



ITALGAS S.P.A.

REPORT OF THE BOARD OF DIRECTORS ON ITEM 2 ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF ITALGAS S.P.A. OF 10 APRIL 2025 IN SINGLE CALL

drawn up pursuant to Article 125-*ter* of Legislative Decree No. 58 of 24 February 1998 ("CLF") and Article 72 of Consob Regulation No. 11971 of 14 May 1999 ("**Issuers' Regulations**"), in accordance with the indications contained in Model 2 of Annex 3A of the aforesaid Issuers' Regulations

Item 2 on the Agenda of the Extraordinary Session

“Proposals to increase the share capital, to be reserved for employees of Italgas S.p.A and/or companies in the Group, to service the “IGrant” Employee Share Ownership Plan 2025-2027. Amendment to article 5 of the Company’s Bylaws. Related and consequent resolutions.”

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Foreword

Dear Shareholders,

You have been convened to the Shareholders' Meeting to resolve, inter alia, on the proposal that the Board of Directors of Italgas S.p.A. (hereinafter “**Italgas**”, the “**Company**” or the “**Issuer**”) intends to submit for your approval in relation to the second item on the extraordinary session agenda.

The purpose of this report (the “**Report**”) - prepared by the Board of Directors pursuant to Article 125-ter of the CLF and Article 72 of the Issuers' Regulations, in accordance with the indications contained in Model 2 of Annex 3A of the aforesaid Issuers' Regulations - is to illustrate the proposed share capital increases of Italgas, to be reserved for employees of Italgas S.p.A. and/or of Group companies, to service the “IGrant” Employee Share Ownership Plan 2025-2027 (the “**IGrant Plan**”), as well as the amendments to the Bylaws resulting from the aforesaid capital increases.

The IGrant Plan is described in the information notice prepared pursuant to Article 84-bis of Consob Regulation No. 11971/99, as amended and supplemented, and made available to Shareholders for examination under item 1 of the agenda of the ordinary session of the Shareholders' Meeting.

The information notice, to be referred to for more information on the IGrant Plan, also indicates – pursuant to the aforementioned regulatory provision – the IGrant Plan recipient categories, the criteria for identifying effective beneficiaries and IGrant Plan characteristics, and details the reasons underlying the proposal to adopt the IGrant Plan.

The IGrant Plan provides for (i) the possibility for its recipients to subscribe to ordinary shares of the Company, deriving from a capital increase with the exclusion of option rights, pursuant to Article 2441, paragraph 8, of the Italian Civil Code, as well as (ii) the free assignment of ordinary shares of the Company to participants deriving from a capital increase to be executed through the utilisation, pursuant to Article 2349 of the Italian Civil Code, of retained earnings reserves, under the terms and conditions set forth in the IGrant Plan itself. Those participating in the IGrant Plan shall be entitled to receive shares, under the terms and conditions established in the IGrant Plan itself.

In order to ensure the relevant provision of shares, the Board therefore intends to submit for your attention the proposal to increase the share capital against payment, in one or more tranches, for a maximum nominal amount of 4,960,000.00 euros, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, by issuing no more than 4,000,000 ordinary shares, to be reserved for subscription to the recipients of the IGrant Plan (the “**Reserved Capital Increase**”), and (ii) the proposal to increase the share capital free of charge, in one or more tranches, for a maximum nominal amount of 7,440,000.00 euros, through the allocation pursuant to Article 2349 of the Italian Civil Code of a corresponding maximum amount of retained earnings reserves, with the issue of no more than 6,000,000 ordinary shares to be reserved for the beneficiaries of the IGrant Plan (the “**Free Capital Increase**”).

Note that, pursuant to art. 5 of the Company Bylaws, “*the share capital may be increased...with the issue of new shares, including special categories, to be assigned free of charge pursuant to art. 2349 of the Italian Civil Code*”.

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1. Reasons and intended use of the Capital Increase

The IGrant Plan envisages granting its recipients the right to invest in the Company's shares, for the purpose, inter alia, of strengthening Italgas people's sense of belonging to the Company, promoting their participation in the growth of the corporate value and increasing the employees' motivation to achieve the corporate objectives. The IGrant Plan also envisages, if certain conditions set forth therein are met, the free allocation of ordinary shares of the Company to its recipients.

The Reserved Capital Increase exclusively serves the subscription of new shares by the beneficiaries of the aforesaid IGrant Plan and, as mentioned, is therefore exclusively intended for employees of Italgas and/or of Group companies, as detailed in the related information notice.

The Free Capital Increase also serves the aforesaid IGrant Plan and, in particular, the free assignment of shares of the Company to the recipients of the IGrant Plan who subscribed to shares from the Reserved Capital Increase, as better detailed in the related information notice.

The shares of the Reserved Capital Increase and of the Free Capital Increase may be issued, even in one or more tranches, for the duration of the capital increase resolution outlined, and in any case by the final deadline of 31 December 2028.

2. Characteristics of the Shares, allocation to capital

The Company shares, that can be assigned to IGrant Plan beneficiaries under the terms and conditions established therein, will be ordinary Italgas shares with the same characteristics as those in circulation. Furthermore, they will have the same dividend rights as the ordinary shares of the Company currently in circulation and will therefore be provided with existing coupons.

3. Criteria for determining the issue price of the Shares

As the shares of the Company have no express nominal value, the Board intends to submit for your attention a proposal to ascribe to capital, with respect to the Free Capital Increase, a maximum amount of 7,440,000.00 euros and therefore an amount, for each share, equal to the current accounting par value of the shares rounded to the euro cent of 1.24 euros as calculated on the date of this Report.

With regard to the Reserved Capital Increase, the subscription price will be equal to the average of the daily official prices of Italgas shares in the 30 calendar days preceding the opening date of the subscription period of the IGrant Plan. By way of example, should the subscription period for the IGrant Plan be open from 1 June to 30 June, the subscription price would be calculated considering the average of the daily official prices of Italgas shares in the 30 calendar days prior to 1 June.

As the shares of the Company have no express nominal value, the Board intends to submit for your attention a proposal to ascribe to capital, with respect to the Reserved Capital Increase, a maximum amount of 4,960,000.00 euros and therefore an amount, for each share, equal to the current accounting par value of the shares rounded to the euro cent of 1.24 euros as calculated on the date of this Report, allocating the surplus to share premium.

4. Amendments to the bylaws

Each of the transactions outlined involves an amendment to article 5 of the Company Bylaws to incorporate the Free Capital Increase and Reserved Capital Increase resolutions.

In particular, with reference to the Reserved Capital Increase and the Free Capital Increase, considering their close connection in light of the mechanics of the IGrant Plan, the current text of Article 5 of the Bylaws is set forth below, together with the comparison column relating to the proposed amendments (the amendments are shown in bold).

Current text	Proposed text
TITLE II	TITLE II
COMPANY CAPITAL	COMPANY CAPITAL
ARTICLE 5	ARTICLE 5
<p><u>Paragraph 5.1</u></p> <p>The Company's share capital is 1,004,478,347.72 euros (one billion four million four hundred and seventy-eight thousand three hundred and forty-seven point seventy-two), divided into 811,753,913 (eight hundred eleven million seven hundred fifty-three thousand nine hundred thirteen) shares without par value.</p> <p>On 10 April 2025, the Extraordinary Shareholders' Meeting resolved to increase the Company's share capital, for payment and in divisible form, for a maximum total amount of 1,020 million euros (including any share premium), through the issue of ordinary shares with no par value, with regular dividend rights and having the same characteristics as those in circulation, to be offered as an option to the Company's Shareholders – to be executed only once the closing of the transaction for the acquisition of the stake representing 99.94% of the share capital of 2i Rete Gas S.p.A. has been finalised – in proportion to the number of shares held pursuant to Article 2441, paragraph 1, of the Italian Civil Code, to be released in cash, setting the deadline of 12 months from the date of the aforementioned resolution of the Shareholders' Meeting as the final deadline for the subscription and redemption of the Company's shares to be issued in execution of the aforesaid capital increase, providing that if the capital increase is not fully subscribed by the deadline of 12 months from the date of the aforementioned resolution of the Shareholders' Meeting, the Company's share capital shall be deemed to be increased by an amount equal to the subscriptions received as of that date.</p> <p>Furthermore, at the same meeting, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the broadest powers to: (a) determine, in compliance with the deadlines set by the Shareholders' Meeting and, in any case, only once the closing of the transaction for the acquisition of the stake representing 99.94% of the share capital of 2i Rete Gas S.p.A. has been finalised, the timing of the option offer, going ahead with its filing with the Business Register, as well as the timing of the offer on the stock exchange of any option rights not taken up; (b) determine, close to the start of the period of the option rights offer relating to the capital increase, the number of shares to be issued, the option ratio</p>	<p><u>Paragraph 5.1</u></p> <p><i>(Unchanged)</i></p>

<p>and the issue price (accounting parity and premium), taking into account, inter alia, for the purpose of determining the issue price, the market conditions in general and the stock price trend, the Company's economic, equity and financial performance and its development prospects and considering the market practice for similar transactions, including the possibility of applying a discount on the Theoretical Ex-Rights Price (“TERP”) of the ordinary shares, calculated according to current methodologies; (c) determine, within the maximum limit resolved by the Shareholders' Meeting, the final amount of the capital increase and any other element necessary for the above purposes; and (d) determine any other element necessary to implement the capital increase and to carry out any formalities and/or fulfilments required by the applicable regulations in order to execute the capital increase and for the newly issued Italgas shares resulting from said capital increase to be offered to those entitled thereto and to be admitted to listing on Euronext Milan, organised and managed by Borsa Italiana S.p.A.</p>	
<p><u>Paragraph 5.2</u></p> <p>The Shareholders' Meeting may resolve to increase the share capital, determining the terms, conditions and arrangements thereof. The share capital may be increased: by transfer in kind or of assets and with the issue of new shares, including special categories, to be assigned free of charge pursuant to art. 2349 of the Italian Civil Code.</p>	<p><u>Paragraph 5.2</u> <i>(Unchanged)</i></p>
<p><u>Paragraph 5.3</u></p> <p>On 20 April 2021, the Extraordinary Shareholders' Meeting resolved to increase the share capital, in one or more tranches, by a nominal maximum amount of 5,580,000 euros, of which 4,329,220.68 now remain, through allocation, pursuant to art. 2349 of the Italian Civil Code, of a corresponding amount withdrawn from retained earnings reserves, with the issuance of no more than 4,500,000 ordinary shares, of which 3,491,307 now remain to be assigned free of charge to the beneficiaries of the incentive plan approved by the Ordinary Shareholders' Meeting of 20 April 2021 and to be carried out by the final deadline of 30 June 2026.</p>	<p><u>Paragraph 5.3</u> <i>(Unchanged)</i></p>
<p><u>Paragraph 5.4</u></p> <p>On 06 May 2024 the Extraordinary Shareholders' Meeting resolved to increase the share capital, in one or more tranches, by a nominal maximum amount of 3,720,000 euros, through allocation, pursuant to</p>	<p><u>Paragraph 5.4</u> <i>(Unchanged)</i></p>

<p>Article 2349 of the Italian Civil Code, of a corresponding amount withdrawn from retained earnings reserves, with the issuance of no more than 3,000,000 of ordinary shares, to be assigned free of charge to the beneficiaries of the incentive plan approved by the same Ordinary Shareholders' Meeting of 06 May 2024 and to be carried out by the final deadline of 30 June 2028.</p>	
	<p><u>Paragraph 5.5</u></p> <p>On 10 April 2025, the Extraordinary Shareholders' Meeting resolved to increase the share capital against payment, in one or more tranches, for a maximum nominal amount of 4,960,000.00 euros and issue no more than 4,000,000 ordinary shares, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be offered for subscription to the beneficiaries of the Employee Share Ownership Plan approved by the Ordinary Shareholders' Meeting of 10 April 2025 and to be executed by the deadline of 31 December 2028.</p>
	<p><u>Paragraph 5.6</u></p> <p>On 10 April 2025 the Extraordinary Shareholders' Meeting resolved on a share capital increase in the nominal maximum amount of 7,440,000.00 euros, through allocation pursuant to art. 2349 of the Italian Civil Code of a corresponding amount taken from retained earning reserves, with the issuance of no more than 6,000,000 ordinary shares, to be assigned free of charge to beneficiaries of the Employee Share Ownership Plan approved by the Ordinary Shareholders' Meeting of 10 April 2025, subscribers of the capital increase referred to in the immediately preceding paragraph and to be carried out by the final deadline of 31 December 2028.</p>

5. Right of Withdrawal

The passing of the resolution relating to the capital increase and the related amendment to Article 5 of Italgas' Bylaws does not entail the right of withdrawal pursuant to Article 2437 of the Italian Civil Code for those Shareholders who did not take part in the resolution in question, since the prerequisites established by the law and the Bylaws for the occurrence of such right are not met.

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All the above being stated, the Board of Directors submits the following proposed resolution for your approval:

“The Shareholders’ Meeting of Italgas S.p.A., meeting in an extraordinary session,

- *having acknowledged the proposal made by the Board of Directors; and having examined the related report;*
- *having acknowledged the approval by today's Ordinary Shareholders' Meeting of the employee share ownership plan;*

resolves

- (i) *to increase the share capital against payment, in one or more tranches, for a maximum nominal amount of 4,960,000.00 euros and issue no more than 4,000,000 ordinary shares, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be offered for subscription to the beneficiaries of the Employee Share Ownership Plan approved by the Ordinary Shareholders' Meeting of 10 April 2025 and to be executed by the deadline of 31 December 2028, at an issue price equal to the average of the daily official prices of Italgas shares in the 30 calendar days preceding the opening date of the subscription period of the Employee Share Ownership Plan with allocation to capital of 1.24 euros per share;*
- (ii) *to increase the share capital for the maximum nominal amount of 7,440,000.00 euros, through the allocation pursuant to art. 2349 of the Italian Civil Code of a corresponding amount taken from retained earnings reserves, with the issuance of no more than 6,000,000 ordinary shares, to be assigned free of charge to beneficiaries of the Employee Share Ownership Plan approved by the Ordinary Shareholders’ Meeting held on 10 April 2025, subscribers of the capital increase referred to in the immediately preceding paragraph and to be carried out by the final deadline of 31 December 2028, with allocation to capital of 1.24 euros per share;*
- (iii) *to amend Article 5 of the Bylaws as set forth in the Board of Directors' Explanatory Report by inserting the paragraph highlighted in the Proposed Text column of the following table:*

Proposed text
ARTICLE 5
<u>Paragraph 5.5</u>
On 10 April 2025, the Extraordinary Shareholders' Meeting resolved to increase the share capital against payment, in one or more tranches, for a maximum nominal amount of 4,960,000.00 euros and issue no more than 4,000,000 ordinary shares, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be offered for subscription to the beneficiaries of the Employee Share Ownership Plan approved by the Ordinary Shareholders' Meeting of 10 April 2025 and to be executed by the deadline of 31 December 2028.
<u>Paragraph 5.6</u>
On 10 April 2025 the Extraordinary Shareholders' Meeting resolved on a share capital increase in the nominal maximum amount of 7,440,000.00 euros, through allocation pursuant to art. 2349 of the Italian Civil Code of a corresponding amount taken from retained earning reserves, with the issuance of no more than 6,000,000 ordinary shares, to be assigned free of charge to beneficiaries of the Employee Share Ownership Plan approved by the Ordinary Shareholders’ Meeting of 10 April 2025, subscribers of the capital increase referred to in the immediately preceding paragraph and to be carried out by the final deadline of 31 December 2028.

- (iv) *to attribute to the Board of Directors, and on its behalf to the Chairperson and the Chief Executive Officer pro tempore in office and severally, the powers to implement the preceding resolutions, including but not limited to:*
- *the power to amend article 5 of the Company Bylaws as regards the part concerning the capital increase and the number of shares of which it is comprised, in relation to the total or partial subscription of the capital increase, and also to file said amendments at the Business Register;*
 - *the power to perform all activities, prepare, submit and sign all documents or deeds that are required, necessary or appropriate for the purposes of executing the capital increase resolved on and to perform all preparatory, additional, instrumental or consequent activities, giving the legal representatives in office at the time the power to act severally for all and any activities not reserved by law or internal regulations to the remit of the collegial body;*
 - *the power to perform all actions necessary and appropriate to execute the resolution, also conferring on the legal representatives in office at the time the power to act severally to introduce the changes permitted or requested for registration in the Business Register;*
- (v) *to establish that, should each of the resolved capital increases referred to in this paragraph not be fully executed by the final deadline of 31 December 2028, the capital shall nevertheless be deemed to be increased by an amount equal to the shares issued.”*

Milan, 11 March 2025

The Chairperson of the Board of Directors

Ms Benedetta Navarra