

ITALGAS: CONSOLIDATED RESULTS AS AT 30 JUNE 2024 APPROVED

Milan, 24 July 2024 - The Italgas' Board of Directors, which met today chaired by Benedetta Navarra, has approved the consolidated results as at 30 June 2024.

Highlights¹

- Adjusted total revenues: € 872.3 million (-6.4% mainly attributable to the reduction in energy efficiency activities connected with the so-called Super Bonus)
- Adjusted gas distribution regulated revenues: € 809.1 million (+12.0%)
- EBITDA adjusted: € 671.2 million (+10.6%)
- EBIT adjusted: € 401.8 million (+12.0%)
- Adjusted net profit attributable to the Group: € 241.5 million (+13.3%)
- Technical investments: € 353.7 million
- Cash flow from operating activities: € 529.5 million
- Net financial debt (excluding the effects pursuant to IFRS 16): € 6,731.4 million
- Net financial debt: € 6,829.4 million
- Net energy consumption: 225.2 TJ (-12.4%)
- 73,059 km of network investigated (+35.9%)

Italgas' economic and financial indicators for the first six months of 2024 show a growth trend that continues uninterrupted since 2017 confirming the effectiveness of the strategic choices of digital transformation and innovation made over time.

With an adjusted net profit of € 241.5 million (+13.3%) the Group continues on the path of growth outlined in the 2023-2029 Strategic Plan.

Total adjusted revenues amounted to € 872.3 million. The increase in regulated gas distribution revenues (+12.0% compared to the corresponding period of 2023) and the

¹ The consolidated balance sheet and income statement of the Italgas Group at 30 June 2024 reflects the effects of the first consolidation, starting 30 January 2024, of Acqua Campania and subsidiaries; instead, the data relating to Scope 1 and 2 emissions and net energy consumption does not include Acqua Campania.

contribution of Acqua Campania have partly offset the expected drop in revenues related to energy efficiency activities (end of the so-called 'Superbonus').

In the Italian gas distribution business, activities are continuing towards the repurposing and completing the digitisation of the network, the main enabler of the ecological transition as it allows for the acceptance of incremental quotas of renewable gas, such as biomethane and green hydrogen, in blending with gas of fossil origin; in Greece, the development of the network towards areas of the country not yet reached by methane continues, contributing, at the same time, to achieving the objectives of decarbonising consumption.

In the water sector, activities are underway to integrate recently acquired companies into the Group and to share technical and technological know-how aimed at fostering the development of a more efficient service, reducing losses and creating value for communities.

In the first half of 2024, technical investments in the amount of € 353.7 million were made, thanks to which a variety of interventions were carried out, including the installation of 354 kilometres of gas distribution pipelines.

Adjusted EBITDA for the first six months of 2024 came to € 671.2 million, up +10.6% compared to 30 June 2023, also thanks to cost containment and the improvement in the regulated gas distribution WACC in Italy.

Cash flow from operating activities amounted to € 529.5 million, an increase of € 210 million compared to the previous year, and enabled investments to be fully financed, generating a free cash flow, before M&A transactions, of € 139.4 million.

The Group's commitment to continuous improvement in environmental performance continued, with a drop in net energy consumption of -12.4% in the half-year period. The trend in Scope 1 and 2 emissions (+11.1% in absolute volume) reflects the acceleration of leakage detection activities: the portion in kilometres of network investigated increased by 35.9% compared to the same period last year, while the rate of atmospheric leakage detected, measured as the ratio of volume of gas dispersed to kilometres of network investigated, fell significantly, by 17.4% for the Italian scope and 44.1% for the Greek scope.

Paolo Gallo, CEO of Italgas, commented:

“The results for the first half of 2024 confirm the solid performance of the Italgas Group and the clear vision for the future development of our activities.

The economic and financial indicators showed significant double-digit growth. The most important results include adjusted EBITDA, which increased by 10.6%, rising to € 671.2 million and Group Adjusted Net Profit, which exceeded € 240 million, up 13.3% compared to the first half of last year.

With more than € 350 million already invested, the development of networks and facilities to be made available for a sustainable, safe and competitive ecological transition for Italy and Greece is being strengthened. This share is expected to grow further in the second half of the year, with investments increasing according to a higher rate of progression.

Our commitment in the water sector has enabled us to achieve the first significant results in less than a year. We have made our execution capacity available to the authorities in the south of the country to mitigate the effects of the low rainfall. The application on water networks of the technologies developed for the gas network will allow us to recover efficiency and value for the territories served.

Innovation, sustainability, the circular economy and training remain the key points of our daily operations. We continue to work to contribute to the decarbonisation of consumption and favour the sustainable development of the territories”.

Italgas Group structure as at 30 June 2024

As part of the Group's development in the water industry, Italgas Reti completed the acquisition of 47.8% from Vianini Lavori S.p.A. and 47.9% from the Veolia Group of Acqua Campania S.p.A., thereby ending up with a total stake of 96.23%.

Economic and financial highlights

Reclassified income statement

(€ million)		First half of the year		Abs.	%
Financial		2023	2024	change	Change
Year 2023					
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).

Adjusted gas distribution regulated revenues² increased by € 86.8 million compared with the same period of 2023, mainly due to the higher distribution revenues (€ +84.5 million)

²Italgas' management assesses Group performance on the basis of alternative performance indicators not envisaged by IFRS, obtained by excluding special items from EBIT and net profit.

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

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).

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).

Other revenues decreased by € 146.3 million compared to the corresponding period of 2023, recording a € 175 million reduction in revenues from energy efficiency activities related to the Superbonus (against a corresponding reduction in operating costs), partially offset by the increase in revenues from the water sector, due also to the inclusion of Acqua Campania in the consolidation scope (€ +31.6 million).

It therefore follows that **adjusted total revenues** came to € 872.3 million.

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.

On a like-for-like basis costs decreased by 1% compared to the same period in 2023.

Adjusted EBITDA as at 30 June 2024 amounted to € 671.2 million, an increase of € 64.2 million (+10.6%) compared to the corresponding 2023 period (€ 607.0 million). This change mainly derives from the growth of gas distribution (€ +88.5 million) and the reduction resulting from ESCo activities (€ -36.5 million). The first consolidation of Acqua Campania recorded an increase in EBITDA of € 14.3 million.

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).

Adjusted EBIT as at 30 June 2024 amounted to € 401.8 million, an increase of € 43.0 million compared to 30 June 2023 (+12.0%).

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

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.

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).

Adjusted income taxes amounted to € 97.0 million as at 30 June 2024, up by € 11.8 million compared to the corresponding figure for the previous year, as a result of the higher pre-tax result for the period. The **tax rate** thus stands at 27.5%.

Adjusted Net profit as at 30 June 2024 amounted to € 255.1 million (+11.5%). **Adjusted net profit attributable to the Group** as at 30 June 2024 amounted to € 241.5 million and increased by +13.3% compared to 30 June 2023 (€ 213.2 million).

Reclassified Statement of Financial Position

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 party 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	552.5	232.9
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)	(117.7)	(87.5)
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
Long-term financial debt	5,840.9	5,708.2	(132.7)
Other short-term financial debt	-	37.5	37.5
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.

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.

Reclassified Statement of Cash Flows

The reclassified statement of cash flows provided is the summary of the legally required cash flow statement. The reclassified statement of cash flows makes it possible to reconcile the change in cash and cash equivalents at the start and end of the period with the change in net financial debt at the start and end of the period. The measure which allows for the reconciliation between the two statements is the free cash flow³, i.e. the cash surplus or deficit remaining after the financing of investments.

³ 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).

(€ 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

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 € 176.2 million and including the effects of IFRS 16 and IFRIC 12 amounted to EUR 195.1 million.

Key operating figures

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)					
Financial Year 2023		First half of the year		Abs. change	% Change
		2023	2024		
538.9	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).

Summary of the key 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

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.

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"⁴.

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. The following is provided for the main sectors identified and the reference indicators.

Gas distribution sector

The following table summarises the main items of the 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%

Water Service Sector

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*)⁵.

(€ million)	First half of the year	
	2024	2024* <i>pro rata</i>
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%

* Non IAS/IFRS-compliance figures

⁴ 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.

⁵ 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.

Energy efficiency sector

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
Adjusted EBITDA	38.3	1.8
Adjusted EBIT	36.6	(0.1)
Adjusted EBITDA margin (%)	20%	9%
Adjusted EBIT margin (%)	19%	-1%

Alternative performance indicators

This press release uses alternative performance indicators, including EBITDA (gross operating margin, calculated by subtracting from net profit income taxes, net income from equity investments, net financial expense, amortisation, depreciation and impairment), EBIT (operating income, calculated by subtracting from net profit income taxes, net income from equity investments and net financial expense) and net financial debt (calculated as the sum of short- and long-term financial debt, net of cash and cash equivalents, cash flow hedges and current financial assets).

The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IAS – IFRS.

Sustainability and value creation

The ESG criteria adopted by the Group are an integral part of its development strategies: in fact⁶, 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 levels⁷. 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

⁶ https://www.italgas.it/wp-content/uploads/sites/2/2023/06/15-06-2023-Strategic-Plan-2023-29-Italgas_v12.pdf

⁷ 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.

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 implementation of related green gas and carbon removal activities from 2030 onwards.

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) ⁸	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 ⁹	61.7	58.5	(3.2)	(5.2)
Net electricity consumption for industrial use ¹⁰	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)

As far as fuel energy consumption is concerned, 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 achieved thanks to the continuation of the efficiency measures implemented across the Group's entire plant fleet. 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 Group¹¹, from a value of 1.15 to 1.02, despite the effect of additional gas consumption 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

⁸ This refers to total energy consumption, from which any self-produced and self-consumed electricity consumption is subtracted.

⁹ Consumption and emissions from the personal use of cars have been excluded.

¹⁰ For the first half of 2024, 14.4 TJ of electricity produced by plants equipped with turbo-expanders and co-generation plant were subtracted, as compared with 10.9 TJ subtracted during the first half of 2023.

¹¹ 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.

against a reduction in electricity consumption, equal to 18.7% (from 17.1 TJ to 13.9 TJ). The reduction of total energy consumption for civil use is related to the constant process of optimisation, innovation and smart management of 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.

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 ¹² (thousand tCO ₂ eq)	First half of the year ¹³		Abs. change	% Change
	2023	2024		
Fugitive gas emissions (Scope 1)	46.7	54.9 ¹⁴	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) ⁹	2.9	2.7	(0.2)	

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 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.

Main events of the first half of 2024

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 of 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 company of Italgas, led the transformation with the launch of innovative solutions such as the new smart meter Nimbus, which promises a more efficient, safer and more sustainable management of the gas network. Collaboration with excellent suppliers enabled the successful development and testing of this cutting-edge technology.

The DANA (Digital Advanced Network Automation) system has been consolidated in our ecosystem to provide optimised control and management of the digitised gas network, and has introduced the important novelty of remote control of cathodic protection systems, as well as launching the first AI (Artificial Intelligence) applications at scale for network remote control and faster document consultation.

In fact, Italgas continues on its path of technological transformation, seizing the opportunities offered by AI: Italgas' Digital Factory, which for years has been the beating heart of innovation, employing sensors, digital and Artificial Intelligence (also generative, GenAI) to profoundly transform business processes across the entire organisation, increasing operational efficiency and raising safety and service quality levels.

Rating and optimization of the debt structure

- On 1 February 2024, as part of its EMTN Programme renewed by resolution of the Board of Directors on 29 September 2023, Italgas successfully completed the launch of a bond

issue maturing on 8 February 2029, with a fixed rate and for a total amount of € 650 million, 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 implementation of the 2021-2023 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting on 20 April 2021, the Board of Directors resolved on the free allocation of a total of 497,089 new ordinary shares of Italgas to the beneficiaries of the Plan (so-called first cycle of the Plan) and executed the first tranche of the capital increase resolved by the same Shareholders' Meeting, for a nominal amount of € 616,390 taken from the retained earnings reserve.
- On 6 May 2024, the Shareholders' Meeting of Italgas approved the 2024-2025 Co-investment Plan and the proposed free share capital increase, in one or more tranches, to service the same 2024-2025 Co-investment Plan for a maximum nominal amount of € 3,720,000, by issuing a maximum number of 3,000,000 new ordinary shares to be allocated, pursuant to Article 2349 of the Italian Civil Code, for a corresponding maximum amount drawn from the retained earnings reserve, exclusively to the beneficiaries of the Plan, i.e. employees of the company and/or group companies.

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

- 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.
- On 1 February 2024, Regulatory Decision no. E-14/2024 of the Greek Regulatory Authority for Energy, Waste and Water, (RAEWW) was published in the Official Journal, which formalised, within the distribution tariff document, the WACC of 8.38% to be applied to DSOs in Greece for the period 2024-2026.
- 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.
- 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.

- 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.

Significant events occurring after the end of the first half of 2024

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.

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.

Italian Legislative Decree no. 25 of 15 February 2016, effective from 18 March 2016, which implemented European Directive 2013/50/EU of 22 October 2013 (new Transparency Directive), eliminated the obligation to publish the interim report on operations, previously provided for by Art. 154-ter, subsection 5 of the Consolidated Law on Finance (CLF).

In accordance with the development of the reference regulatory framework and taking into account the needs of stakeholders, Italgas has chosen to voluntarily publish periodic financial information in addition to the Annual and Half-Year Financial Report.

This decision reflects the business policy of regular and transparent disclosure of the Group's financial performance to the market and investors.

The economic and financial information was drafted in compliance with the valuation and measurement criteria established by International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure pursuant to Art. 6 of (EC) Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002.

Given their size, amounts of the relevant items are expressed in millions of euros to the first decimal place.

Conference call

At 5 p.m. CET today, a conference call will be held to present the results of 30 June 2024 to financial analysts and investors. The presentation may be viewed, through audio webcasting, on the Company's website (www.italgas.it). In conjunction with the conference call, the supporting material for the presentation will also be provided in the "Investor Relations/Presentations" section of the website.

The officer responsible for the preparation of financial reports, Gianfranco Amoroso, declares, pursuant to paragraph 2, Article 154-bis of the Consolidated Finance Act, that the accounting information contained in this report corresponds to the documented results, books and accounting records.

Disclaimer

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