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Oggetto : ITALGAS: CONSOLIDATED RESULTS AS AT
31 DECEMBER 2024 APPROVED

Testo del comunicato

Vedi allegato

ITALGAS: CONSOLIDATED RESULTS AS AT 31 DECEMBER 2024 APPROVED

THE BOARD OF DIRECTORS HAS CONVENED THE SHAREHOLDERS' MEETING FOR 13 MAY 2025

Milan, 12 February 2025 - Italgas' Board of Directors, chaired by Benedetta Navarra, met today and approved the consolidated results as at 31 December 2024 and resolved to propose to the Shareholders' Meeting, called to meet on 13 May 2025, the distribution of a dividend of 0.406 euros per share (+15.3% compared to 2023).

Highlights

- Adjusted total revenues: 1,778.8 million euros (+0.2%)
- EBITDA adjusted: 1,350.9 million euros (+14.1%)
- EBIT adjusted: 820.7 million euros (+20.5%)
- Adjusted net profit attributable to the Group: 506.6 million euros (+15.2%)
- Technical investments: 887.0 million euros - RAB at the end of 2024 of approximately 10 billion euros
- Cash flow from operating activities: 1,098.7 million euros
- Net financial debt (excluding the effects pursuant to IFRS 16 and IFRIC 12): 6,672.3 million euros
- Net financial debt: 6,762.8 million euros
- Scope 1 and 2 emissions: 119.2 10³ tCO₂eq, -20.7% compared to 2023 (same scope)¹;
- Net energy consumption²: 395.9 TJ, -6.8% compared to 2023 (same scope)³;
- Gas Leakage Rate⁴: 0.069% compared to 0.089% in 2023;
- Networks inspected annually for gas leaks into the atmosphere⁵: 154% compared to 120% in 2023;
- 7.5% Gender Equity Pay Gap⁶.

¹ Also considering Acqua Campania (consolidated from 30 January 2024), which contributed 54.4 10³ tCO₂eq in market-based Scope 1 and 2 emissions, total Group emissions in 2024 were 173.6 10³ tCO₂eq.

² This refers to total energy consumption, from which any self-produced and self-consumed electricity consumption is subtracted.

³ Also considering Acqua Campania, which consumed 392.7 TJ of energy, and the consumption of self-generated non-fuel renewable energy for the rest of the Group (0.5 TJ), total Group consumption in 2024 was 789.2 TJ.

⁴ Calculated as the ratio between fugitive emissions of natural gas and volumes of gas distributed.

⁵ Value calculated as the ratio between the linear extension of the networks inspected in the calendar year and the total extension of the Group's gas networks.

⁶ Calculated as the change in the average ratio of the hourly basic pay of women to men for comparable groups of employees according to organisational weight, referred to the Italian scope.

In 2024 Italgas confirmed its excellence in managing its businesses, recording 32 consecutive quarters of growth and accelerating the digital transformation of its infrastructure to support the energy transition. The results achieved fit into the path set by the 2024-2030 Strategic Plan and the acquisition of 2i Rete Gas, strengthening the Group's role in the sector.

In 2024, Italgas recorded adjusted total revenues of 1,778.8 million euros. This results was driven by the increase in gas distribution regulated revenue (+11.7% compared to 2023) and by the contribution of Acqua Campania, which offset the expected drop of the energy efficiency business following the end of “Superbonus” incentives.

Adjusted EBITDA grew by 14.1% reaching 1,350.9 million euros, thanks to a favorable regulatory framework, the recovery of inflation from previous years and the growth of the RAB, all in a context of continuous focus on operating efficiencies. Adjusted net profit attributable to the Group amounted to 506.6 million euros, with an increase of 15.2% compared to the previous year.

Cash flow from operating activities exceeded – for the first time – one billion euros (1,098.7 million euros), with a growth of 543.5 million euros compared to 2023 ensuring the full coverage of investments and M&A transactions, as well as the partial coverage of the payment of dividends equal to around 300 million euros.

In 2024, technical investments reached 887.0 million euros, achieving remarkable results: over 750 kilometres of gas distribution network were realized to improve territorial coverage, while digital transformation continued with the implementation of innovative technologies for intelligent infrastructure management.

In the water sector, the integration of acquired companies continues with the aim of optimizing service and reducing network losses through technological and digital innovation. Finally, in the energy efficiency sector, the development of offerings to industrial sector, large residential buildings and public administration continues, proposing advanced technological solutions based on those already applied within brilliant results in the Italgas Group.

Paolo Gallo, CEO of Italgas, commented:

“The 2024 results bring another year of extraordinary growth to completion. An uninterrupted journey that has continued over thirty-two quarters in line with the development goals set by the 2024-2030 Strategic Plan.

The main economic and financial results from 2024 show continuous growth: adjusted EBITDA increased by 14.1%, rising to 1,350.9 million euros and Group adjusted net profit exceeded 500 million euros, up 15.2% compared to 2023.

With approximately 900 million euros invested in 2024, the second half of the year was characterised by the announced acceleration in the development of networks and facilities, so as to ensure stronger impetus to a sustainable, secure and competitive energy transition for Italy and Greece.

The digital transformation of the water networks, made possible by the application of cutting-edge technology developed on the gas network, allows us to achieve progressively increasing results and to recover efficiency and value for the communities and territories served.

Technological innovation, digitisation, circular economy and sustainability are confirmed as the main drivers of our vision for the future. A future that, thanks to the commitment and resourcefulness of our people and the upcoming integration of 2i Rete Gas, will see us take centre stage more and more often thanks to our role as European champion of gas distribution and recognised global technological benchmark”.

Benedetta Navarra, Chairperson of Italgas, commented:

“2024 was another year of operational excellence which contributed to consolidate our role as a global technological benchmark. This performance was not only reflected in the brilliant process of economic and financial growth, but also in the achievement of sustainability targets at the service of the energy transition in the countries where we operate, with a focus on creating value for all stakeholders.

The solid results will allow us to propose to the Shareholders’ Meeting the distribution of a dividend of 0.406 euros per share, up 15.3% compared to the previous year. An important signal for the satisfaction of our investors”.

Italgas Group structure as at 31 December 2024

The structure of the Italgas Group as at 31 December 2024 changed compared to the one existing as at 31 December 2023. In particular, Italgas Reti S.p.A. gained an overall 96.23% stake in Acqua Campania S.p.A. as a result of the acquisition of a 47.8% stake from Vianini Lavori S.p.A. and the acquisition of a 47.9% stake from the Veolia Group. Subsequently, as a result of the partial proportional demerger of the equity investment held by Italgas Reti S.p.A. in Acqua Campania S.p.A. in favour of Nepta S.p.A., the latter holds 95.7% of Acqua Campania S.p.A. and Italgas Reti S.p.A. holds 0.53% of the share capital of Acqua Campania S.p.A.

On 18 December 2024, Acqua S.r.l. subscribed to the capital increase of Idrosicilia S.p.A., bringing its stake to 99.2% of the share capital. Furthermore, the deed of merger by incorporation of Acqua S.r.l. into Nepta S.p.A. was signed on 11 February 2025, with accounting and tax effects starting from 1 January 2025.

Economic and financial highlights

Reclassified income statement

(€ millions)	As of 31 December 2023	As of 31 December 2024	Abs. change	% Change
Gas distribution regulated revenues	1,493.9	1,583.1	89.2	6.0
Other revenues	323.6	157.2	(166.4)	(51.4)
Total revenues	1,817.5	1,740.3	(77.2)	(4.2)
<i>of which special items</i>	<i>(42.7)</i>	<i>38.5</i>	<i>81.2</i>	<i>-</i>
Adjusted total revenues	1,774.8	1,778.8	4.0	0.2
Operating costs	(609.9)	(427.9)	182.0	(29.8)
<i>of which special items</i>	<i>18.8</i>	<i>-</i>	<i>(18.8)</i>	<i>-</i>
Adjusted operating costs	(591.1)	(427.9)	163.2	(27.6)
EBITDA	1,207.6	1,312.4	104.8	8.7
Adjusted EBITDA	1,183.7	1,350.9	167.2	14.1
Amortisation, depreciation and impairment of assets	(526.4)	(530.2)	(3.8)	0.7
<i>of which special items</i>	<i>23.9</i>	<i>-</i>	<i>(23.9)</i>	<i>-</i>
Adjusted amortisation, depreciation and impairment	(502.5)	(530.2)	(27.7)	5.5
EBIT	681.2	782.2	101.0	14.8
Adjusted EBIT	681.2	820.7	139.5	20.5
Net financial expense	(98.2)	(120.6)	(22.4)	22.8
Net income from equity investments	3.1	11.2	8.1	-
<i>of which gas distribution</i>	<i>1.5</i>	<i>1.7</i>	<i>0.2</i>	<i>13.3</i>
<i>of which integrated water service</i>	<i>1.6</i>	<i>9.5</i>	<i>7.9</i>	<i>-</i>
Profit before Tax	586.1	672.8	86.7	14.8
Adjusted Profit before Tax	586.1	711.3	125.2	21.4
Income taxes	(118.6)	(165.3)	(46.7)	39.4
<i>Taxation related to special items</i>	<i>-</i>	<i>(10.8)</i>	<i>(10.8)</i>	<i>-</i>
Adjusted income taxes	(118.6)	(176.1)	(57.5)	48.5
Profit	467.5	507.5	40.0	8.6
Profit attributable to the Group	439.6	478.9	39.3	8.9
Profit attributable to non-controlling interests	27.9	28.6	0.7	2.5
Adjusted net profit	467.5	535.2	67.7	14.5
Adjusted net profit attributable to the Group	439.6	506.6	67.0	15.2
Adjusted net profit attributable to non-controlling interests	27.9	28.6	0.7	2.5

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

Adjusted gas distribution regulated revenues⁷ increased by 170.4 million euros compared to 2023, thanks to the higher distribution revenue (+172.9 million euros) resulting from the increase in the RAB from investments made (+40.2 million euros), in the WACC (+75.1 million euros), in the deflator (+48.3 million euros) and in remunerated operating costs (+16.9 million euros).

Other revenues decreased by 166.4 million euros compared to 2023 due to lower revenues related to energy efficiency activities linked to the Superbonus (-251.3 million euros, along

⁷Italgas' management assesses Group performance on the basis of alternative performance indicators not envisaged by IFRS, obtained by excluding special items from operating profit and net profit.

The income components are classified as special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of business. The tax rate applied to the items excluded from the calculation of adjusted net profit is determined on the basis of the nature of each revenue item subject to exclusion. Adjusted operating profit and adjusted net profit are not provided for by either IFRS or other standard setters. These performance metrics allow for analysis of the business trends, making it easier to compare results. The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IFRS.

with a corresponding reduction in operating costs), partially offset by the increase in water revenues (+85.9 million euros) deriving from the completion of the acquisition of Acqua Campania and its consequent inclusion in the consolidation scope.

As a result, **adjusted total revenues** came to 1,778.8 million euros (+4.0 million euros).

Adjusted Operating costs amounted to 427.9 million euros, down by 163.2 million euros compared with the same period in 2023. Energy efficiency activities recorded a reduction of 200.9 million euros, while the first-time consolidation of Acqua Campania resulted in higher costs of 43.4 million euros.

On a like-for-like basis, adjusted operating costs therefore decreased by 0.5% compared to 2023.

Adjusted EBITDA amounted to 1,350.9 million euros, an increase of 167.2 million euros compared to 2023 (+14.1%).

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

Adjusted EBIT amounted to 820.7 million euros, an increase of 139.5 million euros compared to 2023 (+20.5%).

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

Net income from equity investments amounted to 11.2 million euros and refers to the contribution of investments accounted for using the equity method. In particular, companies in the water sector contributed 9.5 million euros.

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

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

Adjusted Net profit amounted to 535.2 million euros (+14.5%). **Adjusted net profit attributable to the Group** amounted to 506.6 million euros and increased by +15.2% compared to 2023 (67.0 million euros).

Special items

Italgas' management assesses Group performance on the basis of alternative performance indicators⁸ not envisaged by IFRS, obtained by excluding special items from operating profit and net profit.

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

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

The company does not agree with the contents of this Resolution and has, on additional grounds, appealed against this provision before the Regional Administrative Court of Lombardy, disputing its illegitimacy.

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

⁸ For the definition of alternative performance indicators, please refer to the specific chapter "Alternative performance indicators" in this press release. 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 calculation of adjusted net profit is determined on the basis of the nature of each revenue item subject to exclusion. Adjusted operating profit and adjusted net profit are not provided for by either IFRS or other standard setters. These performance metrics allow for analysis of the business trends, making it easier to compare results. The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IFRS.

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

Below is the reconciliation table between reclassified and adjusted values:

(€ millions)	As of 31 December 2023	As of 31 December 2024
Total revenues	1,817.5	1,740.3
<i>of which special items</i>	(42.7)	38.5
- contribution pursuant to ARERA Resolution no. 737/2022/R/gas	(42.7)	-
- distribution for start-up locations	-	4.6
- reimbursements for smart reading/remote management for the years 2011-2016	-	9.9
- gas distribution service safety awards for the year 2020	-	24.0
Adjusted total revenues	1,774.8	1,778.8
Total operating costs	(609.9)	(427.9)
<i>of which special items</i>	18.8	-
- smart meter charges	18.8	-
Adjusted total operating costs	(591.1)	(427.9)
EBITDA	1,207.6	1,312.4
<i>of which special items</i>	(23.9)	38.5
Adjusted EBITDA	1,183.7	1,350.9
Amortisation, depreciation and impairment of assets	(526.4)	(530.2)
<i>of which special items</i>	23.9	-
- depreciation and impairment related to smart meters	23.9	-
Adjusted amortisation, depreciation and impairment	(502.5)	(530.2)
EBIT	681.2	782.2
<i>of which special items</i>	-	38.5
Adjusted EBIT	681.2	820.7
Net financial expense	(98.2)	(120.6)
Net income from equity investments	3.1	11.2
Profit before Tax	586.1	672.8
<i>of which special items</i>	-	38.5
Adjusted profit before tax	586.1	711.3
Income taxes	(118.6)	(165.3)
<i>of which special items</i>	-	(10.8)
Profit	467.5	507.5
Profit attributable to the Group	439.6	478.9
Profit attributable to non-controlling interests	27.9	28.6
Adjusted net profit	467.5	535.2
Adjusted net profit attributable to the Group	439.6	506.6
Adjusted net profit attributable to non-controlling interests	27.9	28.6

Reclassified Statement of Financial Position

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

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

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

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

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

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

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

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

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

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

Net financial debt

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

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

Financial and bond debt as at 31 December 2024 amounted to 7,185.8 million euros (6,920.3 million euros as at 31 December 2023) and refer to: bonds (5,632.2 million euros), European Investment Bank/EIB loan agreements (855.9 million euros), and payables to banks (607.2 million euros) and financial liabilities pursuant to IFRS 16 and IFRIC 12 (90.5 million euros). As at 31 December 2024, fixed-rate debt accounted for 85.4% of financial and bond debt (91.9% as at 31 December 2023), while floating-rate debt stood at 14.6% (8.1% as at 31 December 2023).

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

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

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

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 flow⁹, i.e. the cash surplus or deficit remaining after the financing of investments.

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

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

Change in net financial debt

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

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

⁹ 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).

coverage of cash outflows related to the payment of dividends in the amount of 299.8 million euros.

Key operating figures

Additions

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

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

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

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

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

Operating figures

Key operating figures for gas distribution	As of 31 December 2023	As of 31 December 2024	Abs. change	% Change
Italgas Group and affiliates (Italy and Greece)				
Active meters (millions)	7,974	8,020	0.046	0.6
Municipalities with gas distribution concessions (no.)	2,050	2,099	49	2.4
Municipalities with gas distribution concessions in operation (no.)	1,967	2,024	57	2.9
Distribution network (kilometres)	82,034	83,811	1,777	2.2
Gas distributed (million cubic metres)	8,145	8,188	43	0.5

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

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

Business segment operating performance

Consistent with the way 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"¹⁰.

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

The "Energy Efficiency" sector refers to activities carried out in the energy sector. Italgas, through its ESCo Geoside, 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:

(€ millions)	As of 31 December 2023	As of 31 December 2024
Adjusted total revenues (regulated and unregulated)	1,484.2	1,652.7
Adjusted EBITDA	1,132.5	1,308.5
Adjusted EBIT	636.9	812.3
Adjusted EBITDA margin (%)	76%	79%
Adjusted EBIT margin (%)	43%	49%

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 2024*, showing the data of the operative companies Acqualatina and Siciliacque as *pro rata* consolidation (2024* *pro rata*)¹¹.

¹⁰ With regard to services provided to third parties by the Parent Company Italgas, taking into account the residual nature of the values and deletions resulting from the consolidation process, no evidence is provided in this document.

¹¹ 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.

(€ millions)	As of 31 December 2023	As of 31 December 2024	As of 31 December 2024* pro rata
Adjusted total revenues	8.8	94.7	203.9
EBITDA adjusted	0.2	39.7	68.6
EBIT adjusted	(0.7)	12.3	27.5
Adjusted net profit	0.6	15.2	15.2
Group's adjusted net profit	0.6	14.9	14.9
EBITDA margin (%)	2%	42%	34%
EBIT margin (%)	(8%)	13%	13%

* Unaudited values

Energy efficiency sector

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

(€ millions)	As of 31 December 2023	As of 31 December 2024
Adjusted total revenues	299.0	48.2
Adjusted EBITDA	54.6	4.2
Adjusted EBIT	51.2	0.4
EBITDA margin (%)	18%	9%
EBIT margin (%)	17%	1%

The revenues and EBIT of the energy efficiency segment decreased due to the conclusion of the “Superbonus” activities. In this context, ESCo Geoside is now focused on industrial efficiency projects and the integration of the offer for the residential sector.

Alternative performance indicators

This press release uses alternative performance indicators (APIs) such as: adjusted total revenues (total revenues excluding (i) the effects arising from application of IFRIC 12 “Service concession arrangements”, (ii) connection contributions, (iii) reimbursements from third parties and other residual items, (iv) items classified as “special items”); adjusted EBITDA (calculated as net profit for the year excluding income taxes, net income from equity investments, net financial expense, amortisation, depreciation and impairment, and items classified as “special items”); adjusted EBIT (calculated as net profit for the year excluding income taxes, net income from equity investments, net financial expense and items classified as “special items”); and net financial debt (determined as the sum of current and non-current financial liabilities, net of cash and cash equivalents, current financial assets, for instance securities held for trading, and other current and non-current financial assets).

The full list of APIs can be found on the website: <https://www.italgas.it/glossario/>

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

Sustainability and value creation

Below are the results generated in 2024 for some of the main sustainability targets¹² contained in the Sustainable Value Creation Plan.

Italgas for the future of the planet

The Group is committed to reducing its environmental impact, easing the pressure on natural resources and promoting the circular economy. Some of the main targets achieved in 2024, in addition to those presented in the highlights, are:

- Installed and activated more than 20,000 Nimbus smart meters, designed with a “Design for Environment” perspective;
- Sending 96.5% of the waste produced by the Group and its contractors for recovery.

The energy source used the most in the Group's activities is natural gas, in both civil and industrial uses, and for vehicles. Considering the same scope as 2023, relating to the Group's consolidated companies, net energy consumption in 2024 has improved on the previous year from 425.0 to 395.9 TJ, corresponding to a 6.8% decrease¹³.

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.

Using the same scope of consolidation as 2023, the figure from 2024 shows a sizeable improvement on the previous year from 150.3 to 119.2 10³ tCO₂eq (Scope 1 and 2 market-based), corresponding to a 20.7% decrease¹⁴. The results achieved derive from the implementation of targeted actions and strategic initiatives, with reference to both energy efficiency and the reduction of leaks. As for the latter, 2024 recorded a clear reduction in the Gas Leakage Rate¹⁵, which fell from 0.089% in 2023 to 0.069%, thanks to 154% of the network investigated (120% in 2023) and the application of a predictive maintenance model on the networks.

¹² For more details on the targets and the KPI calculation method, please refer to the 2024-2030 Sustainable Value Creation Plan www.italgas.it/wp-content/uploads/sites/2/2024/12/Sustainable-Value-Creation-Plan-2024-2030.pdf

¹³ Also considering Acqua Campania (consolidated from 30 January 2024), which consumed 392.7 TJ of energy, and the consumption of self-generated non-fuel renewable energy for the rest of the Group (0.5 TJ), total Group consumption in 2024 was 789.2 TJ.

¹⁴ Also considering Acqua Campania (consolidated from 30 January 2024), which contributed 54.4 10³ tCO₂eq in market-based Scope 1 and 2 emissions, total Group emissions in 2024 were 173.6 10³ tCO₂eq.

¹⁵ Calculated as the ratio between fugitive emissions of natural gas and volumes of gas distributed.

Italgas for the future of people

To enhance diversity, support equal opportunities and inclusion, and to promote employee and staff safety, the Group has:

- worked on digital and ESG skills and repositioning the skills of its people on higher value-added activities, providing 45 hours of training per year per employee on average (40 in 2023);
- recorded a percentage of 28.8% women in positions of responsibility, in line with 2023;
- reached 34.5% of women in top management¹⁶, compared to 21.8 % in 2023;
- reached a Gender Equity Pay Gap of 7.5%¹⁷;
- achieved an 81% utilisation rate for welfare services (70% in 2023);
- organised multiple initiatives to ensure the safety of its employees and contractors, with a combined accident index¹⁸ of 0.034.

Italgas for a sustainable future together

With a view to promoting the culture of innovation, the Group launched various initiatives intended to look for the best start-ups and SMEs in Italy and overseas to support the transformation and open innovation. Disseminating the culture of sustainability along the supply chain, the Group has:

- involved and trained 80% of high sustainability risk suppliers on ESG issues;
- carried out ESG audits (including respect for human rights) on 17% of high-risk suppliers for sustainability.

¹⁶ The definition of Top Management includes the level -1 and -2 reporting to the Chief Executive Officer.

¹⁷ Calculated as the change in the average ratio of the hourly basic pay of women to men for comparable groups of employees according to organisational weight; referred to the Italian scope.

¹⁸ Measured as the product of the frequency index (number of accidents per million hours worked) and severity index (number of days of absence per thousand hours worked) of accidents recorded at Group and contractors level during the year.

Main events of 2024

Extraordinary transactions and area tenders

- On 5 October, Italgas announced that F2i SGR S.p.A. and Finavias S.à r.l. accepted the binding offer relating to the purchase of their shareholding in 2i Rete Gas S.p.A., Italy's second largest gas distribution operator, and the related purchase and sale contract was signed (SPA, Share Purchase Agreement). The positive outcome follows the start of exclusive negotiations announced to the market on 13 May 2024.

The consideration (equity value) of the transaction was agreed at 2.060 billion euros. Net financial debt and other net liabilities as at 31 December 2023 (the reference date under the so-called "locked box" mechanism) amounted to 3.246 billion euros.

The transaction is expected to close following receipt of the necessary regulatory approvals.

Italgas will meet the payment of the consideration through recourse to a bridge loan, which will also be refinanced by means of a nominal 1 billion euros capital increase, with the aim of reducing leverage following the acquisition and maintaining its current credit rating.

- As part of the Group's development in the water sector, on 30 January 2024 Italgas completed the acquisition from Vianini Lavori S.p.A. of 47.8% of Acqua Campania S.p.A. Additionally, on 24 April 2024 another acquisition was completed for 47.9% in the same company, held by the Veolia Group, bringing the total to 96.23%.
- Following the award of the tender in 2020 and the signing of the Service Contract, the transfer of the management of the natural gas distribution networks of the Belluno ATEM to Italgas Reti was made official on 1 February 2024. The concession has a duration of 12 years and provides for the implementation of an important investment programme totalling approximately 135 million euros.
- In November 2024, Italgas Reti was officially awarded the tender for the assignment of the gas distribution service in the CATANZARO – CROTONE Territorial Area, which includes 107 municipalities and a total of 109 thousand redelivery points. In its offer, the company envisaged an investment of 165 million euros intended to extend the network by 174 km to serve approximately 8,000 new users, and upgrades and interconnections for approximately 100 km.
- Following the award of the tender in 2023 and the signing of the Service Contract, the transfer of the management of the natural gas distribution networks of the La Spezia ATEM to Italgas Reti was made official on 13 November 2024. The concession has a duration of 12 years and provides for the implementation of an investment programme totalling approximately 230 million euros.

Rating and optimization of the debt structure

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

On 24 September 2024, Italgas also completed the market launch of a bond issue in the amount of 350 million euros, reopening the aforementioned bond already in circulation. The placement was aimed at institutional investors only and the bonds are listed on the Luxembourg Stock Exchange.
- On 8 March 2024, Italgas signed a 600 million euros Sustainability Linked Revolving Credit Facility with a pool of leading financial institutions with a maximum maturity of five years.
- On 5 October 2024, Italgas signed a loan agreement, by virtue of which J.P. Morgan Chase Bank, N.A. – Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company – Milan Branch, Citibank N.A. – Milan Branch, Morgan Stanley Bank AG and Société Générale – Milan Branch, undertook to grant a credit facility denominated in Euro and in the amount of 2,000 million euros, intended for the total or partial payment of the consideration for acquiring 2i Rete Gas.
- On 9 October 2024, the rating agency Fitch confirmed the long-term credit rating of Italgas as BBB+, with Stable outlook. The rating confirmation follows the agreement reached for the acquisition of 2i Rete Gas S.p.A, and reflects the improved business risk profile of the combined entity, the expected funds from operations (FFO) net leverage in line with the current rating (partly due to the planned capital increase), and the management's commitments to deleveraging. In addition, the rating reflects Italgas' positive track record in executing acquisitions and improving operating profitability, recognising the Group's ability to anticipate evolving trends in the gas sector, to efficiently receive and manage renewable gas.
- On 10 October 2024, the rating agency Moody's confirmed the Baa2 long-term credit rating, with Stable outlook. The rating confirmation follows the announcement by Italgas on the agreement reached for the acquisition of 2i Rete Gas S.p.A., highlighting that, following the transaction, Italgas will continue to benefit from the low risk profile of its activities, supported by the high share of revenues generated within the Italian regulatory framework, assessed as stable and predictable. Furthermore, the rating confirmation takes into account Italgas' operational efficiencies, low average cost of debt and limited exposure to volume risk. Moody's emphasises that the Italgas rating remains tied to the company's exposure to the country risk of the Italian state (Baa3 stable).

- It should be noted that on 9 October 2024, the rating agency S&P confirmed its BBB long-term rating on 2i Rete Gas and its senior unsecured bonds. Furthermore, on the basis of the activity and financial position of the combined entity, the agency placed 2i Rete Gas under positive credit watch, reflecting the possibility to raise the rating by a notch once the acquisition by Italgas is complete.
- On 24 October 2024, Italgas' Board of Directors resolved on the renewal of the EMTN Programme, launched in 2016, increasing the maximum nominal amount to 10 billion euros.

Capital transactions

- On 12 March 2024, in execution of the 2021-2023 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 April 2021, the Board of Directors resolved on the free allocation of a total of 497,089 new ordinary shares of the Company to the beneficiaries of said Plan (first cycle of the Plan) and executed the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of 616,390 euros, taken from retained earnings reserves.
- On 6 May 2024, the Italgas Shareholders' Meeting approved the 2024-2025 Co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2024-2025 Co-investment Plan for a maximum nominal amount of 3,720,000 euros, by means of the issuance of up to 3,000,000 new ordinary shares. These shares are to be assigned, in accordance with Article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained 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.

Innovation, digitisation of the corporate networks and processes

In 2024, Italgas strengthened its commitment to innovation and digitisation of networks and business processes, with projects and initiatives that further consolidated its leadership position in the sector.

Bludigit, the Group's digital company, continues to drive digital transformation by harnessing the potential offered by AI, including generative AI (GenAI), for:

- operational efficiency, with the support of fluid-dynamic simulations and advanced algorithms for scheduling and automatic optimisation of on-call shifts;

- smart maintenance, enabling more efficient, safe and sustainable management of the gas network. Collaboration with excellent suppliers has enabled the successful development and testing of this cutting-edge technology.

The DANA (Digital Advanced Network Automation) system has been consolidated as the single point of access to the IoT world, optimising the control and management of the digitised gas network through the remote control of cathodic protection systems and the development of artificial intelligence features for network remote control and smart document search.

Leveraging the expertise developed for the innovation and digitisation of the natural gas distribution infrastructure, the Group also aims to bring about a significant reduction in the leakage of its water network with its digitisation programme launched as early as 2018.

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 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 euros. The Company does not agree with the contents of Resolution no. 207/2024/R/gas and, on additional grounds, has appealed against this provision before the Regional Administrative Court of Lombardy, disputing its illegitimacy.
- On 18 July, the Greek Regulatory Authority for Energy, Waste and Water (RAEWW) approved the Five-Year Investment Plan submitted by its subsidiary Enaon Eda.
- With Resolution no. 296/2024/R/gas of 16 July 2024, the Authority approved the new Integrated Text of the provisions on natural gas distribution tenders in order to simplify and accelerate the ongoing proceedings, make available more streamlined verification methods for those initiated after the adoption of the resolution, and speed up the execution of tenders.
- With Resolution no. 283/2024/R/efr, the Authority approved the tariff contribution to be recognised to distributors fulfilling their energy-saving obligations under the EEC mechanism for the mandatory year 2023. Specifically, the Authority set a contribution equal to 248.99 euros/EEC as the weighted value between the average GME stock market price

(249.33 euros/MWh) and the average price of the relevant bilateral contracts (248.22 euros/MWh).

- By way of Resolution no. 376/2024/R/gas, the Authority redetermined the values of the reference tariffs for natural gas distribution and metering services for the years 2015 to 2023 for the recognition of the residual value of smart meters of class less than or equal to G6, installed by 31 December 2018, with a manufacturing year of no later than 2016, decommissioned before the end of their useful life for tariff purposes according to the operating methods indicated in Determination 1/2023 DINE.
- By way of Resolution no. 489/2024/R/gas, the Authority re-determined the tariffs for gas distribution and metering services for the years 2013 to 2023, in order to take into account the requests for rectification of physical and asset data submitted by distribution companies. The measure also corrects the material error found in the calculation algorithm for the tariff recognition of the value of new investments in electronic meters made in the year 2022.
- By way of Resolution no. 513/2024/R/com, the Authority approved the updating of the relevant parameters for the purposes of determining the rate of return on invested capital for the 2025-2027 sub-period, and the beta asset parameter, with reference to the infrastructure services of the electricity and gas sectors. With reference to the beta parameter, for the gas distribution sector only, the Authority deemed it appropriate to reduce the value by setting it at 0.41 (against the value of 0.439 for the 2022-2024 three-year period). The trigger mechanism was also confirmed for the sub-period 2025-2027, reducing the trigger activation threshold set by Resolution no. 614/2021/R/com from 50 bps to 30 bps. For the gas distribution sector, the Resolution set the WACC value for the year 2025 to 5.9%. Italgas Reti appealed on additional grounds against this resolution before the Regional Administrative Court of Lombardy, disputing its illegitimacy. The setting of a date for the hearing is currently pending.
- On 22 October 2024, the Authority published Consultation Document no. 427/2024/R/gas of 22 October 2024, outlining its guidelines for the revision of the regulation of gas distribution tariffs for the 2020-2025 period. The measures envisaged pursue the following main objectives: (i) to address the information gaps found in the courts, by means of a more precise definition of the criteria for processing the data provided by the operators in the separate statements and the determination of the actual cost for the year 2018; (ii) to rectify the illegitimacy profiles found by the Council of State with reference to the level of the actual operating costs for the year 2018 (COE 2018) and the determination of the annual rate of reduction of the costs recognised to cover operating costs (X-factor).

- Italgas Reti challenged Resolution no. 490/2024/R/gas with which the Authority approved the second determination of the premiums and penalties related to the safety recoveries of the natural gas distribution service for the year 2020, not granting approximately 24 million euros to the company. Italgas Reti does not agree with the contents of the Resolution, disputing in particular the non-compliance with the principle of proportionality related to the criterion used to determine the aforesaid premiums, and appealed against the related provision before the Regional Administrative Court of Lombardy. At present, the next hearing has been set for 14 May 2025.
- By way of Decision E-257/2024, RAEWW revised the structure of the tariffs applied by Enaon EDA for its natural gas distribution activity, providing for the progressive application of a single tariff for the same categories of users served throughout the managed territory as of 1 December 2024. The tariffs for the years 2025 and 2026 of the 2023-2026 regulatory period will be determined using the latest available percentage change in the annual average consumer price index (CPI) published by the Hellenic Statistical Authority.
- With Resolution no. 570/2024/R/IDR of 17 December 2024, the Authority identified the theoretical purchase mix for the definition of the reference cost of electricity for the purpose of calculating the adjustments related to electricity for the year 2027, in accordance with the Water Tariff Method WTM-4.
- By way of Resolution no. 587/2024/R/gas, the Authority approved the mandatory tariffs for natural gas distribution, metering and marketing services for the year 2025. This Resolution also provides that, for the tariffs of the year 2025, the rate of change of the deflator of gross fixed investments, determined on the basis of the criteria in force, shall be set at 0.30%, and that any redetermination of the rate for the revaluation of capital costs as a result of the proceedings initiated with Resolution no. 339/2024/R/com may already take effect when determining the definitive reference tariffs for the year 2025, scheduled by 31 March 2026.

Other events

- 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.

- On 18 September 2024, the main companies of the Italgas Group, namely Italgas, Italgas Reti S.p.A., Medea S.p.A., Bludigit S.p.A., Geoside S.p.A., Toscana Energia S.p.A., Nepta S.p.A. and Metano Sant'Angelo Lodigiano S.p.A., obtained certification of their whistleblowing management system from certifier DNV, in accordance with ISO 37002:2021 "Whistleblowing Management Systems – Guidelines".
- In October 2024, following the audit conducted by certifier DNV, the main companies of the Italgas Group, namely Italgas, Italgas Reti S.p.A., Medea S.p.A., Bludigit S.p.A., Geoside S.p.A., Toscana Energia S.p.A., Nepta S.p.A. and Metano Sant'Angelo Lodigiano S.p.A., obtained renewal of the certification of their anti-bribery management system pursuant to ISO 37001:2016.
- On 12 November 2024, Italgas and SOCAR (State Oil Company of Azerbaijan Republic) signed, in the context of COP29, a Cooperation Agreement that relaunches and strengthens the collaboration between the two industrial groups to consolidate the strategic partnership aimed at promoting innovation, efficiency and sustainability in the gas distribution sector.
- On 15 November 2024, for the fourth consecutive year, Italgas received the Gold Standard award in the 2024 report by the International Methane Emissions Observatory (IMEO) entitled "An Eye on Methan", published by the United Nations Environment Programme with the support of the European Commission. The important recognition rewards Italgas' constant commitment to monitor and reduce methane emissions, as well as its advanced level of expertise acquired.
- On 6 December 2024, Italgas obtained from certifier DNV the certification of compliance of its compliance system with the requirements of ISO 37301:2021 "Compliance management systems – Requirements with guidance for use".

Significant events after year end

Extraordinary transactions and area tenders

- On 27 December 2022 Italgas, Toscana Energia and Alia Servizi Ambientali signed an agreement that, among other things, granted Italgas an option to purchase 30,134,618 shares in Toscana Energia held by Alia Servizi Ambientali following their transfer by the Municipality of Florence.

Italgas exercised the option on 14 January 2025. The envisaged contractual price to purchase the shares of Toscana Energia is to be determined as the “fair market value” at the date of execution of the option, calculated by an international financial institution named jointly by the parties.

The deed of merger by incorporation of Acqua S.r.l. into Nepta S.p.A. was signed on 11 February 2025, with accounting and tax effects from 1 January 2025.

Legal and Regulatory Framework

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

Other events

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

Business Outlook

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

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

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

The Group will also continue to work to strengthen its role as a key player in the water sector and to grow in energy efficiency.

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 (TUF).

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 Interim 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 4 p.m. CET today, a conference call will be held to present the results as at 31 December 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.

