ 249,963 thousand as at 31 December 2023), refer to current account deposits held at banks.

With the exception of € 37,517 thousand, cash and cash equivalents are not subject to any usage restrictions.

A comprehensive analysis of the financial situation and major cash commitments during the year can be found in the Statement of Cash Flows.

7. CURRENT FINANCIAL ASSETS

Current financial assets, amounting to € 4,053 thousand (€ 4,248 thousand as at 31 December 2023) relate mainly concern to financial receivables from credit institutions that can be liquidated in the short term.

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables, which amount to € 717,133 thousand (€ 853,488 thousand as at 31 December 2023) comprise the following:

(€ thousands)	31.12.2023	30.06.2024
Trade receivables	694,330	520,391
Receivables from investment/divestment activities	5,278	5,278
Other receivables	153,880	191,464
	853,488	717,133

Trade receivables (€ 520,391 thousand as at 30 June 2024 and € 694,330 thousand as at 31 December 2023), decreased by € 173,939 thousand mainly for the decrease in receivables from sales companies due to the seasonality of the gas distribution business and for the effect on so-called "Superbonus", introduced by Decree Law 34/2020 (or "Relaunch Decree") and the recognition of the related trade receivables as tax receivables by the Inland Revenue. These effects are partially offset by the first consolidation of Acqua Campania.

Receivables from investment/divestment activities amounting to € 5,278 thousand involve receivables for sales of property, plant and equipment and intangible assets.

Other receivables, amounting to € 191,464 (€ 153,880 thousand as at 31 December 2023) comprise:

(€ thousands)	31.12.2023	30.06.2024
IRES receivables for the national tax consolidation scheme	5,154	5,154
Receivables due from CSEA	94,837	101,714
Receivables from the public administrations	6,824	2,781
Advances to suppliers	35,684	43,871
Receivables from personnel	2,625	2,885
Other receivables	8,756	35,057
	153,880	191,464

IRES receivables for the national tax consolidation scheme (€ 5,154 thousand as at 30 June 2024 and 31 December 2023) mainly concern receivables from the former parent company, Eni, relating to the IRES refund request resulting from the partial IRAP deduction relating to tax years 2004 to 2007 (pursuant to Article 6 of Decree-Law no. 185 of 28 November 2008, converted by Law no. 2 of 28 January 2009) and to tax years 2007 to 2011 (pursuant to Decree-Law no. 201/2011).

Receivables from the CSEA (€ 101,714 thousand as at 30 June 2024 and € 94,837 thousand as at 31 December 2023) mainly refer to additional gas distribution tariff components (Safety Incentives and the Gas Bonus) for € 24,064 thousand and for safety incentives for € 77,650 thousand.

Receivables from public administrations (€ 2,781 thousand at 30 June 2024 and € 6,824 thousand as at 31 December 2023) relate to receivables from Municipalities, mainly for Cosap (fee due for the occupation of public areas and spaces).

Other receivables of € 35,057 thousand (€ 8,756 thousand as at 31 December 2023) comprise receivables from users of the Acquedotto Campano ex Casmez (Cassa del Mezzogiorno) related to the accounting system for drinking water consumption (€ 20,120 thousand).

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The market value of trade and other receivables is analysed in the Note "Guarantees, commitments and risks - Other information about financial instruments". All receivables are in Euro.

The fair value measurement of trade and other receivables has no material impact considering the short period of time from when the receivable arises and its due date and contractual conditions.

Receivables from related parties are described in the note "Related parties transactions".

Specific information on credit risk is provided in the note "Guarantees, commitments and risks - Financial risk management - Credit risk".

9. INVENTORIES

Inventories, which amount to € 79,059 thousand (€ 79,052 thousand as at 31 December 2023), are analysed in the table below:

(€ thousands)	31.12.2023			30.06.2024		
	Gross value	Provision for impairment losses	Net value	Gross value	Provision for impairment losses	Net value
Raw materials, consumables and supplies	89,317	(10,265)	79,052	86,583	(7,524)	79,059
	89,317	(10,265)	79,052	86,583	(7,524)	79,059

Inventories of raw materials, consumables and supplies (€ 79,059 thousand as at 30 June 2024) are mainly comprised of Gas Distribution materials (€ 76,652 thousand, mainly meters) and assets deriving from contracts for works on behalf of the Campania Region amounting to € 1,753 thousand relating to the Western Campania Aqueduct. The related provision for impairment amounted to € 7,524 thousand (€ 10,265 thousand as at 31 December 2023).

Inventories are not collateralised. Inventories do not secure liabilities, nor are they recognised at net realisation value.

10. CURRENT AND NON-CURRENT INCOME TAX ASSETS/LIABILITIES

Current and non-current income tax assets/liabilities break down as follows:

(€ thousands)	31.12.2023			30.06.2024		
	Current	Non-current	Total	Current	Non-current	Total
Income tax assets	17,475	12,876	30,351	1,121	20,924	22,045
- IRES	4,257	12,876	17,133		20,924	20,924
- IRAP	9,893		9,893			
- Foreign Taxes	3,325		3,325	1,121		1,121
Income tax liabilities	20,448	-	20,448	52,378	-	52,378
- IRES	8,144		8,144	34,130		34,130
- IRAP	11,213		11,213	17,258		17,258
- Foreign Taxes	1,091		1,091	990		990

Taxes pertaining to the year under review are shown in the note "Income taxes".

11. OTHER CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

Other current non-financial assets, amounting to € 252,976 thousand (€ 152,864 thousand as at 31 December 2023), and *other non-current non-financial assets*, amounting to € 648,796 thousand (€ 417,069 thousand as at 31 December 2023), break down as follows:

(€ thousands)	31.12.2023			30.06.2024		
	Current	Non-current	Total	Current	Non-current	Total
Other regulated activities	43,988	227,802	271,790	50,367	355,511	405,878
Other assets	108,876	189,267	298,143	202,609	293,285	495,894
- Other current taxes	20,013		20,013	35,697		35,697
- Accrued income and deferrals	8,001	726	8,727	17,647	861	18,508
- Security deposits	-	3,949	3,949	-	3,868	3,868
- Other	80,862	184,592	265,454	149,265	288,556	437,821
	152,864	417,069	569,933	252,976	648,796	901,772

Other regulated activities (€ 405,878 thousand as at 30 June 2024 e € 271,790 thousand as at 31 December 2023) include (i) typical receivables from the gas distribution tariff in Greece (so-called Recoverable Difference) for € 125,422 thousand; (ii) typical receivables from the water service in Italy (so-called Tariff Adjustments) for € 119,392 thousand, attributable to the inclusion of Acqua Campania in the consolidation scope in the first half of 2024; (iii) typical receivables from gas distribution in Italy relating to the tariff recognition by the Authority as a result of the plan to replace traditional meters with electronic ones art. 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 - 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 calibre not exceeding G6 produced up to the year 2016 and entered into operation by the year 2018 (€161,065 thousand).

These rate adjustments in item (i) above refer to the Enaon Group, which recognises in this item the positive difference between the revenue recognised and the revenue charged to customers in the years between 2017 and 2024, recoverable through the tariffs of the current regulatory period for the portion accrued up to 2021 and in subsequent regulatory periods for the portion accrued from 2022; those in point (ii) are cannot yet be charged due to a regulatory constraint aimed at avoiding significant increases in water tariffs, and can be recovered by including them in the residual value that will be paid by the incoming operator.

The item Other Assets - Other, amounting to €437,821 thousand (€265,454 thousand as of 31 December 2023) mainly relates to the so-called 'Super/Ecobonus receivables. Management has assessed the recoverability of the aforementioned Superbonus receivables based on the Group's expected total tax contribution in subsequent years in accordance with regulatory requirements.

Other current tax assets, which amount to € 35,697 thousand (€ 20,013 thousand as at 31 December 2023) mainly refer to VAT receivables.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, which amounts to € 378,922 thousand as at 30 June 2024 (€ 386,040 thousand at 31 December 2023), breaks down as follows:

(€ thousands)	30.06.2024						
	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
of which Right of Use as at 31.12.2023	4,398	68,293	-	58,944	59,648	-	191,283
Investments	20	1,037	1,218	818	633	8,354	12,080
Right of Use investments	90	3,111	-	3,594	2,816	-	9,611
Divestments	(146)	(2,934)	(56)	(18)	-	(2)	(3,156)
Disposals of Right of Use	-	(2,646)	-	(4,300)	-	-	(6,946)
Reclassifications	-	84	26	12	10	(132)	-
Change in scope of consolidation	-	-	297	11,102	937	106	12,442
Change in scope of consolidation right of use	-	288	-	-	-	-	288
Other changes	(92)	(1,237)	-	(77)	(557)	(2,896)	(4,859)
Other change in rights of use	(1)	(203)	-	1	-	-	(203)
Cost at 30.06.2024	18,710	529,051	42,438	188,069	91,305	17,755	887,328
Accumulated depreciation at 31.12.2023	(274)	(257,656)	(22,541)	(144,496)	(56,962)	-	(481,929)
of which Right of Use as at 31.12.2023	(274)	(31,712)	-	(44,523)	(31,871)	-	(108,380)
Depreciation	-	(4,876)	(1,290)	(2,573)	(960)	-	(9,699)
Amortisation of Right of Use	(275)	(4,925)	-	(5,148)	(4,688)	-	(15,036)
Divestments	-	2,089	-	18	-	-	2,107
Disposals of Right of Use	-	1,939	-	3,887	-	-	5,826
Change in scope of consolidation	-	-	(297)	(10,735)	-	-	(11,032)
Other changes	-	545	1	32	634	-	1,212
Other change in rights of use	-	364	-	(150)	31	-	245
Accumulated depreciation at 30.06.2024	(549)	(262,520)	(24,127)	(159,165)	(61,945)	-	(508,306)
Provision for impairment losses at 31.12.2023	-	-	(2)	-	-	(100)	(102)
Other changes	-	-	(3)	-	-	5	2
Provision for impairment losses at 30.06.2024	-	-	(5)	-	-	(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 30.06.2024	18,161	266,531	18,306	28,904	29,360	17,660	378,922
- of which Right of Use	3,938	34,509	-	12,305	25,936	-	76,688

Investments (€ 21,691 thousand) mainly refer to office buildings (€ 1,037 thousand), plant and machinery (€ 1,218 thousand), work in progress (€ 8,354 thousand) and leased assets (€ 9,611 thousand).

Depreciation (€ 9,699 thousand) refers to economic and technical depreciation determined on the basis of the useful life of the assets or their remaining possible use by the Company. Amortisation related to right of use amounted to € 15,036 thousand.

The provision for impairment losses (€ 100 thousand) mainly relates to a cogeneration plant.

Contractual commitments to purchase property, plant and equipment, and to provide services related to the construction thereof, are reported in the Note "Guarantees, commitments and risks". During the half year period no impairment indicators were observed, nor any significant variations relative to the measurement of the recoverability of the value recognised in the financial statements for Property, plant and equipment.

The considerations reported in the 2023 Consolidated Annual Financial Statements, to which reference is made, have therefore been confirmed.

12.1 Tangible assets by business segment

Property, plant and equipment by business sector are broken down as follows:

(€ thousands)	31.12.2023	30.06.2024
Historical cost	868,070	887,328
Gas distribution	807,657	812,647
Water service	118	12,947
Energy efficiency	36,006	37,355
Corporate	24,289	24,379
Depreciation and amortisation and provision for impairment losses	(482,030)	(508,406)
Gas distribution	(451,811)	(464,850)
Water service	(109)	(11,366)
Energy efficiency	(18,780)	(19,814)
Corporate	(11,330)	(12,376)
NET BOOK VALUE	386,040	378,922
Gas distribution	355,846	347,797
Water service	9	1,581
Energy efficiency	17,226	17,541
Corporate	12,959	12,003

13. INTANGIBLE ASSETS

Intangible assets, which amount to € 8,902,962 thousand as at 30 June 2024 (€ 8,772,609 as at 31 December 2023) break down as follows:

(€ thousands)							30.06.2024	
						Finite useful life	Indefinite useful life	Total
	Service concession arrangements	Industrial patent rights and intellectual property rights	Work in progress and payments on account IFRIC 12	Work in progress and payments on account	Other Intangible Assets	Goodwill		
Cost at 31.12.2023	14,262,509	604,240	225,165	25,837	182,611	190,463	15,490,825	
Investments	181,768	1,865	130,357	16,317	1,738	-	332,045	
Government grants	(7,685)	-	(13,174)	-	-	-	(20,859)	
Change in the scope of consolidation	24,444	5	-	-	-	5,635	30,084	
Divestments	(50,575)	-	5,322	385	(10)	-	(44,878)	
Reclassifications	43,337	6,483	(43,337)	(6,483)	-	-	-	
Other changes	55,185	(2)	-	2,600	-	-	57,783	
Cost at 30.06.2024	14,508,983	612,591	304,333	38,656	184,339	196,098	15,845,000	
Accumulated amortisation at 31.12.2023	(6,002,778)	(507,691)	-	-	(155,508)	-	(6,665,977)	
Depreciation	(233,554)	(18,396)	-	-	(2,516)	-	(254,466)	
Change in the scope of consolidation	(2,037)	-	-	-	-	-	(2,037)	
Divestments	21,206	-	-	-	10	-	21,216	
Other changes	524	1	-	-	-	-	525	
Accumulated amortisation at 30.06.2024	(6,216,639)	(526,086)	-	-	(158,014)	-	(6,900,739)	
Provision for impairment losses at 31.12.2023	(48,251)	(10)	(2,686)	-	(1,292)	-	(52,239)	
(Write-down)/Value restorations	10,939	-	-	-	-	-	10,939	
Other changes	(171)	-	171	-	1	-	1	
Provision for impairment losses at 30.06.2024	(37,483)	(10)	(2,515)	-	(1,291)	-	(41,299)	
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 30.06.2024	8,254,861	86,495	301,818	38,656	25,034	196,098	8,902,962	

Service concession agreements including the related work in progress, amounting to € 8,556,677 thousand (€ 8,433,959 thousand as at 31 December 2023), refer to agreements between the public and private sectors 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.

Other changes in service concession agreements mainly represent the increase of 47,190 thousand euros related to the transfer of natural gas management distribution networks from Belluno's ATEM to Italgas Reti and the entry of Acqua Campania into the consolidation area.

Service concession arrangements also includes for € 128,180 thousand the 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 and possibility of renewal for another 30 years.

IFRIC 12 Work in progress of € 301,818 thousand (€ 222,479 thousand 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 € 86,496 thousand (€ 96,539 thousand as at 31 December 2023) mainly concern information systems and applications in support of operating activities.

Intangible assets with an undefined useful life of € 196,098 thousand (€ 190,463 thousand at 31 December 2023) mainly refer to goodwill arising in relation to the process of allocation of prices paid for the acquired companies. The increase of € 5,635 thousand refers to the described business combination transaction of Acqua Campania, the value of which is subject to the measurement period pursuant to paragraph 45 of IFRS 3 which allows provisional amounts to be recognised in the closing financial statements, pending acquisition within a year. additional information that may derive from any adjustments relating to the assets and liabilities acquired, as specified in the section "Business Combination Transactions" to which reference should be made.

Investments in gas distribution remained virtually unchanged compared to the corresponding period of 2023 at € 224.5 million. Investments in digitisation (€ 99.1 million) decreased by 22.6% compared to the same period in 2023 due to the gradual completion of the digitisation process of the network in Italy.

Amortisation refers to economic and technical amortisation determined on the basis of the finite useful life of the intangible assets or their remaining possible use by the Company.

No impairment indicators were recorded during the half-year, nor were there any significant changes in the measurement of Goodwill.

Contractual commitments to purchase intangible assets, and to provide services related to the development thereof, are reported in the Note - "Guarantees, commitments and risks".

13.1 Intangible assets by business segment

Intangible assets by business segment are analysed as follows:

(€ thousands)	31.12.2023	30.06.2024
Historical cost	15,490,824	15,845,000
Gas distribution	15,424,869	15,747,559
Water service	27,781	58,840
Energy efficiency	36,079	36,321
Corporate	2,095	2,280
Depreciation and amortisation and provision for impairment losses	(6,718,215)	(6,942,038)
Gas distribution	(6,692,389)	(6,902,485)
Water service	(13,863)	(26,572)
Energy efficiency	(11,402)	(12,200)
Corporate	(561)	(781)
NET BOOK VALUE	8,772,609	8,902,962
Gas distribution	8,732,480	8,845,074
Water service	13,918	32,268
Energy efficiency	24,677	24,121
Corporate	1,534	1,499

14. EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

Equity investments valued using the equity method, which amount to € 136,000 thousand (€ 131,771 thousand at 31 December 2023) break down as follows:

(€ thousands)	31.12.2023	Increases for investments	Income (expense) from shareholders' equity	Decrease for dividends	Other changes	30.06.2024
Umbria Distribuzione Gas S.p.A.	1,467	-	(150)	-		1,317
Metano Sant'Angelo Lodigiano S.p.A.	1,077	-	21	(93)		1,005
Gesam Reti S.p.A.	21,417	-	614	(868)		21,163
Enerpaper S.r.l.	488	-	-	-		488
Energie Rete Gas S.r.l.	21,896	-	(564)	-	281	21,613
Siciliacque S.p.A.	52,828	-	2,577	-	(40)	55,365
Acqualatina S.p.A.	32,598	-	2,451	-		35,049
	131,771	-	4,949	(961)	241	136,000

Equity investments are not collateralised.

No impairment indicators were observed during the half-year, nor were there any significant variations with regard to measurement of the recoverability of the value recognised in the financial statements for Equity investments. It is reported that the water service companies have submitted their tariff proposals to the relevant bodies and are awaiting formal approval.

In relationship to Siciliacque S.p.A. it is also noted that the conditions of uncertainty relating to financial difficulties reported on December 31, 2023 are such as to qualify significant uncertainties that make significant doubts arise as to the ability of the investee to continue its operating existence. The first half of Fiscal Year 2024 was also affected. In order to conclude that there were no value losses, the Management considered the positive performance of the first half-year of 2024 and the refinancing plan put in place by members - as described in more detail at note "25) Guarantees, commitments and risks".

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 30 June 2024", which is an integral part of these notes.

15. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets, amounting to € 31,224 thousand (€ 23,778 thousand as at 31 December 2023), are broken down as follows:

(€ thousands)	31.12.2023	30.06.2024
Financial receivables instrumental to operations and securities	2,571	10,956
Other equity investments	21,207	20,268
	23,778	31,224

The increase in the item Financial receivables instrumental in operating activities (€ +8,385 thousand if compared to the previous year) is mainly due to the inclusion of Acqua Campania in the consolidation area for bonds held with "Generali Insurances" (€ 5,043 thousand) and with Monte Paschi di Siena's Bank (€ 3,080 thousand).

Other equity investments of € 20,268 thousand relates to the fair value measurement of the investments in Picarro Inc. and Reti Distribuzione S.p.A.

16. ASSETS HELD FOR SALE

Assets held for sale, amounting to € 7,913 thousand (€ 6,613 thousand as at 31 December 2023) are mainly related to the sale to the affiliate Energie Rete Gas of regulated assets for gas transportation activities falling within the scope of the investment agreement signed with Energetica S.p.A. in 2022 (€ 7,260 thousand).

17. SHORT-TERM AND LONG-TERM FINANCIAL LIABILITIES

Short-term financial liabilities, amounting to € 1,433,868 thousand (€ 1,033,434 thousand as at 31 December 2023) and long-term financial liabilities, totalling € 5,759,622 thousand (€ 5,886,922 thousand as at 31 December 2023), break down as follows:

(€ thousands)	31.12.2023					
	Short-term liabilities			Long-term liabilities		
	Short-term liabilities	Short-term portion of long-term liabilities	Total short-term liabilities	Long-term portion due within 5 years	Long-term portion due beyond 5 years	Total long-term liabilities
Bank loans	498,656	75,274	573,930	551,610	517,414	1,069,024
Bond loans		426,392	426,392	1,741,112	3,030,803	4,771,915
Financial liabilities pursuant to IFRS 16 and IFRIC 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

(€ thousands)	30.06.2024					
	Short-term liabilities			Long-term liabilities		
	Short-term liabilities	Short-term portion of long-term liabilities	Total short-term liabilities	Long-term portion due within 5 years	Long-term portion due beyond 5 years	Total long-term liabilities
Bank loans	749,180	75,705	824,885	313,801	471,143	784,944
Bond loans		524,918	524,918	2,447,621	2,475,695	4,923,316
Financial liabilities pursuant to IFRS 16 and IFRIC 12	24,444	22,206	46,650	48,026	3,336	51,362
Other shareholders	37,415	-	37,415			
	811,039	622,829	1,433,868	2,809,448	2,950,174	5,759,622

Loans are initially recognised at cost represented by the fair value of the amount received net of incidental charges for obtaining the loan. After this initial recognition, loans are recognised with the amortised cost criterion calculated using the effective interest rate. All financial liabilities are accounted for using the amortised cost method.

Short-term financial liabilities

Short-term financial liabilities, of € 1,433,868 thousand (€ 1,033,434 thousand as at 31 December 2023), including the short-term portions of long-term liabilities, mainly refer to the use of uncommitted credit lines. The increase is due to the inclusion among short-term liabilities of bank loans which in December were considered in long-term liabilities, partially offset by the repayment in March of a bond loan and the reimbursement of the principal amount related to a European Investment Bank amortized loan.

There are no short-term financial liabilities denominated in currencies other than the Euro.

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Long-term financial liabilities

Long-term financial liabilities amount to € 5,759,622 thousand overall (€ 5,886,922 thousand as at 31 December 2023).

The breakdown of the bonds (€ 5,448,234 thousand), with the issuing company, year of issue, currency, average interest rate and due date, is provided in the following table.

(€ thousands) Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortised cost	Loan value as at 30.06.2024	Accrued interest as at 30.06.2024	Balance as at 30.06.2024	Rate (%)	Due date (year)
Euro Medium Term Notes									
ITALGAS S.p.A.	2017	€	750,000	(2,336)	747,664	5,428	753,092	1.63%	2027
ITALGAS S.p.A.	2017	€	750,000	(2,281)	747,719	5,461	753,180	1.63%	2029
ITALGAS S.p.A.	2019	€	600,000	(4,893)	595,107	964	596,071	0.88%	2030
ITALGAS S.p.A.	2019	€	500,000	(3,482)	496,518	2,760	499,278	1.00%	2031
ITALGAS S.p.A.	2020	€	500,000	(1,037)	498,963	21	498,984	0.25%	2025
ITALGAS S.p.A.	2021	€	500,000	(4,268)	495,732		495,732	0.00%	2028
ITALGAS S.p.A.	2021	€	500,000	(5,128)	494,872	922	495,794	0.50%	2033
ITALGAS S.p.A.	2023	€	500,000	(7,245)	492,755	1,243	493,998	4.13%	2032
ITALGAS S.p.A.	2024	€	650,000	(7,846)	642,154	7,935	650,089	3.13%	2029
			5,250,000	(38,516)	5,211,484	24,734	5,236,218		

(a) Includes issue discount/premium and accrued rate.

Bond loans taken out by Enaon S.A.

(€ thousands) Issuing company	Issue (year)	Currency	Nominal Value	Adjustment to amortised cost	Loan value as at 30.06.2024	Accrued interest as at 30.06.2024	Balance as at 30.06.2024	Rate (%)	Due date (year)
ENAON S.A.	2022	€	166,000	(977)	165,023	53	165,076	1.70% + 3M Euribor	2029
ENAON S.A.	2023	€	19,500	(4,764)	14,736	59	14,795	1.90% + 3M Euribor	2034
ENAON S.A.	2023	€	33,000	(940)	32,060	85	32,145	1.60% + 3M Euribor	2028
			218,500	(6,681)	211,819	197	212,016		

The bank loans breakdown, amounting to € 1,609,829 thousand is provided in the table below.

(€ thousands) Type	Issue (year)	Currency	Nominal Value	Amortised cost adjustment	Loan value as at 30.06.2024	Accrued interest as at 30.06.2024	Balance as at 30.06.2024
ITALGAS S.p.A. - EIB	2017	euro	324,000	(138)	323,862	503	324,365
ITALGAS S.p.A. - EIB	2015	euro	95,067	20	95,087	792	95,879
ITALGAS S.p.A. - EIB	2016	euro	212,500	(114)	212,386	750	213,136
ITALGAS S.p.A. - EIB	2022	euro	150,000	(67)	149,933	212	150,145
ITALGAS S.p.A. - EIB	2023	euro	12,000	98	12,098	172	12,270
TOSCANA ENERGIA S.p.A - EIB	2016	euro	61,364	10	61,374	308	61,682
ITALGAS S.p.A. - TL MEDIOBANCA	2021	euro	200,000		200,000		200,000
ITALGAS S.p.A. - TL INTESA SANPAOLO	2021	euro	300,000		300,000		300,000
ITALGAS S.p.A. - TL INTESA SANPAOLO	2022	euro	250,000	(174)	249,826	2,865	252,691
ITALGAS S.p.A. - RCF	2024	euro		(1,074)	(1,074)	60	(1,014)
GEOSIDE - FIN LT INTESA SANPAOLO	2021	euro	451		451	224	675
			1,605,382	(1,439)	1,603,943	5,886	1,609,829

There are no long-term bank loans denominated in currencies other than the Euro.

There were no breaches of loan agreements as at the reporting date. See the "Financial covenants and negative pledge contractual clauses" paragraph.

Breakdown of total financial liabilities by interest rate type

As of 30 June 2024, the debt breakdown is divided by type of interest rate, as follow:

(€ million)	31.12.2023		30.06.2024	
	Value	%	Value	%
Fixed rate	6,361.7	91.9%	6,637.2	92.3%
Floating rate	558.6	8.1%	556.3	7.7%
	6,920.3	100.0%	7,193.5	100.0%

Financial covenant and negative pledge contractual clauses

As at 30 June 2024 there are no loan agreements containing financial covenants and / or secured by collateral, with the exception of the European Investment Bank (EIB) loan signed by Toscana Energia which provides for compliance with certain financial covenants². 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 30 June 2024, these commitments were respected.

The option for the lender to request additional guarantees if Italgas' credit rating is below BBB- (Fitch Ratings Limited) or Baa3 (Moody's) is envisaged only for the European Investment Bank's loans taken out by Italgas. As at 30 June 2024, these criteria were met (see "Rating risk").

²The contract contains a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as at 30 June 2024 have been respected.

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Failure to comply with the commitments established for these loans - in some cases only when this non-compliance is not remedied within a set time period - and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Italgas and Toscana Energia failure to comply and could trigger the early repayment of the relative loan.

Breakdown of net financial debt

Below is the net financial position in line with the CONSOB provisions of 28 July 2006 and with the provisions of ESMA guideline no. 39 issued on 4 March 2021, applicable from 5 May 2021 and CONSOB's Warning Notice no. 5/21 issued on 29 April 2021, reconciled with the financial debt prepared according to the Italgas Group representation methods.

(€ thousands)	31.12.2023	30.06.2024
A. Cash	248,911	331,206
B. Cash equivalents	1,052	1,051
C. Other current financial assets	22,342	17,350
D. Liquidity (A+B+C)	272,305	349,607
E. Current financial debt (including debt instruments but excluding the portion of non-current financial debt)	498,656	811,039
F. Current portion of non-current financial debt (*)	534,778	622,829
G. Current financial debt (E+F)	1,033,434	1,433,868
<i>of which, related parties</i>	636	637
H. Net current financial debt (G-D)	761,129	1,084,261
I. Non-current financial debt (excluding the current portion and debt instruments) (*)	1,101,299	821,838
J. Debt instruments	4,771,915	4,923,316
K. Trade and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	5,873,214	5,745,154
<i>of which, related parties</i>	1,566	1,579
M. Total financial debt (H+L)	6,634,343	6,829,415

(*) Including IFRS 16 and IFRIC 12 financial debts of which € 51,362 thousand long-term (€ 45,983 thousand as at 31 December 2023), € 22,206 thousand short-term portions of long-term financial debts (€ 33,112 thousand as at 31 December 2023) and € 24,444 thousand short-term portions of IFRIC 12 financial debts.

For a better presentation of the items with reference to the provisions contained in the ESMA Guidelines on reporting obligations pursuant to Regulation (EU) 2017/1129, net financial debt considers the value of the assets from derivative financial instruments to hedge financial debt.

Net financial debt as at 30 June 2024, including the effects of the application of IFRS 16 and IFRIC12 of € 98,012 thousand, amounted to € 6,829,415 thousand, up by € 195,072 thousand (€ 6,634,343 thousand as at 31 December 2023). Net of that effect, the net financial debt amounted to € 6,731,403 thousand (€ 6,555,248 thousand as at 31 December 2023, up by € 176,155 thousand).

Gross financial and bond debt as at 30 June 2024 totalled € 7,193.5 million (€ 6,920.3 million as at 31 December 2023) and refer to: bonds (€ 5,236.2 million), loan agreements with the European Investment Bank (EIB) (€ 857.5 million), payables to banks (€ 964.3 million), other debt for sums collected on behalf of third parties (€ 37.5 million) and financial liabilities pursuant to IFRS 16 and IFRIC 12 (€ 98.0 million).

Cash and cash equivalents, amounting to € 332,257 thousand, are deposited in current accounts and fixed-term deposits with leading banks and contain sums subject to restrictions on their use amounting to € 37,517 thousand.

Net financial debt does not include payables for dividends resolved and yet to be distributed and payables for investments.

18. TRADE AND OTHER PAYABLES

Trade payables and other payables, which amount to € 982,414 thousand (€ 829,862 thousand as at 31 December 2023), comprise the following:

(€ thousands)	31.12.2023	30.06.2024
Trade payables	278,312	222,850
Payments on account and prepayments	4,402	4,364
Other payables	547,148	755,200
	829,862	982,414

Trade payables of € 222,850 thousand (€ 278,312 thousand as at 31 December 2023) and are decreased of € 55,462 thousand and are related to payables to suppliers. This decrease was mainly due to the progressive reduction of the work sites related to Superbonus.

Other payables (€ 755,200 thousand at 30 June 2024 and € 547,148 thousand as at 31 December 2023) are increased of € 208,052 thousand from the previous period and break down as follows:

(€ thousands)	31.12.2023	30.06.2024
Payables - shareholders for Dividends	3,090	17,869
Payables for investment activities	375,723	308,779
Payables to the Campania Region	-	257,378
Payables to the public administration	85,634	95,489
Payables to CSEA	21,037	27,057
Payables to personnel	31,456	23,150
Payables to social security institutions	15,807	12,613
Payables to consultants and professionals	9,494	6,229
Other payables	4,907	6,636
	547,148	755,200

Payables for investment activities equal to € 308,779 thousand (€ 375,723 thousand as at 31 December 2023) mainly relate to payables to suppliers for technical activities and decreased by € 66,944 compared to 31 December 2023.

Other payables to the Campania Region, in the amount of € 257,378 thousand, relate to the concession fee for the concession to manage the Western Campania Aqueduct (WCA) and the system for accounting for drinking water consumption in respect of users of Acquedotto Campano ex Casmez, arising from the entry of Acqua Campania S.p.A. into the consolidation area.

Payables to the public administration (€ 95,489 thousand; € 85,634 thousand as at 31 December 2023) primarily involve payables to municipalities for concession fees for the gas distribution business.

Payables to the CSEA (€ 27,057 thousand; € 21,037 thousand as at 31 December 2023) relate mainly to several ancillary components of tariffs for the gas distribution service to be paid to this Fund (RE, RS, UG1 and GS)³.

Payables to related parties are described in the note "Related parties transactions".

The book value of trade payables and other payables, considering the limited time interval between the occurrence of the payable and its maturity, is an approximation of the fair value. See the "Guarantees, commitments and risks - Other information on financial instruments" note for the market value of the trade payables and other payables.

³ These components refer to: (i) RE - Variable portion to cover the expenses for calculating and implementing energy savings and the development of renewable energy sources in the natural gas sector; (ii) RS - Variable portion as coverage for expenses for gas services quality; (iii) UG1 - Variable portion to cover any imbalances in the equalisation system and to cover any adjustments; and (iv) GS - Variable portion to cover the tariff compensation system for economically disadvantaged customers.

19. OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS/
LIABILITIES

The market value of the derivative financial instruments as at 30 June 2024 is analysed below:

(€ thousands)	31.12.2023			30.06.2024		
	Current	Non-current	Total	Current	Non-current	Total
Other assets	18,094	13,708	31,802	13,298	14,468	27,766
Derivative financial instruments Cash flow hedge						
- Fair value interest rate hedging instruments	17,228	13,255	30,483	12,372	13,941	26,313
Derivative financial instruments for foreign exchange risk						
- Fair value instruments for foreign exchange risk	866	453	1,319	926	527	1,453
Other liabilities	-	-	-	-	-	-
Derivative financial instruments Cash flow hedge						
- Fair value interest rate hedging instruments	-	-	-	-	-	-

The value of other current and non-current assets for € 27,766 thousand (€ 31,802 thousand as at 31 December 2023) is essentially related to the fair value of derivative financial instruments to hedge the risk of fluctuations in interest rates accounting for according to IFRS 9 in hedge accounting. The item also contains, for a net value of € 1,453 thousand, the fair value of the instrument for foreign exchange risk to hedge future payment flows in USD on Picarro invoices, the total hedged amount for which is \$ 6.4 million.

The Group did not apply hedge accounting under IFRS 9 for instruments to hedge payment flows in USD, as it is for operational hedging only.

	Date stipulated	Initial amount as at 15.01.2021 USD hedging	Residual value as at 30.06.2024 USD	Foreign exchange rate on the subscription date	Foreign exchange rate on expiry (*)	Expiry date (last hedge)
Foreign exchange risk derivative	15.01.2021	16,300,000.00	6,420,000.00	1,2131	from 1,2143 to 1,2517	31.07.2026

(*) based on future instalments.

On 28 December 2017 Italgas entered into an EIB loan for an amount of € 360 million, expiring on 15 December 2037. The loan involves the payment of half-yearly coupons at a variable rate of Euribor 6M + spread 0.355%. On 15 January 2018 Italgas entered into an Interest Rate Swap (IRS), effective from 15 January 2018, expiring in 2024 and with the same coupon frequency as the loans.

On 12 December 2016 Italgas entered into an EIB loan for an amount of € 300 million, 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
"Italgas Gas Network Upgrade" EIB loan	28.12.2017	324,000,000	var EUR 6m+ spread 0.355%		half-yearly	15.12.2037
IRS derivative	15.01.2018	324,000,000	0.62%	var EUR 6m	half-yearly	15.12.2024
"Smart Metering" EIB loan	12.12.2016	212,500,000	var EUR 6m+ spread 0.47%		half-yearly	30.11.2032
IRS derivative	24.07.2019	212,500,000	-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 30 June 2024 did not show any impacts on the income statement.

20. OTHER CURRENT AND NON-CURRENT NON-FINANCIAL LIABILITIES

Other current non-financial liabilities, amounting to € 8,378 thousand (€ 17,393 thousand as at 31 December 2023) and *other non-current non-financial liabilities*, amounting to € 554,013 thousand (€ 527,884 thousand as at 31 December 2023), are broken down as follows:

(€ thousands)	31.12.2023			30.06.2024		
	Current	Non-current	Total	Current	Non-current	Total
Other tax liabilities	9,746		9,746	8,062		8,062
Other liabilities related to connection fees		522,331	522,331		522,787	522,787
Liabilities for security deposits	-	5,553	5,553	-	8,435	8,435
Other	7,647	-	7,647	316	22,791	23,107
	17,393	527,884	545,277	8,378	554,013	562,391

Other non-current liabilities, amounting to € 554,013 thousand, mainly refer to gas connection contributions of € 522,053 thousand, liabilities arising from contracts for works on behalf of the Campania Region and the Infrastructure and Transport Ministry amounting to € 16,636 thousand relative to the Western Campania Aqueduct (WCA), and non-current advances of € 4,505 thousand relative to gas distribution in Greece.

Other current tax liabilities of € 8,378 thousand mainly refer to payables to the tax authorities for IRPEF withholdings for employees.

21. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges, which amount to € 97,618 thousand as at 30 June 2024 (€ 109,851 thousand as at 31 December 2023), comprise the following:

(€ thousands)								30.06.2024
	Opening balance	Change in scope of consolidation	Provisions	Discounting	Uses against charges	Releases	Other changes	Closing balance
Provisions for environmental risks and charges	58,116	-	-	173	(8,170)	-	-	50,119
Provisions for site decommissioning risks and charges	4,925	-	-	(44)	(301)	-	-	4,580
Risk provision for litigation	10,023	-	1,687	-	(2,076)	(1,832)	69	7,871
Provisions for other risks - energy efficiency certificates	4,602	-	100	-	(483)	-	-	4,219
Provision for retirement risks	12,119	-	-	-	(1,037)	-	-	11,082
Other personnel risk provisions	2,693	-	267	-	(150)	-	-	2,810
Risk provision for tax disputes	223	-	-	-	(10)	-	-	213
Other provisions	17,150	-	1,147	-	(642)	(931)	-	16,724
	109,851	-	3,201	129	(12,869)	(2,763)	69	97,618

The provision for environmental risks and charges of € 50,119 thousand (€ 58,116 thousand 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 € 7,997 thousand, is mainly due to uses in view of period expenses (€ 8,170 thousand).

The risk provision for litigation (€ 7,871 thousand as at 30 June 2024 and € 10,023 thousand 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".

The Energy Efficiency Certificates (EEC) risk provision of € 4,219 thousand (€ 4,602 thousand as at 31 December 2023) is connected with reaching the targets set by the Authority.

The risk provision for early retirement of € 11,082 thousand (€ 12,119 thousand as at 31 December 2023) involves personnel incentive and mobility schemes.

22. PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits, which amount to € 63,436 thousand as at 30 June 2024 (€ 65,330 thousand as at 31 December 2023) comprise the following:

(€ thousands)	31.12.2023	30.06.2024
Employee severance pay (TFR)	46,233	43,820
Supplementary healthcare provision for company executives of Eni (FISDE)	6,556	6,742
Gas Fund	8,487	7,671
Other provisions for employee benefits	4,054	5,203
	65,330	63,436

The employee severance fund (TFR) (€ 43,820 thousand as at 30 June 2024 and € 46,233 thousand 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) (€ 6,742 thousand as at 30 June 2024 and € 6,556 thousand as at 31 December 2023) includes the estimate of costs (determined on an actuarial basis) related to contributions benefiting current⁴ and retired executives. FISDE provides financial supplementary healthcare benefits to Eni Group⁵ 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 (€ 7,671 thousand at 30 June 2024 and € 8,487 thousand 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; 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 (€ 5,203 thousand as at 30 June 2024 and € 4,054 thousand as at 31 December 2023) relate to seniority bonuses and the long-term incentive plans (LTI).

The long-term incentive plans (IAS 19) envisage, after three years of assignment, the disbursement of a variable monetary benefit linked to a corporate performance parameter, not linked to the share price. Obtaining the benefit depends on the achievement of certain future performance levels and is conditional on the beneficiary remaining with the Company for the three-year period following the allocation (the "vesting period"). This benefit is allocated pro rata over the three-year period depending on the final performance parameters.

Seniority bonuses are benefits paid upon reaching a minimum service period at the Company and are paid in kind.

Deferred cash incentive plans, long-term cash incentive plans and seniority bonuses are classified as other long-term benefits pursuant to IAS 19.

⁴ For executives in service, contributions are calculated from the year in which the employee retires and refer to the years of service provided.

⁵ The fund provides the same benefits for Italgas Group executives.

23. DEFERRED TAX LIABILITIES

Net deferred tax liabilities of € 42,003 thousand (€ 47,780 thousand as at 31 December 2023) are stated net of offsettable prepaid tax assets and are analysed in the tables below:

(€ thousands)	31.12.2023	Change in scope of consolidation	Provisions	Uses	Other changes	30.06.2024
Deferred tax liabilities	335,469	745	7,277	(8,692)	(1,926)	332,873
Deferred tax assets	(287,689)	(167)	(13,137)	10,976	(853)	(290,870)
	47,780	578	(5,860)	2,284	(2,779)	42,003

There are no prepaid income taxes which cannot be offset.

Deferred tax assets and deferred tax liabilities are considered to be long term.

24. SHAREHOLDERS' EQUITY

Shareholders' equity, which amounts to € 2,547,376 thousand as at 30 June 2024 (€ 2,600,744 thousand as at 31 December 2023) breaks down as follows:

(€ thousands)	31.12.2023	30.06.2024
Shareholders' equity attributable to Italgas	2,280,072	2,226,482
Share capital	1,003,228	1,003,844
Legal reserve	200,646	200,769
Share premium reserve	626,252	628,395
OCI Reserve Cash Flow Hedge on derivative contracts	22,683	19,375
First-time consolidation reserve	(323,907)	(323,907)
Reserve for business combinations under common control	(349,839)	(349,839)
Stock grant reserve	9,417	9,098
OCI Fair value valuation reserve for equity investments	238	563
Other reserves	13,063	11,321
Profits relating to previous years	645,747	799,635
OCI Reserve for remeasurement of defined-benefit plans for employees	(7,024)	(7,147)
Net profit (loss)	439,568	234,375
<i>to be deducted</i>		
- Treasury shares	-	-
Shareholders' equity attributable to minority interests	320,672	320,894
	2,600,744	2,547,376

Share capital

On 10 March 2021, as part of the 2018-2020 Co-investment Plan approved by the Company's Ordinary and Extraordinary Shareholders' Meeting of 19 April 2018, the Italgas' Board of Directors resolved on the free allocation of a total of 632,852 new ordinary shares of the Company to the beneficiaries of the Plan itself and implemented the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 784,736.48, drawn from other reserves.

On 9 March 2022, in execution of the 2018-2020 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of 19 April 2018, the Board of Directors resolved on the free allocation of a total of 477,364 new ordinary shares of the Company to the beneficiaries of said Plan (second cycle of the Plan) and executed the second tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 591,931.36, taken from retained earning reserves.

On 09 March 2023, the Board of Directors resolved on: (i) the free allocation of no. 499,504 ordinary Company shares to the beneficiaries of the plan given the rights assigned (so-called third cycle of the plan) to such beneficiaries and accrued in accordance with the provisions of said plan at the end of the relative performance period (2018-2020) and (ii) the third and last tranche of the capital increase serving the plan was implemented, for a nominal amount of € 619,382.48 taken from the retained profits with the issue of no. 499,502 new ordinary shares.

Moreover, on 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, 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, 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, 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 30 June 2024 stood at € 200,769 thousand (€ 200,646 thousand as at 31 December 2023). The increase of € 123 thousand relates to the resolution of the Shareholders' Meeting of 6 May 2024.

Share premium reserve

The share premium reserve, which totalled € 628,395 thousand (€ 626,252 thousand 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 relates to the implementation of the 2018 Co-Investment Plan.

OCI Reserve Cash Flow Hedge on derivative contracts

The reserve, amounting to € 19,375 thousand (€ 22,683 thousand 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, amounting to € -323,907 thousand, was determined during the first-time consolidation (year 2016) following the sale by Snam S.p.A. to Italgas S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A. (difference between the purchase cost of the equity investment of Italgas Reti and the related shareholders' equity pertaining to the group).

Reserve for business combinations under common control

The reserve for business combinations under common control, amounting to -€ 349,839 thousand, relates to the acquisition by Snam S.p.A. of 38.87% of the equity investment in Italgas Reti S.p.A.

To this regard it should be specified that the natural gas distribution activities were acquired through three simultaneous transactions (transfer, sale and demerger) of the equity investment held by

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Snam S.p.A. in Italgas Reti S.p.A. in favour of Italgas S.p.A. This transaction led to the deconsolidation of the natural gas distribution sector for Snam, and the acquisition of the equity investment in Italgas Reti and, at consolidated level, of the net assets of the gas distribution sector for Italgas S.p.A. The reader is reminded that the shareholder of reference of Snam, CDP, is concomitantly the shareholder of reference of Italgas. The exposure described above reflects an approach based on the continuity of book values (as regards Snam) since the transaction represents an “aggregation of corporate entities or activities under common control” within the scope of the broader group of which Italgas is part. The companies taking part in the business combination (Snam, Italgas and Italgas Reti) remained subject to control because of the transactions and therefore they were fully consolidated by the same subject (CDP) pursuant to the IFRS 10 accounting standard, as Snam explained in its disclosure document pursuant to Article 70 and Italgas explained in its disclosure document pursuant to Article 57.

Stock grant reserve

The reserve, amounting to € 9,098 thousand (€ 9,417 as at 31 December 2024), includes the valuation pursuant to IFRS 2 of the co-investment plan approved on 19 April 2018 by the Italgas S.p.A. Shareholders' Meeting.

On 19 April 2018 the Italgas Shareholders' Meeting approved the 2018-2020 Long term share incentive plan, intended for the Chief Executive Officer, General Manager and senior executives identified among those in a position to influence the company's results, with the annual assignment of three-year objectives. At the end of the performance period of three years, if the conditions set out in the Plan have been met, the beneficiary shall be entitled to receive Company shares free of charge. The maximum number of shares that may be allocated through the plan is 4,000,000 shares. In relation to the aforementioned plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2018 Remuneration Policy, rights to receive Italgas shares in the amounts of 341,310 for the 2018-2020 plan, 279,463 for the 2019-2021 plan, and 327,760 for the 2020-2022 plan. The unitary fair value of the share, determined by the value of the Italgas share on the grant date, is respectively € 4.79, € 5.58 and € 4.85 per share. The cost related to the Long Term Share Incentive Plan is recorded during the vesting period as a component of the personnel costs, with a contra entry in the shareholders' equity provision.

On 10 March 2021, the Board of Directors resolved on: (i) free allocation of a total of 632,852 new ordinary shares of the Company to the beneficiaries of the 2018-2020 Plan; and (ii) execution of the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 784,736.48, drawn from retained earning reserves.

Italgas Shareholders' Meeting held on 20 April 2021 approved the 2021-2023 Incentive Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2021-2023 Incentive Plan for a maximum nominal amount of € 5,580,000.00, by means of the issuance of up to 4,500,000 new ordinary shares to be assigned free of charge, by means of assignment pursuant to Article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained earning reserves, to the beneficiaries of the Plan only; in other words, only to employees of the Company and/or of the companies in the Group. In connection with this plan, the Board of Directors attributed, upon the recommendation of the Appointments and Remuneration Committee and in keeping with the 2021 Remuneration Policy, rights to receive 254,765 Italgas shares for the 2021-2023 co-investment plan. The unitary fair value per share is € 5.55.

OCI Fair value valuation reserve for equity investments

The fair value valuation reserve (€ 563 thousand as at 30 June 2024 and € 238 thousand as at 31 December 2023) includes the change in fair value, net of tax effects, of minority interests which on initial recognition were designated as valued at FVTOCI (fair value recognised through other comprehensive income). For more details, see the note “Non-current financial assets”.

Other reserves

The other reserves relate to the effects deriving from the valuation of equity investments.

OCI Reserve for remeasurement of defined-benefit plans for employees

The reserve for remeasurement of employee benefit plans (€ -7,147 thousand as at 30 June 2024 and -7,024 as at 31 December 2023) included actuarial losses, net of the relative tax effect, recognised under other components of comprehensive income pursuant to IAS 19.

Treasury shares

As at 30 June 2024 Italgas did not have any treasury shares in its portfolio.

25. GUARANTEES, COMMITMENTS AND RISKS

Guarantees, commitments and risks, amounting to € 2,146,815 thousand as at 30 June 2024 (1,982,007 thousand as at 31 December 2023) comprise:

(€ thousands)	31.12.2023	30.06.2024
Bank guarantees given in the interest of Group companies	445,703	462,634
Financial commitments and risks:	1,536,304	1,684,181
Commitments	1,219,646	1,392,864
Commitments for the purchase of goods and services	1,219,646	1,392,864
Risks	316,658	291,317
- for compensation and litigation	316,658	291,317
	1,982,007	2,146,815

Guarantees

Guarantees of € 462,634 thousand refer mainly to guarantees issued with regard to sureties and other guarantees issued in the favour of subsidiaries.

It should be noted that, as part of the transaction for the acquisition of the associate ERG's share capital and the sale of assets, a guarantee of € 26 million was issued on the loan obtained by ERG in preparation for the transaction.

Commitments

At 30 June 2024, commitments with suppliers to purchase property, plant and equipment and provide services relating to the purchase of property, plant and equipment and intangible assets under construction amounted to € 1,392,864 thousand.

On 12 July 2024, the Extraordinary Meeting of the associated company Siciliacque resolved to increase its share capital, for a fee and indivisibly, for a nominal amount of € 20 million, without premium, to be paid pro-rata by the shareholders (€ 15 million the share referring to the Italgas Group).

On 19 July 2024, the Siciliacque shareholders also signed a loan of a total of € 20 million to be paid in proportion to the shareholdings held respectively. The disbursement of the loan by the Italgas Group (€ 15 million) is subject to the disbursement by the other shareholder of its share of the loan to which it is entitled.

Other unvalued commitments

The acquisition of 51% of the share capital of ACAM Gas S.p.A. by the subsidiary Italgas Reti, which took place in 2015, involves mutual commitments by the parties in relation to the first public tender for the awarding of the La Spezia ATEM.

The acquisition of the equity investment of Enerco Distribuzione by the subsidiary Italgas Reti, which took place in 2017, is subject to an ownership price adjustment (so-called "earnout") clause.

The acquisition of Enerpaper's equity investment by the subsidiary Geoside, which took place during 2019, includes an option to purchase the controlling interest valued as a multiple of the average 2024 EBITDA net of the 2024 NFP.

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.

The 2021 purchase of the concession of Olevano sul Tusciano is subject to a price adjustment clause according to the ultimate RAB to be approved by ARERA following the upholding of a specific request for correction of the equity data submitted by the seller on 14 September 2018 as concession-holder, in accordance with the provisions of RTDG 2014-2019, subject to the final tariffs of 2020.

On 27 December 2022, Italgas S.p.A., Toscana Energia S.p.A. and Alia Servizi Ambientali S.p.A. ("Alia") signed an agreement aimed at defining: (i) the terms and conditions for the approval by the Board of Directors of Toscana Energia in relation to Alia's takeover of the ownership of the Toscana Energia shares held by the Municipality of Florence as a result of the contribution of treasury shares in favour of its subsidiary Alia, (ii) the recognition of an option right in favour of Italgas on the Toscana Energia shares held by the Municipality of Florence at the time the option is exercised. The price for the purchase of the Shares subject to the option will be equal to the "Fair market value" referring to the date of execution of the option, calculated using a valuation methodology compliant with the best international practice for a regulated business of natural gas distribution (i.e. RAB) and subject to adjustment based on the value of the net financial position of Toscana Energia at the date on which the option is executed.

As part of the investment agreement signed on 26 July 2022 and amended in 2023 between Medea S.p.A. and Energetica S.p.A. (the "Parties") related to the acquisition by Medea of a 49% stake in the share capital of Energie Rete Gas S.r.l. ("ERG") through a mixed transaction involving the contribution and sale of assets included in a business unit, the Parties mutually agreed to ensure that ERG, in relation to the assets sold, would obtain: (i) recognition, from the competent ministry, among the Company's infrastructure and/or regional transmission services of natural gas ("Transport Authorisation") and (ii) recognition, under the tariff regulatory profile, as regional transport service ("Tariff Recognition"). The Parties also mutually agreed to ensure that, should the aforementioned Transport Authorisation not be recognised by 31 December 2024, the necessary measures be implemented for restoration of the legal situation in place prior to the date of the agreement for an asset value of € 74.2 million.

In 2023, Medea and ERG signed a service agreement that provides that Medea will pay ERG a fee for the transport service provided by ERG. This agreement was necessary for the management of the transitional period; once ERG obtains the transport authorisation and tariff recognition, the agreement will be terminated.

The acquisition in 2023 of the business unit to which the concessions held in Italy in the water sector belonged is subject to an ownership price adjustment (so-called "earn-out") clause, for a maximum of € 36.4 million to be determined over four years according to annual measurements based on net takings on certain receivables by the associated companies Siciliacque and Acqualatina. Furthermore, subject to the extension of the concession entered into by Acqua Campania and the Campania Region, an additional component of the fee is envisaged for a maximum of € 4 million.

On 13 May 2024, Italgas announced that, following a non-binding offer for the entire share capital of 2i Rete Gas S.p.A. ("2i Rete Gas"), the shareholders F2i SGR S.p.A. and Finavias S.à r.l. have granted Italgas an exclusive period in which to carry out a due diligence aimed at formulating a binding offer for the acquisition of 100% of 2i Rete Gas' share capital. CDP Reti S.p.A., Italgas' main shareholder, emphasised that given the strategic nature of the infrastructure and energy sectors, it looked favourably on the possibility that the Transaction might materialise, recognising its potential industrial value.

Risks

Risks concerning compensation and litigation (€ 291,317 thousand) relate to possible (but not probable) claims for compensation arising from ongoing litigation, with a low probability that the pertinent economic risk will arise.

FINANCIAL RISK MANAGEMENT

FOREWORD

Italgas has established the Enterprise Risk Management (ERM) unit, which reports directly to the CFO and oversees the integrated process of managing corporate risk for all Group companies. The main objectives of the ERM are to define a homogeneous and transversal risk assessment model, to identify priority risks and to guarantee the consolidation of mitigation actions and the development of a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and existing international best practices (COSO Framework and ISO 31000). The ERM unit operates as part of the wider Italgas' Internal Control and Risk Management System.

The main corporate financial risks identified, monitored and, where specified below, managed by Italgas are as follows:

- risk arising from exposure to fluctuations in interest rates;
- credit risk arising from the possibility of counterparties 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 30 June 2024 the financial debt at floating rate was 7.7% and at fixed rate was 92.3%. Please refer to the paragraph "Short-term and long-term financial liabilities" for further details.

CREDIT RISK

Credit risk is the exposure to potential losses arising from counterparties failing to fulfil their obligations. Default or delayed payment of amounts owed may have a negative impact on the Italgas financial results and financial situation.

The rules for customer access to the gas distribution service 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

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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.

In the context of water sector activities, tariff regulation plays a crucial role in the management of credit risk. In particular, with the Water Tariff Method (WTM), ARERA establishes criteria and methods for determining tariffs, favouring the economic and financial sustainability of the service. Moreover, the residual value of the water service operator in the event of the takeover of another operator includes, in addition to the residual value of the assets, the valuation, among other things, of any prior items, balances and other costs not yet recovered.

As at 30 June 2024 there were no significant credit risks. Note that on average: (i) in Italy, 98.7% of trade receivables relating to gas distribution are settled by the due date and more than 99.6% within the next 4 days; (ii) in Greece, an average of 94.3% of trade receivables relating to gas distribution are settled by the due date and almost all within the next 4 days, confirming the strong reliability of the customers.

It cannot be ruled out that Italgas could incur liabilities and/or losses due to its customers' failure to fulfil their payment obligations.

LIQUIDITY RISK

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the company's future as a going concern.

Also on the basis of the investment plans in place and the transactions contemplated in the short term, Italgas does not expect any significant negative impact on liquidity risk considering that: (i) the Company has liquidity deposited with primary credit institutions for an amount of € 332.3 million as at 30 June 2024, and (ii) the bonds issued by Italgas as at 30 June 2024 under the Euro Medium Term Notes Programme do not require the observance of covenants relating to balance sheet data, (iii) on 1 February 2024, Italgas successfully completed the launch of a bond issue maturing on 8 February 2029, with a fixed rate and a total amount of € 650 million, an annual coupon of 3.125%, (iv) on 8 March 2024, Italgas entered into a € 600 million Sustainability Linked Revolving Credit Facility with a pool of leading financial institutions with a maximum maturity of 5 years.

Italgas aims, in financial terms, at establishing a financial structure that, in line with its business objectives, ensures a level adequate for the group in terms of the duration and composition of the debt. The achievement of this financial structure will take place through the monitoring of certain key parameters, such as the ratio between debt and the RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed rate and floating rate debt and the ratio between bank credit granted and bank credit used.

RATING RISK

On 20 November 2023, Fitch Ratings (Fitch) confirmed the long-term credit rating of Italgas, as BBB+ with Stable outlook.

On 21 November 2023, the rating agency Moody's Investors service (Moody's) confirmed the long-term credit rating of Italgas as Baa2, revising the outlook from negative to stable. The rating action followed Moody's change of outlook from negative to stable for the Italian government's Baa3 debt rating on 17 November.

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 30 June 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 covenants⁶. 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 30 June 2024, these commitments were respected.

The bonds issued by Italgas as at 30 June 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 relative loan.

With reference to the EIB, the relative contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required.

The Group monitors these cases closely in the context of financial management and business performance.

Future payments for financial liabilities

The table below shows the repayment plan contractually established in relation to the financial payables, including interest payments not discounted:

(€ thousands)	Balance as at 31.12.2023	Balance as at 30.06.2024	Portion with due date within 12 months	Portion with due date beyond 12 months	2026	2027	2028	2029	Beyond
Financial liabilities									
Bank loans	1,144,298	860,649	75,705	784,944	77,706	78,699	78,699	78,697	471,143
Bonds	5,198,307	5,448,234	524,918	4,923,316	94,203	811,637	606,645	935,136	2,475,695
Short-term liabilities	498,656	811,039	811,039						
Interest on loans			71,600	529,416	105,520	102,668	87,670	84,822	148,737
Liabilities Right of Use	79,095	73,568	22,206	51,362	19,521	14,122	9,703	4,680	3,336
Interest Right of Use			672	884	378	244	128	65	29
	6,920,356	7,193,490	1,506,140	6,289,882	297,328	1,007,370	782,845	1,103,400	3,098,940

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.

⁶The contracts contain a clause whereby, in the event of a significant loss of concessions, there is a disclosure obligation to the EIB and a subsequent consultation period, after which the early repayment of the loan may be required. The economic and financial parameters as at 30 June 2024 have been respected.

Civil dispute

Italgas Reti S.p.A. / Municipality of Rome – Rome Civil Court

The Municipality of Rome, where Italgas Reti carries out the service of gas distribution on the basis of a specific Service Contract, after a series of discussions aiming at reaching an agreement for the adjustment of timetable for the implementation of the Business plan, charged Italgas Reti, arbitrarily, with alleged delays in the execution of the Plan itself. In rejecting the claims of the Municipality of Rome, Italgas Reti had already filed an appeal with the Lazio Regional Administrative Court on 11 January 2019 for cancellation of the notice with which the Municipality of Rome had starting the procedure to apply default penalties. Subsequently, the Municipality of Rome notified Italgas Reti of a Managerial Resolution in which it quantified the amount allegedly owed by Italgas Reti by way of penalties for the alleged failure to timely implement the Business Plan at € 91,853,392.79, and reserved the right to enforce the bank guarantee issued to guarantee the proper performance of the aforesaid Contract. Italgas appealed to the Regional Administrative Court of Lazio against the above-mentioned Managerial Resolution, submitting a precautionary petition for the suspension of the measure's effectiveness, contesting, in brief, the nullity of the penalty clause due to vagueness. The Board, however, expressed some doubts as to the applicability of its jurisdiction.

In light of these circumstances, the lodging of an appeal before the Court of Cassation was proposed for the prior settlement of jurisdiction. The Court of Cassation declared the Jurisdiction of the Ordinary Court. Therefore, on 11 February 2021, Italgas resumed the proceedings before the Civil Court of Rome.

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 5 June 2020, Italgas lodged an appeal with the Regional Administrative Court of Lazio, by which it requested that the Municipality of Rome be ordered to pay Italgas Reti compensation of the total amount of € 106,290,396.25 resulting from the failure of the Municipality of Rome to comply with the concession contract. Subsequently, consistent with the previous judgement, the Regional Administrative Court declared the jurisdiction of the Ordinary Court and Italgas Reti resumed the judgement before the Ordinary Court of Rome, asking for a joining with the judgement concerning the penalties applied by Municipality of Rome. Following the preliminary hearing for both cases, which were consolidated on 11 July 2023, the judge ordered an Expert's Report to be carried out in the course of 2024, and adjourned the hearing for closing arguments to 18 December 2024.

At the same time, Italgas Reti obtained an order from the Court of Rome suspending the effects of the measure quantifying the penalties and preventing Roma Capitale from enforcing the surety given in relation to the penalty payment claims.

Also on the basis of an external legal opinion, the Company, at present, does not believe it likely it will lose.

Municipality of Venice / Italgas Reti S.p.A. – Court of Venice

On 24 April 2019, the Municipality of Venice served, at the Court of Venice, a writ of summons, aimed at the verification and consequent payment of € 59,006,552.03 as a consideration for use of the portion of the network subject to free acquisition for the period 1/6/2010-31/12/2018 as well as the sums due for the same reason for the period after 31/12/2018 and up until the judgement. Italgas Reti contested the quantification of the fee and requested the restitution of the amount unduly paid to the Municipality following the free transfer of Block A. Having carried out the introductory procedural steps, by order dated 26 April 2021, the Judge ordered Italgas Reti to produce relevant documentation and consequently set the hearing for 31 May 2022 for the examination of the documentation. On 31 May 2022, the Municipality requested that Italgas Reti be ordered to supplement the documentation produced. For its part, Italgas Reti opposed the request for supplementation formulated by the Municipality and requested, principally, the postponement of the case for the clarification of the conclusions or, alternatively, the granting of a time limit to possibly counter-respond. At the outcome of the hearing, the Judge requested

additional documentation and adjourned the hearing to 17 January 2023. On that date, the Municipality insisted on the admission of a technical expert's report, while Italgas Reti requested that the hearing for clarification of the conclusions be postponed. At this stage, the judge decided to order an Expert's Report on the appointment of the Technical Advisor, postponing the appointment to the next hearing set for 5 September 2024.

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 it likely it will lose.

Municipality of Cavallino Treporti / Italgas Reti S.p.A. – Court of Appeal of Venice.

The Municipality of Cavallino Treporti notified its appeal to the Court of Cassation against the judgement of 22 April 2024 whereby the Court of Appeal of Venice, in the dispute with the Municipality of Cavallino Treporti, although declaring that it was not competent to hear the case, upheld the judgement of the Court insofar as it declared that the Municipality has only been the owner of the assets in block A since 1 January 2013, and rejected the application of the Municipality of Cavallino Treporti for the restitution of the sums paid as fees for the occupation of public areas and spaces. The determination of the hearing before the Court of Cassation is pending.

Supported by an external legal opinion, the Company does not, at present, believe it likely it will lose.

Criminal dispute

The main criminal disputes in which the Group is involved are set out below.

Italgas Reti S.p.A. – Rome/Via Parlatore Event

The Public Prosecutor's Office of Rome opened an investigation in relation to the event that took place on 7 September 2015 during an ordinary intervention in the gas distribution network in the Municipality of Rome.

The incident resulted in a fire involving three people: two workers from an Italgas Reti contractor were slightly injured while the third person – an employee of Italgas Reti – died.

Preliminary investigations involved three Italgas Reti employees. The Public Prosecutor's Office asked for all defendants to be dismissed, but the Judge for Preliminary Investigations ordered further investigations, following which the Public Prosecutor again asked for all defendants to be dismissed.

On 17 November 2020, the Judge for Preliminary Investigations, also rejecting the second request for dismissal, ordered the Public Prosecutor's Office to formulate the charges against the three Italgas Reti defendants without formulating findings of liability against Italgas Reti pursuant to Legislative Decree no. 231/2001. At present, the first instance trial is ongoing. The family members of the deceased employee have joined the proceedings, while the two employees of the contractor who sustained injuries have withdrawn their participation as a result of the award of damages.

Italgas Reti S.p.A. – Cerro Maggiore/Via Risorgimento Event

The public prosecutor opened criminal proceedings against several Italgas Reti executives, technicians and manual workers in relation to an incident that took place on 11 November 2015 during an emergency intervention. The accident was caused by a gas leak due to drilling work for laying fibre optic cable carried out by a third-parties company, whose employees were also investigated.

The explosion resulted in the collapse of a house and the death of the lady who lived there, a serious injury to an Italgas Reti employee and to two other people who suffered mild injuries.

On 24 April 2017, a notice of conclusion of preliminary investigations was served on the defendants and Italgas Reti for failure to adopt appropriate preventive measures in terms of safety at work pursuant to Legislative Decree no. 231/2001.

The position of one employee of Italgas Reti (employer), was subsequently terminated, while for the other employees an indictment request was submitted.

In the course of the preliminary hearing, it was acknowledged that damages had been awarded to the heirs of the deceased lady and the other injured persons, who therefore waived their right to bring civil proceedings. The Municipality of Cerro Maggiore was allowed to initiate civil proceedings.

At the outcome of the preliminary hearing, on 19 March 2019, the Preliminary Hearing Judge (i) pronounced a verdict of non-suit against two Italgas Reti employees for not having committed the act; (ii) issued a judgement of conviction against certain employees of the third-party contractor for the laying of the fibre optics who had requested the abbreviated trial; and (iii) ordered the committal for trial of Italgas Reti and three of its employees, in addition to the other defendants of the third-party contractor for the laying of the fibre optics.

At the outcome of the trial, the Public Prosecutor requested the acquittal of an Italgas Reti employee and two defendants from the contractor company, while for the other two Italgas Reti employees he asked for a two-year prison sentence, with suspended sentences. For Italgas Reti, the Prosecutor asked for the application of a minimum fine, considering the small amount of the profit involved.

In a ruling of 4 June 2021, the Judge acquitted two Italgas Reti employees and sentenced the other to one year and six months' imprisonment with suspended and unremitted sentence. A minimum fine was imposed on Italgas Reti.

Italgas Reti and the convicted employee appealed against the sentence, while the Public Prosecutor appealed the acquittal of the other employee. At the hearing held before the Milan Court of Appeal on 20 February 2024, the Public Prosecutor requested the acquittal for both Italgas Reti employees and the confirmation of the conviction for the Company. At the hearing of 11 April 2024, the Court of Appeal, partially reforming the first instance ruling, accepted the grounds for appeal, and excluded the existence of the aggravating circumstance of the violation of workplace safety regulations and (i) confirmed the acquittal of the Italgas Reti employee already acquitted in the first instance; (ii) ruled that the other Italgas Reti employee was not prosecuted due to the statute of limitations; (iii) declared that there was no liability pursuant to Legislative Decree no. 231/2001 for Italgas Reti.

Italgas Reti S.p.A. – Ravanusa event

The Public Prosecutor's Office of Agrigento opened an investigation into an explosion that occurred in the town of Ravanusa on 11 December 2021.

The cathodically protected coated low pressure steel pipe, measuring 100 mm in diameter, was laid in 1988 by Siciliana Gas (a company merged by incorporation into Società Italiana per il gas S.p.A. in 2008, which in turn became Italgas Reti from 7 November 2016) and is therefore well within its useful life as per ARERA requirements.

There were no Italgas Reti construction sites on the section of pipeline affected by the explosion, either at the time of the accident or in the weeks preceding it.

The previous week, Italgas Reti had not received any reports of any type to its Emergency Intervention service, complaining of gas leaks.

The whole of the Ravanusa network - including that installed in the area involved by the event - had been checked using the cutting-edge Picarro Surveyor technology, and in 2020 and 2021 and no critical issues had arisen.

On 31 December 2021, the Public Prosecution issued ten notices of investigation to ten employees of Italgas Reti in order to be able to examine the unrepeatability technical assessments.

Italgas Reti has acknowledged these provisions, guaranteeing maximum collaboration during activities in support of investigators, just as it has since the outset.

During these technical assessments, a breakage of a steel pipe installed along via Trilussa, was found. In addition, further laboratory investigations were carried out on odourising gas and soil samples taken near the site of the event in the days following the explosion and the presence of the odourising molecule was confirmed.

An extension of the preliminary investigation was requested and granted in July 2022, and a subsequent extension request for a further six months was notified in February 2023.

On 16 May 2023, the Public Prosecutor's Office requested the dismissal of the proceedings against all Italgas Reti's defendants, while it issued a notice of conclusion of the preliminary investigation pursuant to Article 415-bis of the Italian Code of Criminal Procedure against individuals of Siciliana Gas and the company that had laid the pipeline.

Following the opposition to the request for dismissal filed by the injured parties, hearings were held before the Court of Preliminary Investigations on 17 October, 5 December 2023, 27 February 2024,

30 April 2024 and 31 May 2024, as a result of which the Judge ordered further investigations, assigning the Public Prosecutor's Office a term of 6 months to complete them.

On 31 May 2024, the Judge also ordered the committal for trial of the natural persons of Siciliana Gas and the company that had laid the pipeline. In the latter proceeding, 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, was held civilly liable for the position of the Siciliana Gas representative, as a company that was subsequently merged into Italgas Reti.

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.

INFORMATION ON ESMA 2024 PRIORITIES

In continuity with the provisions of the 2021, 2022 and 2023 financial statements, the Regulators, with Public Statement no. 32-193237008-1793 of 27 October 2023 "European common enforcement priorities for 2023 annual financial reports", issued specific recommendations in order to provide adequate financial and non-financial disclosures on the current Macroeconomic Scenario, characterised by a combination of factors related to the escalation of geopolitical tensions, linked to the continuation of the war in Ukraine and accentuated by the events in the Middle East, which continue to weigh on the global outlook, the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties on future developments.

In addition, in 2024, ESMA published its annual overview report on the compliance of financial and non-financial information with respect to the required forecasts and requirements "2023 Corporate Reporting Enforcement and Regulatory Activities", in which it reiterated the need for high transparency and accurate reporting on the topics listed as priorities.

Furthermore, specific subsections from this Half-year report in which the required information is already included are shown below.

International Tax Reform – Pillar Two Model Rules

Legislative Decree no. 209 of 27 December 2023 ("Pillar II regulations" or "Global Minimum Tax"), effective as of the 2024 tax year, introduced a minimum effective tax regime for domestic and multinational groups at the rate of 15% for each jurisdiction in which they are located, providing also for the application of a supplementary tax in cases in which the effective tax rate per country, with the adjustments provided for in the application rules, is lower than the aforementioned minimum tax rate.

During the first half of 2024, the Pillar II regulations were supplemented by the Ministerial Decree of 20 May 2024, concerning the regulation of simplified transitional regimes ("TSH regulations"), according to which, for the three-year period 2024-2026, the supplementary tax that may be due in a given jurisdiction is assumed to be zero if the companies located in that jurisdiction meet at least one of the three requirements provided for in the regulations.

During the first half of 2024, the Italgas Group started a working group with its reference shareholder Cassa Depositi e Prestiti S.p.A. for the implementation of the procedures for the management of compliance related to the Global Minimum Tax in the countries where the Italgas Group operates, namely Italy and Greece.

The analyses carried out took into consideration the possible application of the simplified transitional regimes of an optional and temporary nature provided for by the reference legislation (the so-called "Transitional CbCR Safe Harbours"). In particular, an analysis was carried out to assess the impacts of the new discipline on the basis of data relating to 2023, adjusted to the half-year of 2024. This analysis showed that at least one of the tests provided for by the Transitional CbCR Safe Harbours was passed for each jurisdiction in which the Group operates. Therefore, based on these analyses and the information known or reasonably estimable as at 30 June 2024, there is no exposure for additional taxes arising from Pillar 2.

Environmental regulations

With regard to environmental risk, although the Group conducts its business in compliance with laws and regulations, it cannot be ruled out with certainty that the Company may incur costs or liabilities, which could be significant.

It is difficult to foresee the repercussions of any environmental damage, partly due to new laws or regulations that may be introduced for environmental protection, the impact of any new technologies for environmental clean-ups, possible litigation and the difficulty in determining the possible consequences, also with respect to other parties' liability and any possible insurance compensation.

The Group closely monitors the various risks and associated financial impacts (which at present could mainly concern matters of impairment and recoverability of the value of assets and provisions under IAS 37) that could ensue from environmental and climate change issues.

As described in the 2023 Annual Report, in recent years, Italgas' corporate strategy has been increasingly influenced by climate change issues, and various initiatives have been developed to reduce GHG emissions (e.g. leakage detection using Picarro technology, conversion and renewal of the corporate fleet, initiatives to improve the efficiency of plants and buildings, study and implementation of initiatives to promote the distribution of green gas, such as repurposing for biomethane and the P2G project for green hydrogen, monthly monitoring of environmental performance and the implementation of related corrective actions, etc.).

The Group has also set targets to reduce GHG Scope 1 and 2 (market-based) emissions by 34% by 2028 and by 42% by 2030, Scope 3 (supply chain) emissions by 30% by 2028 and by 33% by 2030, and energy consumption by 27% by 2028 and by 33% by 2030 (2020 baseline); in addition to these targets, which cover the entire scope of operations (thus including all Italian and Greek consolidated companies), it is also worth mentioning the Group's commitment to Net-Zero Carbon to 2050 for Scope 1, 2 (market-based) and 3.

Italgas' strategy is outlined in the Strategic Plan, which highlights the digital transformation and technological innovation that will enable Italgas to play a key role in the energy transition.

In the short term, the main elements influencing the development of the strategy are the regulatory aspects of climate change such as European policy objectives, while in the short-to-medium term, the main elements are the efficient procurement of natural gas, aimed at reducing its impacts on climate change.

As part of the Strategic Plan document, Italgas defines a macro-comprehensive scenario that includes frameworks and trends in energy and environmental policies (decarbonisation - Paris Agreement, Green Deal, RePowEU, renewables, energy efficiency, sustainable mobility, power to gas, green gas and water) and presents its Sustainable Value Creation Plan, which sets specific actions and ambitious targets for the creation of value for the Group's stakeholders and for the territories in which it is present and operates.

The Group's strategy is developed in line with the UN Sustainable Development Goals and, with regard to combating climate-changing emissions, also with the objectives of the European Green Deal and the "science-based" scenario for limiting global warming to below "1.5°".

Accounting of emission trading schemes and renewable energy certificates

With reference to the request to provide information on the accounting treatments used in the recognition, measurement and presentation of emission trading schemes and renewable energy certificates (including information on the main terms and nature of these schemes), we confirm that the Company is not subject to the obligation to purchase greenhouse gas emission rights.

Topics related to climate change

Considering the requirements contained in the European Common Enforcement Priorities of October 2022 on climate-related matters, also confirmed as a priority in the 2023 Public Statement, the ESMA (European Securities and Markets Authority) requires that adequate information be provided about climate-related matters and their effects on business development and performance, together with a description of the main risks and uncertainties to which the Italgas Group is exposed.

Also of note is the preparation of the report "Driving innovation for energy transition" which examines the relationship between the Italgas Group's business and climate change impacts in line with the recommendations set by the Task Force on Climate-Related Financial Disclosure (TCFD).

The document not only describes the new opportunities identified in the climate transition and the potential risks, but also the adequacy of the climate strategy implemented by the Group in that regard.

For further details on the inclusion of climate risk in the Business Plan, its impact on sustainability objectives and the main significant risks and uncertainties, please refer to the chapters "Sustainability – the path to decarbonisation" and "Risk and uncertainty factors"; "Strategy and forward-looking vision"; "Risk management" and "Information on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" in the 2023 Integrated Annual Report.

Finally, set out below are the assessments associated with the main risks considered in the development of the estimates, which could result in a significant adjustment to the carrying value of assets and liabilities.

Impairment testing and expected useful life of tangible and intangible assets

With reference to the impact of climate risks in determining the expected useful life of tangible and intangible fixed assets and their estimated residual value, there are no (i) indicators suggesting that assets have reduced in value, (ii) significant impacts of climate change on the Group's assumptions used in estimating their recoverable value and (iii) there is no need to perform sensitivity analyses of the effects of climate risk within the assumptions made.

At present, therefore, company management does not reasonably expect climate change to have a significant impact on forecast future cash flows of a given asset or cash generating unit (CGU) and, consequently, on the relevant recoverable value.

Effects of the climate risk on measuring expected credit loss

No significant climate and environmental risks are noted worthy of consideration in assessing the credit risk and therefore worthy of inclusion in calculating the ECL (Expected Credit Loss), as required by IFRS 7.

IAS 37 - Provisions for risks and potential liabilities

In accordance with IAS 37, the company management does not believe that there are any provisions for risks or potential liabilities requiring consideration in the financial statements in connection with possible disputes, specific regulatory requirements aimed at mitigating environmental damages, sanctions connected with failure to comply with environmental requirements, contracts that may become onerous, possible restructuring works aimed at achieving the climate objectives required.

Risks associated with the macroeconomic scenario

With reference to the risks related to the conflicts taking place around the world, Italgas confirms that it does not have any production activities or personnel located in the affected areas (Russia/Ukraine, Middle East) nor does it have any commercial and/or financial relations with those countries. Italgas continues to see no materially significant restrictions to the execution of financial transactions or sources of supply. Nevertheless, in a market that continues to be characterised by restrictions and slowdowns, especially in relation to the purchase of components, we cannot rule out that the political and economic tension induced by the conflicts may increase such difficulties and have implications, in a way that cannot yet be estimated or predicted, on the effectiveness and timeliness of the Group's procurement capacity.

2 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

In light of the above, no significant impacts are reported in the following areas:

- Business Continuity;
- Impairment test of non-financial assets;
- Impairment of financial assets;
- Impacts on governance exercised over affiliated companies;
- Assets or groups of assets held for sale;
- Recognition of deferred tax assets;
- Fair value measurement;
- Remeasurement of foreign currency transactions and translation of financial statements in foreign currencies;
- Provisions for contingent liabilities;
- Liabilities arising from insurance contracts.

26. REVENUES

(€ thousands)	First half of the year	
	2023	2024
Revenues	1,254,219	1,157,440
Other revenues and income	39,467	36,090
	1,293,686	1,193,530

Group revenues are earned in Italy and Greece.

A revenues' analysis made by business segment is provided in Note 33 "Information by business segment".

Revenues from related parties are described in Note 35 "Related parties transactions".

Revenues

Revenues, which amount to € 1,157,440 thousand (€ 1,254,219 thousand as at 30 June 2023), are analysed in the table below:

(€ thousands)	First half of the year	
	2023	2024
Gas distribution	685,071	764,863
Revenues for infrastructure construction and improvements (IFRIC 12)	345,456	311,158
Technical assistance, engineering, IT and various services	23,250	25,174
Energy efficiency interventions	188,921	19,642
Water distribution and sale	4,307	31,843
Gas sales	2,632	-
Other ESCo revenues	4,402	-
Sale of other products	180	4,760
	1,254,219	1,157,440

Revenues refer primarily to the consideration for the natural gas distribution service and other gas regulated revenues (€ 764,863 thousand as at 30 June 2024 and € 685,071 thousand as at 30 June 2023) and revenues deriving from the construction and upgrading of gas and water distribution infrastructure connected with concession agreements pursuant to IFRIC 12 (€ 311,158 thousand as at 30 June 2024 and € 345,456 thousand as at 30 June 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, charged, where negative, for an equal amount, to the CSEA.

(€ thousands)	First half of the year	
	2023	2024
RE-RS-UG1-UG3 fees	5,144	124,730
Gas bonus Gas-GS-UG2	(943,095)	(40,527)
	(937,951)	84,203

The fees in addition to the distribution service (€ 84,203 thousand as at 30 June 2024 and € -937,951 thousand as at 30 June 2023) mainly relate to the following fees: (i) RE, to cover the expenses burdening the *Fund for calculating and implementing energy savings and the development of renewable energy sources in the gas sector*; (ii) RS, to cover expenses burdening the *Account for gas services quality*; (iii) UG1, to cover any imbalances in and adjustments to the equalisation system; (iv) UG2, to cover the costs of retail sales marketing; (v) UG3int, to cover expenses connected to the interruption of services; (vi) UG3ui, to cover expenses connected to any imbalances in specific equalisation mechanism balances for the Default Distribution Service Provider (FDD) as well as the expenses for payment delays incurred by Suppliers of Last Instance (FUI), limited to end customers for which the supply cannot be suspended; (vii) UG3ft, to cover the arrears paid to temporary providers on the transport system; (viii) GS, to cover the tariff compensation system for economically disadvantaged customers.

Gas distribution revenues (€ 764,863 thousand as at 30 June 2024 and € 685,071 thousand as at 30 June 2023) refer to natural gas distribution on behalf of all commercial operators requesting access to the networks of the distribution companies based on the Network Code. These revenues include the 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 (€ 1,427 thousand), (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 545/2020/R/gas, Resolution no. 570/2019/R/gas, Resolution no. 287/2021 and Determination no. 3/2021, (iii) the lower revenues associated with the effects arising from Resolution no. 207/2024/R/gas, with which the Authority concluded 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 from 2011 to 2016 (€ 9,853 thousand). The Company does not agree with the contents of Resolution no. 207/2024/R/gas and has taken action to enforce its rights and interests in the competent fora.

Revenues from energy efficiency measures (€ 19,642 thousand as at 30 June 2024 and € 188,921 thousand as at 30 June 2023) decreased mainly due to the expiration of the so-called "Superbonus" boost. In this context, the ESCo Geoside is now focused on increasing the pipeline of industrial efficiency projects and on the integration of the offer for the residential sector.

Revenues from water capture, water supply, water transport, water distribution and sale (€ 31,843 thousand as at 30 June 2024 and € 4,307 thousand as at 30 June 2023) relate to the Campania water service.

2 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Other revenues and income

Other revenues and income, which amounted to € 36,090 thousand as at 30 June 2024 (€ 39,467 thousand as at 30 June 2023), can be broken down as follows:

(€ thousands)	First half of the year	
	2023	2024
Income from gas distribution service safety recovery incentives	13,183	13,781
Plant safety assessment pursuant to ARERA Resolution no. 40/04	918	765
Revenues from regulated activities	5,254	5,599
Connection contribution uses	9,740	9,439
Capital gains from sale of assets	618	1,030
Sundry management refunds and chargebacks	8,117	617
Contractual penalties receivable	401	236
Income from real estate investments	108	158
Revenues from seconded personnel	97	411
Other revenues	1,031	4,054
	39,467	36,090

Income from safety recovery incentives, equal to € 13,781 thousand, relates to refunds paid by the Authority connected to achieving quality and technical standards relating to the natural gas distribution service.

Refunds and operating charge-backs include € 617 thousand of reimbursements from suppliers related to faulty meters under warranty.

27. OPERATING COSTS

The breakdown of operating costs for the period, which totalled € 533,449 thousand as at 30 June 2024 (€ 677,148 thousand as at 30 June 2023), is shown in the following table:

(€ thousands)	First half of the year	
	2023	2024
Purchase costs for raw materials, consumables, supplies and goods	76,383	56,721
Costs for services	397,070	267,862
Costs for the use of third-parties assets	43,477	46,841
Personnel cost	136,016	139,374
Allocations to/(releases from) provision for risks and charges	1,591	60
Allocations to/(releases from) provisions for doubtful debt	20	(906)
Other expenses	25,105	26,216
<i>To be deducted:</i>		
Increases for own work	(2,514)	(2,719)
- of which costs for services	(994)	(1,142)
- of which labour costs	(1,520)	(1,577)
	677,148	533,449

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 € 311,158 thousand and are broken down as follows:

(€ thousands)	First half of the year	
	2023	2024
Purchase costs for raw materials, consumables, supplies and goods	63,818	46,676
Costs for services	221,250	196,995
Costs for the use of third-parties assets	4,140	4,439
Personnel cost	55,406	61,573
Other expenses	842	1,475
	345,456	311,158

Costs for raw materials, consumables, supplies and goods, amounting to € 56,721 thousand (76,383 thousand as at 30 June 2023), comprise the following:

(€ thousands)	First half of the year	
	2023	2024
Inventories	68,930	52,374
Purchase of gas	2,836	1,775
Purchase of water	1,392	107
Motive power	710	481
Purchase of fuel	2,515	1,984
	76,383	56,721

Inventories refer in particular to the acquisition of gas meters.

Purchase costs for raw materials, consumables, supplies and goods include costs relating to the construction and upgrading of gas distribution and water service infrastructure (€ 46,676 thousand), recorded in accordance with IFRIC 12.

Costs for services of € 266,720 thousand relate to:

(€ thousands)	First half of the year	
	2023	2024
Project management and plant maintenance	318,309	173,052
Consultancy and professional services	31,149	26,250
Costs for personnel services	8,682	9,875
IT and telecommunications services	25,596	21,578
Electricity, water and other (utility) services	3,083	9,846
Insurance	3,695	3,714
Cleaning, security service and guard services	2,037	2,030
Advertising and entertainment	2,750	2,429
Costs for seconded personnel	1,029	810
Other services	18,414	26,795
Use of risk provision	(17,674)	(8,517)
	397,070	267,862
<i>To be deducted:</i>		
Increases for own work	(994)	(1,142)
	396,076	266,720

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Costs for services include costs relating to the construction and upgrading of gas distribution and water distribution infrastructure (€ 196,995 thousand) recognised pursuant to IFRIC 12.

Costs for project management and plant maintenance planning (€ 173,052 thousand as at 30 June 2024 and € 318,309 thousand as at 30 June 2023) essentially relate to the extension and maintenance of gas distribution plants.

Costs for the use of third-parties assets, of € 46,841 thousand as at 30 June 2024 (43,477 thousand as at 30 June 2023), regard:

(€ thousands)	First half of the year	
	2023	2024
Patent, license and concession fees	39,036	41,904
Leases and rentals	4,464	4,937
Use of risk and charges provision	(23)	-
	43,477	46,841

Fees, patents and licences (€ 41,904 thousand as at 30 June 2024 and € 39,036 thousand as at 30 June 2023) refer primarily to fees recognised to contracting parties for the running of natural gas distribution activities under concession.

Costs for the use of third-parties assets include costs relating to the construction and upgrading of gas distribution and water service infrastructures (€ 4,439 thousand) recognised in accordance with IFRIC 12.

Allocations/(releases) from provision for risks and charges, amounting to € 60 thousand net of utilisations, refer mainly to the provision for risks and charges related to legal disputes.

For more details on the changes in provisions for risks and charges, please refer to the note "Provisions for risks and charges".

Personnel cost, totalling € 137,797 thousand as at 30 June 2024 (€ 134,496 thousand as at 30 June 2023), breaks down as follows:

(€ thousands)	First half of the year	
	2023	2024
Wages and salaries	96,347	100,281
Social charges	28,194	28,150
Employee benefits	8,362	8,627
Other expenses	3,113	2,316
	136,016	139,374
<i>To be deducted:</i>		
Increases for own work	(1,520)	(1,577)
	134,496	137,797

The item includes costs relating to the construction and upgrading of gas distribution and water service infrastructure (€ 61,573 thousand) recognised pursuant to IFRIC 12.

Employee benefits (€ 8,627 thousand as at 30 June 2024 and € 8,362 thousand as at 30 June 2023) mainly regard the employee severance pay accrued, to be paid to pension funds or to INPS.

Other expenses of € 2,316 thousand as at 30 June 2024 (€ 3,113 thousand as at 30 June 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 shareholders' equity.

Average number of employees

The average number of payroll employees of the consolidated entities, broken down by status, is as follows:

Professional qualification	30.06.2023	31.12.2023	30.06.2024
Executives	77	75	82
Middle Managers	375	381	418
Employees	2,459	2,471	2,527
Manual workers	1,337	1,329	1,314
	4,248	4,256	4,341

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.

At 30 June 2024, there were 4,335 employees on average.

Other expenses, of € 26,216 thousand as at 30 June 2024 (€ 25,105 thousand as at 30 June 2023), are analysed below:

(€ thousands)	First half of the year	
	2023	2024
Other penalties	809	1,945
Indirect taxes, local taxes	3,580	2,967
Capital losses from disposal/recovery of property, plant and equipment and intangible assets	18,791	17,103
Other expenses	1,925	4,201
	25,105	26,216

The capital losses from the disposal/recovery of fixed assets (€ 17,103 thousand as at 30 June 2024 and € 18,791 thousand as at 30 June 2023) mainly relate to the replacement of faulty meters and pipes and connections.

28. AMORTISATION, DEPRECIATION AND IMPAIRMENT

Amortisation, depreciation and impairment, totalling € 268,261 thousand as at 30 June 2024 (€ 257,705 thousand as at 30 June 2023), breaks down as follows:

(€ thousands)	First half of the year	
	2023	2024
Depreciation	257,705	279,201
- Property, plant and equipment	8,874	9,699
- Right of use pursuant to IFRS 16	13,995	15,036
- Intangible assets	234,836	254,466
Impairment	-	(10,940)
- Utilisation of the provision for impairment of intangible assets	-	(10,940)
	257,705	268,261

29. FINANCIAL INCOME (EXPENSE)

Net financial expense, amounting to € 55,742 thousand as at 30 June 2024 (€ 44,630 thousand as at 30 June 2023), comprises:

(€ thousands)	First half of the year	
	2023	2024
Financial Income (Expense)	(45,771)	(56,130)
Financial expense	(47,897)	(63,591)
Financial income	2,126	7,461
Other financial income (expense)	930	253
Other financial expenses	(1,727)	(5,253)
Other financial income	2,657	5,506
Derivatives	211	135
	(44,630)	(55,742)

(€ thousands)	First half of the year	
	2023	2024
Financial Income (Expense)	(45,771)	(56,130)
Borrowing costs:	(47,897)	(63,591)
- Interest expense on bonds	(29,822)	(48,270)
- Commission expense on bank loans and credit lines	(713)	(2,159)
- Interest expense on credit line and loan expense due to banks and other lenders	(17,362)	(13,162)
Financial expense capitalised		
Income on financial receivables:	2,126	7,461
- Interest income and other income on financial receivables non-held for operations	2,126	7,461
Other financial income (expense):	930	253
- Capitalised financial expense	715	490
- Financial income (expense) connected with the passing of time (accretion discount) (*)	(1,370)	(1,478)
- Expense for right of use pursuant to IFRS 16	(491)	(673)
- Other expenses	(581)	(3,592)
- Other income	2,657	5,506
Derivatives	211	135
	(44,630)	(55,742)

(*) The item relates to the increase in the provisions for risks and charges and employee benefit funds that are specified, at a discounted value, in the notes "Provisions for risks and charges" and "Provisions for employee benefits".

30. INCOME (EXPENSE) FROM EQUITY INVESTMENTS

Net income from equity investments, totalling € 6,116 thousand as at 30 June 2024 (€ -324 thousand as at 30 June 2023), breaks down as follows:

(€ thousands)	First half of the year	
	2023	2024
Effect of valuation using the equity method	428	4,949
Net income from valuation using the equity method	428	4,949
Other income (expense) from equity investments	(752)	1,167
Dividends	25	-
Other income (expense) from equity investments	(777)	1,167
	(324)	6,116

Details of capital gains and capital losses from the valuation of equity investments using the equity method can be found in the note "Equity investments valued using the equity method".

31. INCOME TAXES

Income taxes for the period, amounting to € 94,210 thousand (€ 85,152 thousand as at 30 June 2023), comprise:

(€ thousands)	First half of 2023			
	IRES	IRAP	FOREIGN	Total
Current taxes	83,974	14,799	5,748	104,521
Current taxes for the year	77,154	13,485	5,748	96,387
Adjustments for current taxes pertaining to previous years	6,820	1,314	-	8,134
Deferred and prepaid taxes	(20,855)	(998)	2,484	(19,369)
Deferred taxes	(7,608)	(843)	2,262	(6,189)
Prepaid taxes	(13,247)	(155)	222	(13,180)
	63,119	13,801	8,232	85,152

(€ thousands)	First half of 2024			
	IRES	IRAP	FOREIGN	Total
Current taxes	81,008	17,176	296	98,480
Current taxes for the year	81,008	17,129	296	98,433
Adjustments for current taxes pertaining to previous years	-	47	-	47
Deferred and prepaid taxes	(10,941)	336	6,335	(4,270)
Deferred taxes	(7,631)	(794)	6,335	(2,090)
Prepaid taxes	(3,310)	1,130	-	(2,180)
	70,067	17,512	6,631	94,210

Income taxes include current taxes of € 98,480 thousand (€ 104,521 thousand as at 30 June 2023) and net deferred taxes of € 4,270 thousand (€ 19,369 thousand as at 30 June 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%.

32. PROFIT (LOSS) PER SHARE

The earnings per basic share, equal to € 0.29, was calculated by dividing the net profit attributable to Italgas (€ 234,375 thousand) by the weighted average number of Italgas shares outstanding during the year.

The diluted earnings per share is calculated by dividing the net profit attributable to Italgas (€ 234,375 thousand) by the weighted average number of shares outstanding during the period, excluding any treasury shares, increased by the number of shares that could potentially be added to those outstanding as a result of the assignment or disposal of treasury shares in the portfolio for stock grant plans. The diluted earnings per share, calculated also considering the co-investment plan, was € 0.29 per share.

33. INFORMATION BY BUSINESS SEGMENT

In accordance with IFRS 8 "Operating Segments", the Group's identified segments as at 30 June 2024 are as follows:

- Gas distribution;
- Energy efficiency;
- Water service;
- Corporate.

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The Gas Distribution and Metering operating segment aggregates the activities carried out in Italy and Greece.

This representation reflects the structure of the reports that are periodically analysed by management for the purpose of managing and planning the Group's business.

In fact, the management considered that the two segments have similar economic characteristics considering that:

- gas distribution and metering in Italy and Greece are highly regulated sectors. In both cases the rate system establishes in particular that the reference revenues for the formulation of rates are determined so as to cover the costs incurred by the operator and allow for an adequate return on invested capital;
- the way in which the rate of return "Weighted Average Cost of Capital" (WACC) is determined is quite similar in both cases, and is therefore essentially able to neutralise differences in risk between the two countries;
- the WACC values provided in the two tariff systems, 8.38% in Greece are expressed in nominal pre-tax terms, and 6.5% in Italy expressed in real pre-tax terms, are fully comparable;
- access to financial markets by the Enaon Group benefits from being part of the Italgas Group, as it will be able to access financing conditions similar to those within the Group and, therefore, a more established and calmer situation than if left to the market alone.

Moreover, the gas distribution service in Italy and Greece has similar economic characteristics in terms of:

- a. nature of the products and services, i.e. gas distribution and metering. Enaon, through its subsidiaries, which are active in gas distribution and metering throughout Greece, operates a total of approximately 7,924 kilometres of network and more than 599,211 active re-delivery points;
- b. the nature of the production processes, i.e. the development and maintenance of assets related to the gas distribution service under concession. The finalisation of the Enaon transaction enabled Italgas to acquire the licence to distribute natural gas in 145 Municipalities on the Greek peninsula, of which 106 are already in operation;
- c. type or class of customer according to their products or services, i.e. sales companies;
- d. methods used to distribute its products or provide its services; i.e. the transport of gas through local pipeline networks;
- e. nature of the regulatory environment, i.e. the management of a regulated business with a similar risk profile.

(€ thousands)	Gas distribution	Water service	Energy efficiency	Corporate	Total
30.06.2023					
Revenues	1,100,740	5,517	195,484	40,291	1,342,032
<i>to be deducted: inter-sector revenues</i>	(8,354)	-	(374)	(39,618)	(48,346)
Total revenues from third parties	1,092,386	5,599	195,110	591	1,293,686
EBITDA	577,299	491	38,253	496	616,538
Depreciation and impairment losses on property, plant, equipment and intangible assets	(254,367)	(423)	(1,647)	(1,268)	(257,705)
EBIT	322,931	68	36,606	(772)	358,833
Investments in property, plant and equipment and intangible assets	392,528	1,160	1,116	3,372	398,176
<i>to be deducted: Investment in property, plant and equipment and intangible assets inter-sector</i>					-
Total investments in property, plant and equipment and intangible assets	392,528	1,160	1,116	3,372	398,176

(€ thousands)	Gas distribution	Water service	Energy efficiency	Corporate	Total
30.06.2024					
Revenues	1,142,726	39,374	19,895	41,953	1,243,948
<i>to be deducted: inter-sector revenues</i>	(8,614)	-	(716)	(41,089)	(50,419)
Total revenues from third parties	1,134,112	39,374	19,179	864	1,193,529
EBITDA	644,954	13,331	1,762	35	660,082
Depreciation and impairment losses on property, plant, equipment and intangible assets	(253,423)	(11,582)	(1,846)	(1,409)	(268,260)
EBIT	391,531	1,749	(84)	(1,374)	391,822
Investments in property, plant and equipment and intangible assets	349,778	1,845	1,663	451	353,737
<i>to be deducted: Investment in property, plant and equipment and intangible assets inter-sector</i>					-
Total investments in property, plant and equipment and intangible assets	349,778	1,845	1,663	451	353,737

34. 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)	Italy	Greece
30.06.2024		
Revenues	1,063,772	129,758
Non-current assets	8,920,087	1,206,433
Investments in tangible and intangible assets	306,497	47,240

35. RELATED PARTIES TRANSACTIONS

Considering the “de facto” control of CDP S.p.A. over Italgas S.p.A., pursuant to the international accounting standard IFRS 10 - Consolidated Financial Statements, Italgas’ related parties, based on the current ownership structure, are represented by Italgas’ associates and joint ventures, as well as by the parent company, CDP S.p.A., and by its subsidiaries and associates and direct or indirect subsidiaries, associates and joint ventures of the Ministry of Economy and Finance Ministry (MEF). Members of the Board of Directors, Statutory Auditors and managers with strategic responsibilities of the Italgas Group and their families, are also regarded as related parties.

As explained in detail below, related-parties transactions involve the trading of goods and the provision of regulated services in the gas sector. Transactions between Italgas and related parties are part of ordinary business operations and are generally settled at arm’s length, i.e. at the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group.

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

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

Italgas is not subject to management and coordination activities. Italgas exerts management and coordination activities over its subsidiaries pursuant to Articles 2497 et seq. of the Civil Code.

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The amounts involved in commercial, financial and other transactions with the above-mentioned related parties, are shown below. The nature of the most significant transactions is also stated.

With reference in particular to the balances exposed towards the Eni Group and Enel Group, the underlying relations refer to the natural gas distribution service business, according to the terms of the Network Code, defined by the Regulatory Authorities for Energy, Networks and the Environment. The Network Code regulates the non-discriminatory conditions, including tariffs, applicable to distribution users. These relations shall take the form of ordinary transactions concluded at arm's length conditions insofar as part of the core operating business of the Group, as envisaged by the Italgas Compliance Standard "Transactions involving the interests of the Directors and Statutory Auditors and Related Parties Transactions".

Commercial and other transactions

Commercial and other transactions are analysed below:

(€ thousands)	30.06.2023			First half of 2023				
	Receivables	Payables	Guarantees and commitments	Costs (a)			Revenues (b)	
				Assets	Services	Other	Services	Other
Parent company								
- Cassa Depositi e Prestiti	-	358		-	45	218	-	-
	-	358		-	45	218	-	-
Companies under joint control and associates								
- Umbria Distribuzione Gas	3,470			-	(4)	-	1,387	37
- Metano Sant'Angelo Lodigiano	785	-		-	(2)	-	222	13
- Gesam Reti	90	-		-	-	-	29	3
- Enerpaper	329	879		-	2,870	-	-	-
- Energie Rete Gas	3,333	647		-	-	647	1,144	117
	8,007	1,526		-	2,864	647	2,782	170
Companies owned or controlled by the State								
- Eni Group	32,258	36,280		4,668	431	174	(145,521)	2,699
- Snam Group	301	432		-	126	-	121	12
- Enel Group	12,921	9,126		-	32	131	(84,343)	749
- Anas Group	264	871		-	4	169	-	281
- Ferrovie dello Stato Group	278	187		-	4	182	17	155
- GSE Gestore Servizi Group	1,919	1,053		-	30	14,351	2,961	1
- Poste italiane Group	3	118		-	111	-	-	-
- Saipem Group	3	27		-	-	-	-	3
	47,947	48,094		4,668	738	15,007	(226,765)	3,900

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

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(€ thousands)	30.06.2023			First half of 2023				
				Costs (a)			Revenues (b)	
	Receivables	Payables	Guarantees and commitments	Assets	Services	Other	Services	Other
Other related parties								
- Zecca dello Stato [Italian State Mint]	(1)	-		-	-	-	-	-
- Gruppo Valvitalia	-	962		3,198	-	-	-	-
- Eur Group	-	4		-	-	-	-	-
- UniCredit Previdenza	-	134		-	-	-	-	-
- Personal protective equipment	-	6		-	6	-	-	-
- E-Distribution	2	(1)		-	59	-	-	-
- Servizio Elettrico Nazionale	-	-		-	1	-	-	-
- Ferrovienord	-	5		-	-	6	-	-
- Assicurazioni Generali	1,946	-		-	-	-	-	612
- Valdarno	-	(114)		-	-	-	-	-
- Trevi	-	37		-	-	-	-	-
- Oper Fiber	1	-		-	-	-	-	6
- CESI - Giacinto Motta	-	13		-	-	-	-	-
	1,948	1,046	-	3,198	66	6	-	618
Totale	57,902	51,024	-	7,866	3,713	15,878	(223,983)	4,688

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

(€ thousands)	30.06.2024			First half of 2024				
				Costs (a)			Revenues (b)	
	Receivables	Payables	Guarantees and commitments	Assets	Services	Other	Services	Other
Parent company								
- Cassa Depositi e Prestiti	-	510		-	50	205	-	-
	-	510		-	50	205	-	-
Companies under joint control and associates								
- Umbria Distribuzione Gas	2,121	30		-	(17)	-	421	35
- Metano Sant'Angelo Lodigiano	536	1		-	(4)	-	173	14
- Gesam Reti	42	-		-	-	-	39	3
- Enerpaper	375	924		-	155	-	-	-
- Energie Rete Gas	1,633	6,487		79	3,902	800	616	178
	4,707	7,442		79	4,036	800	1,249	230
Companies owned or controlled by the State								
- Eni Group	132,159	42,568		2,905	395	3,464	305,111	2,437
- Snam Group	324	216		-	83	-	120	11
- Enel Group	34,719	10,842		-	54	371	86,126	1,225
- Anas Group	177	1,138		-	4	313	-	53
- Ferrovie dello Stato Group	462	331		-	5	290	94	-

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(€ thousands)	30.06.2024			First half of 2024				
				Costs (a)			Revenues (b)	
	Receivables	Payables	Guarantees and commitments	Assets	Services	Other	Services	Other
- GSE Gestore Servizi Group	1,005	3,730		-	18	44,898	1,048	-
- Poste italiane Group	(374)	120		-	96	-	-	-
- Leonardo Group	33	20		-	16	-	-	5
- Rai Group	-	-		-	-	1	-	-
- Banca d'Italia	1	-		-	-	-	1	-
- Saipem Group	3	27		-	-	-	-	-
	168,509	58,992		2,905	671	49,337	392,500	3,731
Other related parties								
- Eur Group	-	4		-	-	2	-	-
- Gruppo Valvitalia	1	375		891	(26)	-	-	-
- Personal protective equipment	1	15		6	10	-	-	-
- E-Distribution	10	(1)		-	1	-	-	-
- Monte Titoli	-	-		-	6	-	-	-
- Borsa Italiana	97	-		-	97	-	-	-
- Zurig Investment Life	-	1		-	-	-	-	-
- Ferrovienord	8	8		-	-	6	-	-
- Petrolig	15	-		-	-	-	-	-
- LT	4	48		6	473	-	-	-
- CESI - Giacinto Motta	-	16		-	5	-	-	-
- Assicurazioni Generali	913	-		-	-	-	-	22
- Valdarno	-	22		-	-	-	-	-
- Trevi	-	287		-	-	-	-	-
	1,049	775		903	566	8	-	22
Total	174,265	67,719		3,887	5,323	50,350	393,749	3,983

(a) Include costs for goods and services for investment.

(b) Gross of the regulation components having contra entry in costs.

Companies under joint control and associates

With Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A. the main receivable commercial transactions mainly refer to IT services and staff services.

With Enerpaper S.r.l. the payable commercial transactions refer to activities related to superbonus construction sites.

Companies owned or controlled by the State

The main receivable commercial transactions refer to:

- the distribution of natural gas to the Eni Group;
- the distribution of natural gas to Enel Energia S.p.A.

The main payable commercial transactions refer to:

- the supply of electricity and methane gas for internal consumption by the Eni Group.

The main payable commercial transactions to the Gestore Servizi Group GSE refer to:

- acquisition of Energy Efficiency Certificates.

Financial transactions

Financial transactions can be broken down as follows:

(€ thousands)	30.06.2023		First half of 2023	
	Receivables	Payables	Income	Expense
Parent company				
- Cassa Depositi e Prestiti	636	-	-	-
	636	-	-	-
Companies under joint control and associates				
- Energie Rete Gas	2,126	-	-	-
	2,126	-	-	-
Companies owned or controlled by the State				
- Snam Group	-	1,266	-	-
	-	1,266	-	-
Other companies				
- Acqua Campania	120	-	-	-
	120	-	-	-
Total	2,882	1,266	-	-

(€ thousands)	30.06.2024		First half of 2024	
	Receivables	Payables	Income	Expense
Parent company				
- Cassa Depositi e Prestiti	1,351	-	-	-
	1,351	-	-	-
Companies under joint control and associates				
- Energie Rete Gas	2,125	-	-	-
	2,125	-	-	-
Companies owned or controlled by the State				
- Ferrovie dello Stato Group	-	484	-	-
- Anas Group	-	474	-	-
- Snam Group	-	1,258	-	-
	-	2,216	-	-
Total	3,476	2,216	-	-

Relations with the parent company CDP

The main financial transactions carried out with CDP specifically concern commissions on subscribed loans.

Companies under joint control and associates

The main financial transactions with Energie Rete Gas S.r.l. relate to a shareholder loan agreement.

Companies owned or controlled by the State

The main financial transactions conducted with the Ferrovie dello Stato Group, the Anas Group and the Snam Group relate to IFRS16 debt.

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.

2 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Impact of related-parties transactions or positions on the statement of financial position, income statement and statement of cash flows

The impact of related-parties transactions or positions on the Statement of Financial Position is summarised in the following table:

(€ thousands)	31.12.2023			30.06.2024		
	Total	Related entities	Incidence %	Total	Related entities	Incidence %
Statement of financial position						
Current financial assets	4,248	2,127	50.1%	4,053	2,125	52.4%
Trade and other receivables	853,488	184,114	21.6%	717,133	173,973	24.3%
Other current financial assets	18,094	-	-	13,298	-	-
Other current non-financial assets	152,864	2	-	252,976	-	-
Non-current financial assets	23,778	3,655	15.4%	31,224	1,351	4.3%
Other non-current financial assets	13,708	-	-	14,468	-	-
Other non-current non-financial assets	417,069	287	0.1%	648,796	292	-
Short-term financial liabilities	1,033,434	636	0.1%	1,433,868	637	-
Trade and other payables	829,862	65,775	7.9%	982,414	66,459	6.8%
Other current non-financial liabilities	17,393	222	1.3%	8,378	1,260	15.0%
Long-term financial liabilities	5,886,922	1,566	-	5,759,622	1,579	-
Other non-current non-financial liabilities	527,884	-	-	554,013	-	-

The impact of related-parties transactions on the income statement is summarised in the following table

(€ thousands)	First half of 2023			First half of 2024		
	Total	Related entities	Incidence %	Total	Related entities	Incidence %
Income Statement						
Revenues	1,254,219	(223,893)	(17.9)%	1,157,440	393,749	34.0%
Other revenues and income	39,467	4,688	11.9%	36,090	3,983	11.0%
Costs for raw materials, consumables, supplies and goods	76,383	7,866	10.3%	56,721	3,887	6.9%
Costs for services	396,076	3,713	0.9%	266,720	5,323	2.0%
Costs for leased assets	43,477	351	0.8%	46,841	609	1.3%
Personnel cost	134,496	-	-	137,797	-	-
Other expenses	25,105	15,527	61.9%	26,216	49,741	189.7%
Financial expense	49,624	-	-	68,844	-	-
Financial income	4,783	-	-	12,967	-	-

Related-parties 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)	First half of 2023	First half of 2024
Revenues and income	(219,295)	397,732
Costs and charges	(27,457)	(59,560)
Change in current financial assets	120	2
Change in trade and other current receivables	(29,034)	10,141
Change in non-current financial assets	(144)	2,304
Change in other assets	(46)	(95)
Change in trade and other payables	(393,016)	684
Change in other current liabilities	(194)	1,038
Interest collected (paid)		-
Net cash flow from operating activities	(669,066)	352,246
Net investments		
- (Purchase) Sale of equity investments		
Net cash flow from investment activities	-	-
Dividends distributed to minority shareholders	(101,496)	(112,681)
Increase (decrease) in financial debt	3,196	14
Net cash flow from financing activities	(98,300)	(112,667)
Total cash flows to related entities	(767,366)	239,579

The incidence of cash flows with related parties are shown in the following table:

(€ thousands)	First half of 2023			First half of 2024		
	Total	Related entities	Incidence %	Total	Related entities	Incidence %
Cash flow from operating activities	326,625	(669,066)	-	529,549	352,246	66.5%
Cash flow from investment activities	(497,698)	-	-	(386,632)	-	-
Cash flow from financing activities	185,024	(98,300)	-	(60,697)	(112,667)	-

36. 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.

37. 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.

38. SIGNIFICANT EVENTS AFTER YEAR END

Post-balance sheet events are listed in the section "Other Information" contained in the Directors' Report to which reference is made.

CERTIFICATION OF THE CONDENSED 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 condensed half-year financial statement as at 30 June 2024 in the first half of 2024.

2. The administrative and accounting procedures for the preparation of the condensed half-year financial statement at 30 June 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 Organisations of the Treadway Commission, which represents a benchmark framework for the control system generally accepted at international level.

3. It is also certified that:

3.1 The condensed half-year financial statements as at 30 June 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 Interim Directors' Report includes a reliable analysis of the references to important events which occurred in the first six months of the year and their incidence on the Condensed Consolidated Half-Year Financial Statement, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The Interim Directors' Report also includes a reliable analysis of the information on relevant transactions with related parties

24 July 2024

Chief Executive Officer

Paolo Gallo

Executive responsible for preparing
the corporate accounting documents

Gianfranco Maria Amoroso

REPORT OF THE INDEPENDENT AUDITORS

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Italgas S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Italgas S.p.A. and subsidiaries (the "Italgas Group"), which comprise the statement of financial position as of June 30, 2024, the income statement, the consolidated statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the six-month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Italgas Group as at June 30, 2024 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
July 31, 2024

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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ANNEXES

Companies and equity investments of Italgas S.p.A. as at 30 June 2024

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ANNEXES TO THE NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

COMPANIES AND EQUITY INVESTMENTS OF ITALGAS S.P.A. AS AT 30 JUNE 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 30 June 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 30 June 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	Sector of activity
Italgas S.p.A.	Milan	Eur	1,003,843,959.12	CDP Reti S.p.A. Snam S.p.A. Minority shareholders	25.98% 13.46% 60.56%	100.00%	full consolidation	Corporate

SUBSIDIARY COMPANIES

Name	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Sector of activity
Italgas Reti S.p.A.	Turin	Eur	252,263,314	Italgas S.p.A.	100.00%	100.00%	full consolidation	Gas distribution
Nepta S.p.A.	Milan	Eur	50,000	Italgas S.p.A.	100.00%	100.00%	full consolidation	Water service
Geoside S.p.A.	Casalecchio di Reno (BO)	Eur	57,089,254	Italgas S.p.A. Toscana Energia S.p.A.	67.22% 32.78%	83.82%	full consolidation	Energy efficiency
Medea S.p.A.	Sassari	Eur	95,500,000	Italgas Reti S.p.A. Minority shareholders	51.85% 48.15%	51.85%	full consolidation	Gas distribution
Toscana Energia S.p.A.	Florence	Eur	146,214,387	Italgas S.p.A. Minority shareholders	50.66% 49.34%	50.66%	full consolidation	Gas distribution
Italgas Newco S.p.A.	Milan	Eur	50,000,000	Italgas S.p.A. Minority shareholders	90.00% 10.00%	90.00%	full consolidation	Gas distribution

Name	Registered office	Currency	Share capital	Shareholders	% ownership	% consolidated pertaining to Italgas	Consolidation method or measurement criterion	Sector of activity
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.	98.70%	98.70%	full consolidation	Water service
Acqua Campania S.p.A.	Naples	Eur	4,950,000	Italgas Reti S.p.A.	96.23%	96.23%	full consolidation	Water service
LAC Laboratorio Acqua Campania S.r.l.	Naples	Eur	30,000	Acqua Campania S.p.A.	51.00%	51.00%	full consolidation	Water service

ASSOCIATED AND JOINT VENTURES 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. Minority shareholders	50.00% 50.00%	shareholders' equity measurement
Umbria Distribuzione Gas S.p.A. (a)	Terni	Eur	2,120,000	Italgas S.p.A. Minority shareholders	45.00% 55.00%	shareholders' equity measurement
Energie Rete Gas S.r.l. (a)	Milan	Eur	21,568,628	Medea S.p.A. Minority shareholders	49.00% 51.00%	shareholders' equity measurement
Gesam Reti S.p.A.	Lucca	Eur	20,626,657	Toscana Energia S.p.A. Minority shareholders	42.96% 57.04%	shareholders' equity measurement
Enerpaper S.r.l.	Turin	Eur	20,616	Geoside S.p.A. Minority shareholders	20.01% 79.99%	shareholders' equity measurement
Siciliaque S.p.A.	Palermo	Eur	400,000	Idrosicilia S.p.A. Minority shareholders	75.00% 25.00%	shareholders' equity measurement
Acqualatina S.p.A.	Latina	Eur	23,661,533	Idrolatina S.r.l. Minority shareholders	49.00% 51.00%	shareholders' equity measurement

(a) company subject to joint control.

OTHER COMPANIES

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. Minority shareholders	15.00% 85.00%	fair value measurement
Picarro Inc.	Santa Clara (USA)	Dollar		Italgas S.p.A. Minority shareholders	6.00% 94.00%	fair value measurement
Gaxa S.p.A.	Cagliari	Eur	100,000	Italgas S.p.A. Minority shareholders	1.00% 99.00%	fair value measurement



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