INTERIM REPORT AS OF 31ST MARCH 2020

Ascopiave Group

Gruppo ASCOPIAVE®

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In-Company Control:

- Declaration by the Manager - Certification of the Interim Financial Statements in accordance with art. 81-*ter* of Consob regulation no. 11971.

GENERAL INFORMATION

Directors, Officers and Company information

Board of Directors and Board of Auditors

Name	Office	Duration of office	From	To
Cecconato Nicola	Chairman of the Board of Directiors and CEO*	2017-2019	28/04/2017	Approval of budget 2019
Coin Dimitri	Indipendet Director	2017-2019	28/04/2017	Approval of budget 2019
Martorelli Giorgio**	Indipendet Director	2017-2019	28/04/2017	Approval of budget 2019
Lillo Antonella	Director	2017-2019	28/04/2017	Approval of budget 2019
Pietrobon Greta	Indipendet Director	2017-2019	28/04/2017	Approval of budget 2019
Quarello Enrico	Indipendet Director	2017-2019	28/04/2017	Approval of budget 2019

(*)Powers and attributions of ordinary and extraordinary administration, within the limits of the law and of the Articles of Association and in observance of the reserves under the scope of the Shareholders' Meeting and the Board of Directors, according to the resolutions of the Board of Directors.
(**) On 3rd February 2020, he resigned due to personal reasons.

Name	Office	Duration of office	From	To
Schiro Antonio	President of the Board of Auditors	2017-2019	28/04/2017	Approval of budget 2019
Biancolin Luca	Statutory Auditor	2017-2019	28/04/2017	Approval of budget 2019
Marcolin Roberta	Statutory Auditor	2017-2019	28/04/2017	Approval of budget 2019

In-Company Control Committee	From	To
Quarello Enrico	09/05/2017	Approval of budget 2019
Martorelli Giorgio***	09/05/2017	Approval of budget 2019
Pietrobon Greta	09/05/2017	Approval of budget 2019
Coin Dimitri***	07/02/2020	Approval of budget 2019

In-Company Control Committee	From	To
Coin Dimitri	09/05/2017	Approval of budget 2019
Lillo Antonella	09/05/2017	Approval of budget 2019
Quarello Enrico	09/05/2017	Approval of budget 2019

(***)On 3rd February 2020, Mr Martorelli resigned due to personal reasons and was replaced by the Board of Directors held on 7th February 2020 with the independent director Dimitri Coin.

Independent Auditors
PriceWaterhouseCoopers S.p.A.

Registered office and Company data
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Investor relations
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e-mail: investor.relations@ascopiave.it

Main economic and financial data of the Ascopiave Group

Economic figures

(Thousands of Euro)	1st Quarter 2020	% of revenues	1st Quarter 2019	% of revenues
Revenues	44,662	100.0%	27,893	100.0%
Gross operative margin	15,554	34.8%	9,033	32.4%
Operating result	7,224	16.2%	3,479	12.5%
Result for the period	12,995	29.1%	2,544	9.1%
Net result from transer/disposal of assets		0.0%	19,214	68.9%
Net result for the period	12,995	29.1%	21,758	78.0%

The gross operating margin (EBITDA) is the result before amortisation/depreciation, write-down of receivables, financial management and taxes.

Capital data

(Thousands of Euro)	31.03.2020	31.12.2019
Net working capital	(5,428)	16,891
Fixed assets and other non current assets	1,157,072	1,122,433
Non-current liabilities (excluding loans)	(53,550)	(52,850)
Net invested capital	**1,098,093**	**1,086,474**
Net financial position	(218,171)	(212,981)
Total Net equity	(879,922)	(873,492)
Total financing sources	**(1,098,093)**	**(1,086,474)**

Please note that "Net working capital" means the sum of inventories, trade receivables, tax receivables, other current assets, accounts payable, tax payables (within 12 months), and other current liabilities.

Cash flow data

	1st Quarter	
(Thousands of Euro)	2020	2019
Net income of the Group	**12,995**	**2,544**
Cash flows generated (used) by operating activities	35,638	61,696
Cash flows generated/(used) by investments	(34,329)	(7,001)
Cash flows generated (used) by financial activities	(19,633)	(17,140)
Variations in cash	**(18,324)**	**37,556**
Cash and cash equivalents at the beginning of the period	**67,031**	**53,129**
Cash and cash equivalents at the beginning of the period - Companies held for sales	**0**	**7,297**
Cash and cash equivalents at the end of the period	**48,707**	**97,982**

REPORT ON OPERATIONS

Foreword

The Ascopiave Group closed the first quarter of 2020 with a net consolidated profit of Euro 13.0 million (Euro 21.8 million as of 31st March 2019), marking a decrease of Euro 8.8 million, compared to the same period in the previous year.
Net consolidated assets as of 31st March 2020 amount to Euro 879.9 million (Euro 873.5 million as of 31st December 2019), and the net invested capital to Euro 1,098.1 million (Euro 1,086.5 million as of 31st December 2019).
During the first quarter of 2020, the Group accomplished investments for Euro 7.7 million (Euro 6.8 million in the same period in 2019), mainly in the installation of electronic metres, as well as the development, maintenance and modernisation of gas distribution networks and facilities, and Euro 26.7 million in shareholdings.
The process aimed at enhancing the gas sales activities and strengthening and consolidating the Group's presence in the distribution sector was completed on 19th December 2019. The business partnership approved on 17th June 2019 with Hera S.p.A. led to the establishment, through EstEnergy, of the largest Energy player in Northern-Eastern Italy to which the Ascopiave Group contributed with the sale of the gas and energy sales companies. As part of the operation, the Ascopiave Group also acquired the newly established company, consolidated on a line-by-line basis, Ap Reti Gas Nord Est S.r.l., to which the Hera Group had previously granted concessions for the distribution of gas, with approximately 188,000 users in Veneto and Friuli-Venezia Giulia.
In compliance with the provisions of accounting standard IFRS 5 "Non-current assets held for sale and discontinued operations" the economic figures of the first quarter of 2019 of the sales companies transferred are shown separately in a single line of the income statement. The financial data were also restated in compliance with the standard above, while the balance sheets shown for comparative purposes did not require any restatement.
The operating results achieved in the first quarter of 2019 by the companies involved in the partnership represent 100% of the result that the Group has consolidated, while the results achieved during the first three months of 2020 by the Estenergy Group are recorded for the quota attributable to the Group (48%) in the item "Net result of companies consolidated using the equity method".
On 1st July 2019, the company Unigas Distribuzione S.r.l. was merged through acquisition into Ascopiave S.p.A.. Subsequent to this operation, the company Unigas Distribuzione S.r.l. is no longer consolidated using the equity method, but on a line-by-line basis. On the same date, Ascopiave S.p.A. transferred the merged unit to Edigas Edigas Distribuzione Gas S.p.A..

Activities

Ascopiave mainly operates in the sectors of distribution, as well as in other sectors related to the core business, such as heat management and co-generation.
The Group currently holds concessions and direct assignments for the supply of the service in 268 municipalities and has a distribution network extending for over 12,865 km providing services to a catchment area of approximately 775,000 users.

Strategic objectives

Ascopiave aims to pursue a strategy focused on the creation of value for its stakeholders, by maintaining the level of excellence in the quality of services offered, respecting the environment and social groups, to increase the value of the field in which it operates.
The Group intends to consolidate its leadership position in the gas sector on a regional level and is looking to reach a prominent position also at the national level, taking advantage of the liberalisation process currently underway. In this respect, Ascopiave follows a development strategy whose main guiding principles are dimensional growth, diversification in other divisions of the energy sector in synergy with the core business and the improvement of operative processes.

Operating performance

The volumes of gas distributed through the networks managed by the Group were 628.1 million cubic metres, marking an increase of 44.2% compared to the same period in 2019, a change mainly due to the line-by-line consolidation of Unigas Distribuzione S.r.l. and the entry into the consolidation scope of Ap Reti Gas Nord-Est S.p.A..
The distribution network as of 31st March 2020 has an extension of 12,868 km, up 3,572 km compared to the same period in the previous year, a change mainly due to the line-by-line consolidation of Unigas Distribuzione S.r.l. and the entry into the consolidation scope of Ap Reti Gas Nord-Est S.p.A..

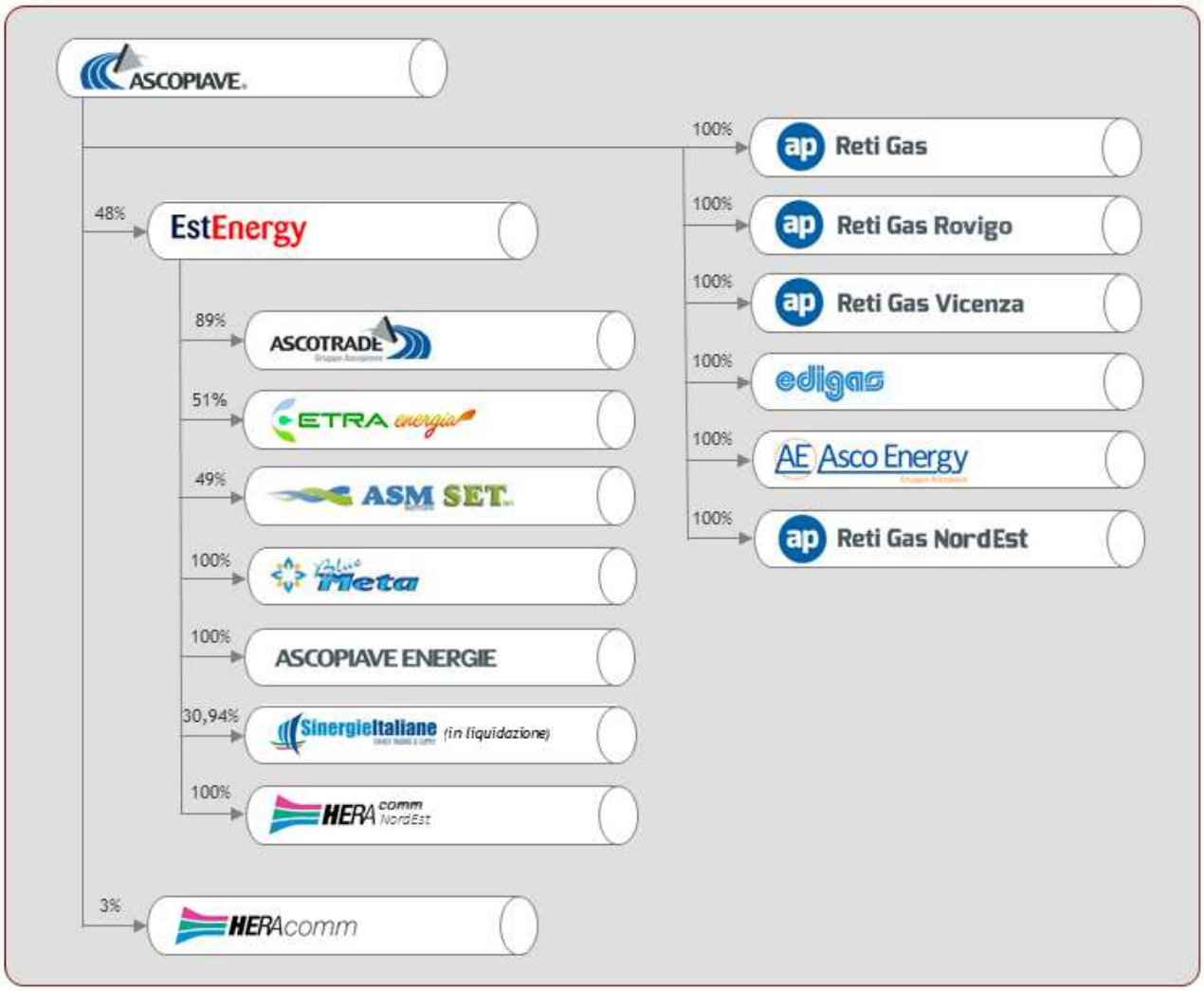
Economic results and financial situation
Consolidated revenues in the first quarter of 2020 are to the tune of Euro 44.7 million, as compared to Euro 27.9 million in the same period in the previous year. The increase in the turnover is mainly explained by the extension of the scope of consolidation due to the line-by-line consolidation of Ap Reti Gas Nord Est S.r.l.
The Operating Result of the Group equals Euro 7.2 million, up Euro 3.7 million compared to the same period in 2019, partly influenced by the extension of the scope of consolidation.
The Net Result, equalling Euro 13.0 million, marks a decrease of Euro 8.8 million compared to the same period in 2019. The results achieved in the first quarter of 2019 by the companies involved in the partnership finalised on 19th December 2019 with the Hera Group, recorded in the item "Net result of discontinued operations", include 100% of the result that the Ascopiave Group has consolidated on 31st March 2019. Conversely, subsequent to the partnership described, the results achieved in the first quarter of 2020 by the Estenergy Group are recorded (for the portion attributable to the Ascopiave Group, 48%) in the item "Result of companies consolidated using the equity method". This change, measured at the end of the first quarter of the year, the period in which the largest quantities of consumption are concentrated due to the effect of seasonality, led to a decrease in the net result of Euro 11.2 million. This decrease was partially offset by the expansion of the scope of consolidation which resulted in the full recognition of the results achieved by Ap Reti Gas Nord Est S.r.l., acquired as part of the same partnership described above (Euro +3.1 million), a company whose results show a steady trend during the year, as they are not affected by seasonality, and by the merger through acquisition of Unigas Distribuzione Gas S.r.l., effective 1st July 2019.

The Net Financial Position of the Group as of 31st March 2020 is equal to Euro 218.2 million, a worsening of Euro 5.2 million compared to Euro 213.0 million as of 31st December 2019.
The increase in financial indebtedness is determined by the cash flow of the first three months of 2020 (Euro +21.3 million, given by the sum of the net result, amortisation and depreciation) and by the management of current assets, which has generated financial resources for Euro 14.3 million. The investment activity has absorbed financial resources for Euro 34.3 million. The management of equity (distribution of dividends and dividends received from the companies consolidated using the equity method and purchase/sale of treasury shares) has absorbed resources for Euro 6.5 million.

The ratio between Net financial position and Net equity as of 31st March 2020 is 0.25 (0.24 as of 31st December 2019).

The structure of the Ascopiave Group

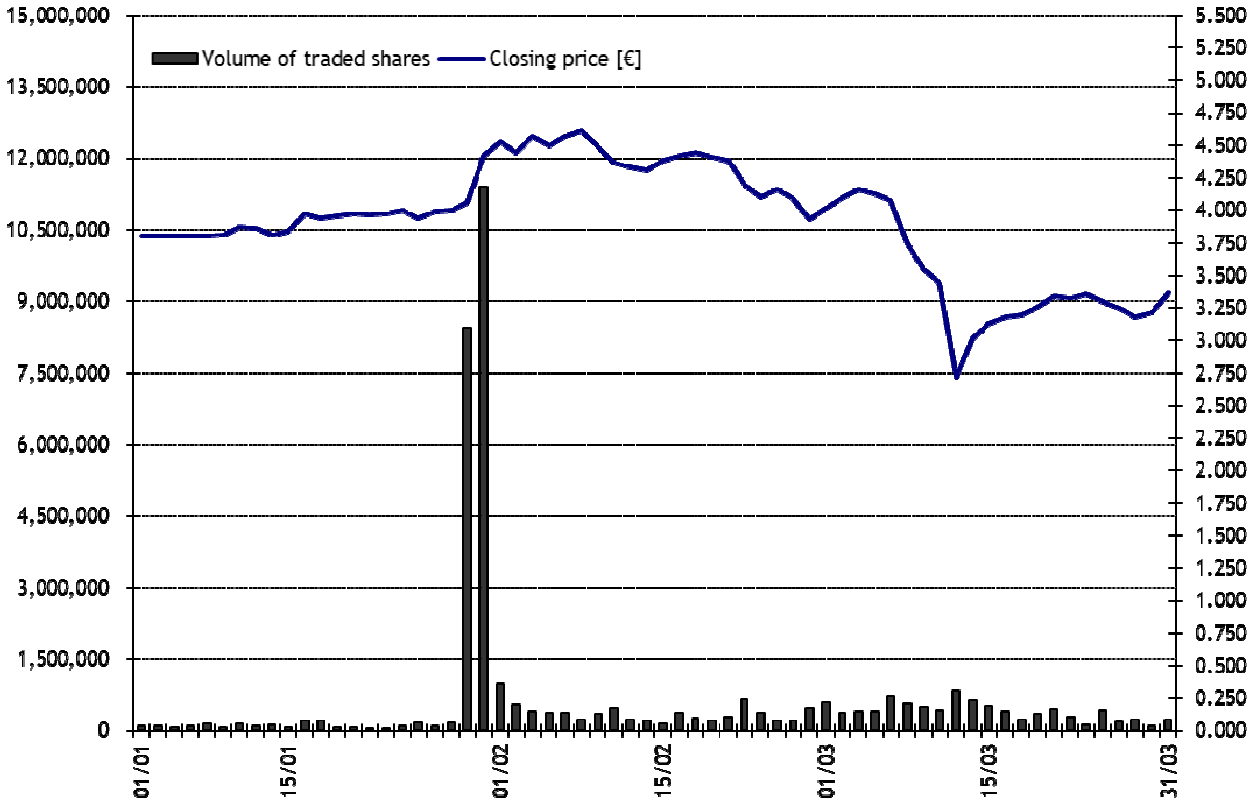
The table below shows the company structure of the Ascopiave Group as of 31st March 2020.



Ascopiave S.p.A. share trend on the Stock Exchange

As of 29th March 2020, the Ascopiave share registered a quotation of Euro 3.365 per share, down 11.6 percentage points as compared to the listing at the beginning of 2020 (Euro 3.805 per share, referred to the quotation of 2nd January 2020).

Capitalisation of the Stock Exchange as of 31st March 2020 was Euro 760.87 million[1] (Euro 895.61 million as of 30th December 2019).



During the first quarter of 2020, the quotation of the shares showed a decrease (-11.6%). In the same period, the FTSE Italia All Share index decreased by -28.5%, FTSE Italia Star by -26.3% and the sectorial index FTSE Italia Servizi di Pubblica Utilità by -12.0%.

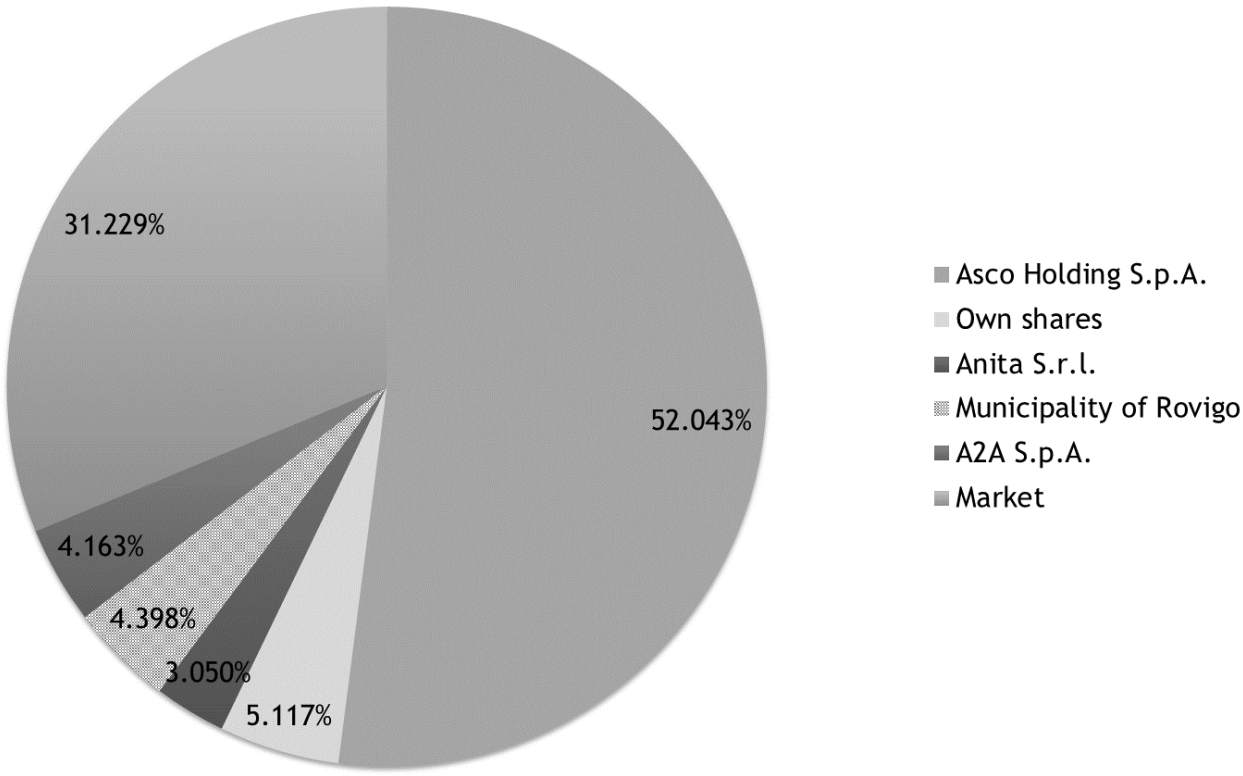
[1] The Stock exchange capitalisation of the main listed companies active in the local public services (A2A, Acea, Acsm-Agam, Hera and Iren) as of 31st March 2020 equalled Euro 14.8 billion. Official data from Borsa Italiana (www.borsaitaliana.it).

In the following table, we report the main shares and stock-exchange data as of 31st March 2020:

Share and stock-exchange data	31.03.2020	29.03.2019
Earning per share (Euro)	0.06	0.10
Net equity per share (Euro)	3.75	1.98
Placement price (Euro)	1.800	1.800
Closing price (Euro)	3.365	3.110
Maximum annual price (Euro)	4.610	3.690
Minimum annual price (Euro)	2.720	2.820
Stock-exchange capitalization (Million of Euro)	760.87	823.58
No. of shares in circulation	222,416,970	222,683,966
No. of shares in share capital	234,411,575	234,411,575
No. of own share in portfolio	11,994,605	11,727,609

Control of the Company

As of 31st March 2020, Asco Holding S.p.A. directly controls the majority of Ascopiave S.p.A. share capital as shown below.
The share composition of Ascopiave S.p.A., according to the number of shares held by the shareholders of the total shares forming the share capital, is as follows:



Internal processing on information received by Ascopiave S.p.A. pursuant to art. 120, Consolidated Financial Law.

Corporate Governance and Code of Ethics

During the first quarter of 2020, Ascopiave S.p.A. continued its operating improvement process of the corporate governance planned during past years, strengthening its risk management system, introducing further improvements to the tools in order to defend investors' benefits.

Internal audit
The activity plan of the Internal Audit structure is approved yearly by the Board of Directors of the Company. In particular, the audit activities included in the above-mentioned activity plan, based on a process for prioritising the main risks, concern both areas of compliance and business processes related to the business areas deemed highly strategic.

Appointed Manager
The Appointed Manager, helped by the Internal Auditing Supervisor and the Compliance Function, has reviewed the adequacy of the administrative and accounting procedures and has continued to monitor the important procedures for drafting financial information. To this end, the Company has adopted tools of continuous auditing, allowing the automation of the control procedures.

Organisation, management, and control model pursuant to Italian Legislative Decree 231/2001
Ascopiave S.p.A. and all its subsidiaries have adopted an Organisation, management and control model; they have also embraced the Code of Ethics of the Parent company Ascopiave.
The Company, assisted by the Supervisory Board, constantly monitors the efficiency and adequacy of the Model adopted.
Ascopiave S.p.A. approved the "Ascopiave Group Whistleblowing Procedure", adopted by all Group subsidiaries, an integral part of the 231 Model (annex 3 of 231 Model). Complaints are handled by an "Alert Committee".
The Company has also continued promoting, disseminating and raising awareness of the Code of Ethics as concerns all its stakeholders, especially with business and institutional parties.
The 231 Model and the Code of Ethics are available in the corporate governance section at www.gruppoascopiave.it.

Transactions with related and affiliate parties

The Group has the following transactions with related parties with the following types of operating costs:
- ✓ Purchase of IT services from the associate ASCO TLC S.p.A..

The Group has the following transactions with related parties with the following types of operating revenues:
- ✓ Lease of owned real properties to the associate ASCO TLC S.p.A.;
- ✓ Administrative and staff services from Ascopiave S.p.A. to the Parent company Asco Holding S.p.A..

Subsequent to the finalisation of the partnership with the Hera Group on 19th December 2019, the gas and energy sales companies, which until that date were controlled by the Ascopiave Group, are controlled by Hera S.p.A.. The transactions with these companies which occurred during 2019, and those that will occur in the future, since the Ascopiave Group has a stake in the share capital of the new associate EstEnergy S.p.A., are shown accordingly.

During the first quarter of 2020, the transactions with the companies involved in the partnership produced revenues in relation to the following types of service:
- ✓ Interest income accrued on credit balances of the existing intragroup current accounts;
- ✓ Natural gas transportation service on the local distribution network;
- ✓ Metering services performed as natural gas distributors and reading services;
- ✓ Administrative, IT, personnel and facility services.

During the first quarter of 2020, the transactions with the companies involved in the partnership produced costs in relation to the following types of service:
- ✓ Interest expense accrued on debit balances of the existing intragroup current accounts.

As regards the national tax consolidation agreement and transactions performed with Asco Holding S.p.A. by Ascopiave S.p.A., AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A. and Asco Energy S.p.A. until 31st December 2018, such agreement ceased due to the fact that the Company (Asco Holding S.p.A.) has changed the reporting date, which no longer coincides with 31st December.
In 2019, the companies of the Ascopiave Group, subsidiaries as of 31st December 2019, joined a new national tax consolidation agreement with the parent company Ascopiave S.p.A..

We would like to point out that these relations are characterised by the highest transparency and are performed on an arm's length basis. As regards each relationship, please see the Explanatory Notes.

The table below shows the economic and financial nature of the transactions described above:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Cost			Revenues		
					Goods	Services	Other	Goods	Services	Other
Parent company										
Asco Holding S.p.A.	11	646	0	0	0	0	0	0	14	0
Total parent company	**11**	**646**	**0**	**0**	**0**	**0**	**0**	**0**	**14**	**0**
Affiliated companies										
Asco TLC S.p.A.	28	0	0	0	0	164	0	0	19	0
Total affiliated companies	**28**	**0**	**0**	**0**	**0**	**164**	**0**	**0**	**19**	**0**
Transfer/disposal assets and subsidiary companies										
Estenergy S.p.A.			0	0	0	0	0	0	0	0
Amgas Blu S.r.l.	54		0	0	0	0	0	0	75	0
Ascotrade S.p.A.	6,361		75	0	0	0	0	0	541	0
Blue Meta S.p.A.	2,084		60	0	0	24	0	0	178	0
Etra Energia S.r.l.	110		0	0	0	0	0	0	46	0
Ascopiave Energie S.p.A.	1,805		95	0	0	26	0	0	181	0
ASM Set S.r.l.	577		2	0	0	0	0	0	67	0
Total Transfer/disposal assets and subsidiary companies	**10,990**	**0**	**232**	**0**	**0**	**50**	**0**	**0**	**1,088**	**0**
Total	**11,029**	**646**	**232**	**0**	**0**	**214**	**0**	**0**	**1,121**	**0**

Significant events during the first quarter of 2020

Publication of information document

On 1st January 2020, Ascopiave S.p.A. announced that the information document prepared pursuant to Article 71, Consob Regulation no. 11971/99, relating to the partnership between Ascopiave S.p.A. and the Hera Group, whose completion was communicated to the stock market on 19th December 2019, is available to the public at the premises of Borsa Italiana S.p.A., at the registered office of the Company, its website www.gruppoascopiave.it, and also on the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com) managed by Spafid Connect S.p.A..

Ascopiave, territorial investments on the rise: over Euro 40 million envisaged in 2020

On 16th January 2020, Ascopiave S.p.A. announced that Ascopiave's Investment Plan, for the expansion and upgrade of its distribution network and enhancement of energy efficiency, underscores the sturdy connection between the Group and its catchment area.

In 2020, the economic commitment of the Group – listed under the Star segment of Borsa Italiana, among the leading operators in the natural gas sector in the country – will be over Euro 40 million, against Euro 31 million in 2019. Disbursements will focus on the creation of new distribution infrastructure, extraordinary maintenance works and new allotments, in addition to the installation of smart metres, designed to help customers save by making their homes as energy sustainable as possible.

In the year just ended, the gas distribution works performed by the Ascopiave Group in Municipalities where it holds assignments involved 93 km of network, up +25% compared to 2018. Of these, over 52 km were in the Province of Treviso alone, where the subsidiary AP Reti Gas performed the works.

Again as regards this Province alone, investments already implemented or planned over the 2019-2021 three-year period concern 120 km of network, worth about Euro 16 million. The works include those in progress in Nervesa della Battaglia for approximately Euro 2.3 million, Castelfranco Veneto (about Euro 2 million), Fontanelle (approximately Euro 1.5 million), San Biagio di Callalta (approximately Euro 1.5 million) and Pederobba (little over Euro 1 million), as well as those planned in 18 Municipalities in the Marca Trevigiana Area.

Guidelines of Ascopiave S.p.A.'s Board of Directors for the Shareholders on the future composition of the Board of Directors

On 24th January 2020, Ascopiave S.p.A. announced that the document "Guidelines of Ascopiave S.p.A.'s Board of Directors for the Shareholders on the future composition of the Board of Directors" is available on the website (www.gruppoascopiave.it "Investor Relations" – "Shareholders' Meetings") and on the website of the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com) of Spafid Connect S.p.A..

Purchase of Hera S.p.A. shares

Subsequent to the press release issued on 31st January 2020 by Hera S.p.A., informing that the latter had acquired a 2.5% stake in Ascopiave S.p.A., with a view to strengthening the partnership between the two companies, the Board of Directors of Ascopiave S.p.A. has approved the purchase of Hera S.p.A. shares, corresponding to approximately 0.4% of its share capital. Ascopiave will inform the market when the purchase is completed.

Resignation of Mr Giorgio Martorelli from the Board of Directors of Ascopiave S.p.A.

On 3rd February 2020, Ascopiave S.p.A. informed that it received the resignation of Mr Giorgio Martorelli, an independent and non-executive member of the Board of Directors of Ascopiave S.p.A., as well as a member of the Control and Risks Committee. The resignation was submitted for personal reasons.

Mr Martorelli had been elected by the Shareholders' Meeting on 28th April 2017 and was presented as a candidate jointly by Amber Capital Italia SGR S.p.A., being him the manager of the Alpha Ucits Sicav-Amber Equity Fund, and by ASM Rovigo S.p.A., a company controlled by the Municipality of Rovigo, both minority shareholders of Ascopiave S.p.A..

To the knowledge of the Company, Mr Martorelli does not hold any shares in Ascopiave S.p.A..

Subsequent to the resignation, the Board of Directors has taken appropriate action under the law and the Articles of Association.

Purchase of Acsm Agam S.p.A. shares

Ascopiave S.p.A. announced that on 7th February 2020 it purchased 7,241,661 shares of Acsm Agam S.p.A., a multi-utility company based in the Region of Lombardy and active in gas, water, electricity and environmental services, representing 3.67% of the share capital. Subsequently, Ascopiave purchased additional shares, and now holds a stake equal to 4.99% of the share capital.

This investment is aligned with the strategic goals of the Group, since the activities and services managed by Acsm Agam S.p.A are consistent with the development lines pursued by the Ascopiave Group.

Shareholders' agreements

Pursuant to current legal and regulatory provisions, Ascopiave disseminated to the public the extract of the shareholders' agreement between the shareholders sent to Ascopiave pursuant to art. 122, par. 1 of Italian Legislative Decree dated 24th February 1998, no. 58 and published by the signatories of the agreement in the national newspaper "Italia Oggi" on 18th March 2020.

Information on Covid 19

During the first months of 2020, the whole world, starting with the Asian countries and then continuing with several other nations, including Italy, has been progressively struck by the international health emergency caused by the Covid 19 virus, the so-called Coronavirus, which developed rapidly in our peninsula especially in the northern regions, greatly affecting our country.

The Group has carefully and constantly monitored the evolution of the situation in the area where its activities are located, but also the development of the pandemic at an international level. In order to deal with the emergency, the Group is operating in absolute compliance with the decrees issued by the bodies in charge, both at national and local level, prioritising the health and safety of workers to such an extent that, a few days after the establishment of the lockdown by the Government, the necessary measures were quickly activated in order to enable almost all employees to work remotely in agile method, while guaranteeing business continuity in all permitted activities.

The Group's Management is assessing the potential impacts in terms of performance in order to be able to make any decisions aimed at mitigating any effects on the execution of the business.

However, due to Ascopiave Group's focus on the distribution business, subsequent to the sale of the stakes held in the sales companies, the Group currently expects limited impacts on its future profitability, as adequate credit risk hedging mechanisms are contained in the Grid Code, which governs the activity of distributors.

Nevertheless, a more thorough assessment of the effects of the emergency can only be made on the basis of the future evolution of the general situation, being strictly connected to the duration of the emergency itself and the possible restart of the various activities.

Disclosure on the purchase of treasury shares

Ascopiave announces the purchase on the electronic share market, in compliance with the authorisation to purchase treasury shares resolved by the Shareholders' Meeting held on 23rd April 2019, in the period between 1st January 2020 and 31st March 2020, of 1,538,580 ordinary shares at the average unit price of Euro 4.223, for a total value of Euro 6,497,910.18.

As a result of the purchases made, Ascopiave holds 11,994,605 ordinary shares, equal to 5.1169% of the share capital.

Information on the purchase and sale of own shares following the cancellation of the previous authorisation as resolved by the Shareholders' Meeting on 23rd April 2019

On 20th March 2020, the Board of Directors resolved on the proposal of the Shareholders' Meeting of Ascopiave S.p.A., convened in ordinary and extraordinary session on 29th April 2020, on first call, and on 29th May 2020, on second call, on (i) the authorisation of a new plan to purchase and sell own shares, subject to cancellation, for the non-executed portions, of the current authorisation to purchase own shares that was issued on 23rd April 2019; and (ii) the approval of the implementation of the new plan to purchase and sell own shares stated in the aforementioned authorisation, granting the Board of Directors , with express power of delegation, all necessary or appropriate powers to perform the shareholders' resolution, also approving any and all executive provisions of the purchase programme. The Board also approved the explanatory report prepared by the Directors pursuant to article 73 of the Regulation adopted through Consob resolution dated 14th May 1999, no. 11971 (the "Issuers Regulation").

The Shareholders will be called to authorise the Board of Directors to purchase and sell, once or on several occasions, on a revolving basis, a maximum number of ordinary shares corresponding, as of today, to 46,882,315 shares, bearing a nominal value of Euro 1.00 each, in such a way that the Company does not hold, at any given time, a stake exceeding 20% of its share capital, in compliance with the terms and conditions determined by the Shareholders' Meeting, and pursuant to applicable laws and regulations.
The Board of Directors intends to ask the Shareholders to authorise the Board to purchase own shares in order to provide the Company with a valid instrument that enables the latter to acquire such shares to be used, by way of example, in compliance with the provisions in force, for the execution of investment operations consistent with the Company strategies, also through the exchange, swap, transfer, sale or other act of disposal of own shares, for the acquisition of equity investments or shareholdings or for other capital transactions involving the assignment or sale of own shares (including, but not limited to, mergers, demergers, issues of convertible bonds or warrants, etc.).

Other significant events

Energy efficiency and saving

As regards the 2018 objectives, all the Group companies to which the obligation applies achieved the minimum objectives; in November 2019, all the TEEs allowed were delivered on account in compliance with current regulations and the residual amount of 2017 of Unigas was cancelled.
As regards the 2020 objectives, the sum for the three companies is 145,846 TEEs.

Subscription, with the Municipalities involved, of a convention for the adoption of a shared procedure aimed at the agreed quantification of the "Residual Industrial Value" of the networks

The regulatory amendments which have replaced each other over the past years and in particular the legislation which provided for the selection of the operator of the distribution service through the so-called "territorial calls for tenders" tool, have led to, among other things, the need to determine the Residual Industrial Value (RIV) of the plants owned by the Operators.
In relation to this aspect, the concession agreements governed two "paradigmatic" situations, namely:

- the early redemption (normally governed regarding Royal Decree no. 2578/1925) and
- the reimbursement from the (natural) expiration of the concession.

The eventuality of a "force of law" expiration, preceding the effective date of the "contractual" expiration, (as a rule) was not envisaged (and therefore governed) in the concession deeds.
Substantially, the case in question (earlier termination imposed by law) represents a "third category", in some ways similar to the exercise of early redemption (from which, however, it differs significantly for the lack of a will independently formed to that effect by the Body) and in other ways similar to the expiration of the concession term (which however has not expired).
At least until Ministerial Decree 226/2011, there were no legislative and/or regulations which precisely defined the methods and criteria to determine the R.I.V. of the plants and which could therefore complement the contractual clauses, often deficient.
Legislative Decree no. 164/2000 as well, until the recent amendment introduced in the first place with Law Decree 145/2013, and then Law 9/2015, merely referred to Royal Decree 2578/1925 which, however, ratified the method of the industrial estimate without setting precise assessment parameters.
The situation illustrated above entailed the necessity to define specific agreements with the Municipalities aimed at reaching a shared estimate of the R.I.V.. The lack of such agreements in the past has often led to administrative and civil/arbitral litigations.
The situation of the Municipalities partners of Asco Holding S.p.A. was even more peculiar in the sense that, with the latter, there is not a real concession deed in "canonical" form, but various deeds of assignment to Companies ("Azienda Speciale", at the time). These deeds have ratified, at the same time, the continuation of the award of the service previously provided by the Bim Piave Consortium.
It is evident that, as deeds of assignment, a real regulation concerning the purchase and/or the termination of the management was not and could not be envisaged.

With the above-mentioned partner Municipalities, Ascopiave has signed a convention, which implied hiring a renowned independent competent professional in order for him to determine the fundamental criteria to apply to calculate the RIV of the gas distribution plants.
The related negotiated procedure performed adopting the criterion of the most economically advantageous tender ended on 29th August 2011.
The expert has written a report (made available on 15th November 2011) on the "Fundamental criteria to calculate the RIV of the natural gas distribution plants located in the Municipalities currently serviced by Ascopiave S.p.A." which was approved on 2nd December 2011 by Ascopiave's Board of Directors and then by all 92 Local Bodies by City Council Resolution.
In 2013 Ascopiave submitted the state of consistency and the appreciation of the plants determined applying the criteria set in the Report, offering at the same time its willingness to perform the cross-examination with the Municipalities, aimed at analysing the documents.
To date, following the outcome of the technical cross-examination, 86 Municipalities (unchanged since 31st December 2015) have approved the residual value.
As part of the above process, the reciprocal relations mostly connected to the management of the service were governed as well, since both the payment of "one-off" amounts (2010 – signature of supplementary deeds) for Euro 3,869, and (since 2011) real fees for variable amounts and equal to the difference, if positive, between 30% of the "restriction on revenues" recognised by the tariff regulation and the amount already received by the Municipality itself as a dividend in 2009 (financial statements 2008) are envisaged.
In particular:

- Euro 3,869 thousand in 2010;
- Euro 4,993 thousand in 2011;
- Euro 5,253 thousand in 2012;
- Euro 5,585 thousand in 2013;
- Euro 5,268 thousand in 2014;
- Euro 5,258 thousand in 2015.
- Euro 5,079 thousand in 2016;
- Euro 5,190 thousand in 2017;
- Euro 5,258 thousand in 2018;
- Euro 5,482 thousand in 2019;

were paid for a total amount of Euro 51,235 thousand.
During 2015, Ascopiave S.p.A. made available to the Municipalities belonging to the Minimum Territorial Areas of Treviso 2 - Nord and Venezia 2 – Entroterra and Veneto Orientale (69 municipalities out of 92), an update of the valuations of the plants as of 31st December 2014. Subsequently, in the two-year period 2016-2017, the municipalities belonging to the Treviso 2 - Nord and some municipalities belonging to the Treviso 1 - area were provided with an update as of 31st December 2015, by applying the valuation criteria agreed upon and by providing a calculation of the assessment of private contributions to be deducted from the residual industrial value pursuant to Law 9/2014.
The contracting authorities in the territorial areas of Treviso 2 - Nord and Venezia 2 – Entroterra and Veneto Orientale sent ARERA the assessments of the reimbursements of some municipalities for the purposes of the verifications provided for by the legislation. The Authority has made some observations (then forwarded by the same contracting authorities) against which AP Reti Gas filed (and/or is about to file) its counterclaims.

Litigations

LITIGATIONS ON THE VALUE OF PLANTS - CIVIL LAW
As of 31st March 2020, the following are pending:

MUNICIPALITY OF SANTORSO:
An appeal is pending before the Court of Appeal of Venice, filed by the Municipality of Santorso (appeal of the final award dated 18th July 2017, which ordered the Municipality to pay Ascopiave the amount of Euro 1,346 thousand plus interest (effective the date of the ruling). Total expenses, offset between the parties, amounted to approximately Euro 221 thousand.

Upon the hearing before the Court of Appeal of Venice which was held on 9th January 2019, the Court set the hearing for the clarification of the conclusions on 27th May 2021.
A settlement agreement is being negotiated.

LITIGATIONS ON THE VALUE OF PLANTS – ARBITRATIONS
As of 31st March 2020 no litigations are pending.

ADMINISTRATIVE/CIVIL LITIGATIONS – CONCERNING CONCESSIONS
As of 31st March 2020, the following are pending:

MUNICIPALITY OF SOVIZZO:
The Municipality of Sovizzo initiated a civil Judgment with writ of summons served on AP Reti Gas S.p.A. on 21st February 2019. The Entity requires the payment of a concession fee amounting to Euro 65,000/year as from 1st January 2013.
The appearance hearing, initially scheduled for 19th June 2019, was postponed to 10th September.
The reply brief was filed in February 2020.
There are no further significant procedural events.
The Company, in the light of the previous negotiation agreements, challenges the claim of the Municipality and has therefore entered an appearance in compliance with the Law.

MUNICIPALITIES OF BRUSIMPIANO AND MARZIO
Two administrative judgments, pending before the Regional Administrative Court of Lombardy (Milan), initiated by AP Reti Gas S.p.A. in order to challenge the City Council resolutions adopted by the two Municipalities, communicated to the Company and concerning the belated exercise of the power of negotiation conferred on the same Municipalities in the original concession deed (which should have been exercised within 10 years from the beginning of the concession). It appears that all the neighbouring Municipalities (located in the Valganna area) have adopted similar resolutions (although the ten-year terms for exercising the right expired between 1998 and 2001). If such resolutions were to be notified to AP Reti Gas, the latter will challenge them.
The scheduling is still pending.
A settlement agreement is being negotiated.

MUNICIPALITY OF FOSSALTA DI PORTOGRUARO
Administrative judgment, pending before the Regional Administrative Court of Veneto, brought by AP Reti Gas for the appeal of City Council Resolution no. 52/2019, with which the Municipality of Fossalta di Portogruaro intended to launch a competitive procedure for the sale of the sections of the distribution network owned by the Municipality, in violation of the principle of unitary circulation of the ownership of the distribution facilities with the management of the service (to be considered latent, in the Company's opinion, in the current regulatory framework).
In addition to this aspect (already in itself invalidating), the Provision also appeared flawed in two further aspects:

1. the source bid was a value (RAB) that is not current, but merely prospective, resulting solely from the approval of the tariff application submitted some time ago by the Municipality (through AP), but not yet examined by ARERA;
2. assumed the existence of economic obligations (payment of royalties or similar fees) under the scope of AP Reti, in violation of the agreement in force.

The appeal was notified on 18th December 2019 (the deadline for the submission of bids was 19th December 2019.
No bids were received.
AP therefore waived the application for interim relief (the Regional Administrative Court, at the hearing of 8th January 2020, acknowledged the waiver), but decided to file the appeal in any case, given the current validity of the City Council Resolution appealed.
However, the Company is willing to withdraw if the aforementioned Resolution is revoked.

ADMINISTRATIVE/ LITIGATIONS – NOT CONCERNING CONCESSIONS
As of 31st March 2020, the following are pending:

GUIDELINES – MINISTERIAL DECREE 22nd MAY 2014

An appeal before the Council of State was filed (with deed dated 16th January 2017) by Ascopiave together with other distribution companies, against the Minister of Economic Development for the cancellation of Judgment no. 10341 dated 17th October 2016, by which the Regional Administrative Court of Latium rejected the main appeal against Ministerial Decree 22nd May 2014 concerning the introduction of the Guidelines for the determination of the residual industrial value and the appeal for "additional grounds" against Ministerial Decree no. 106 dated 20th May 2015, amending Ministerial Decree 226/2011.

As part of the same proceedings, the issues of constitutional legitimacy and/or preliminary ruling as concerns Law 9 and 116 of 2014, in the section which has modified art. 15, paragraph 5 of Legislative Decree 164/2000 (private contributions and time limit of agreements' validity) were raised.

The Council of State decided to refer the matter (of the legitimacy of the primary regulations) to the examination of the European Court of Justice.

The Court of Justice ruled that the European law does not preclude the national legislation challenged (but) in the sense that the law itself does not govern (and therefore is not affected by) the methods for determining the reimbursement value of the outgoing operators.

The hearing for the "re-assumption" of the case before the Council of State was held on 18th July. Ascopiave's lawyers reaffirmed the relevance of the issue of constitutionality of the legislation.

ARERA RESOLUTIONS ARG/GAS 310/2014 and ARG/GAS 414/2014 (now 905/2017)

An appeal to the Regional Administrative Court of Lombardy – Milan against the ARERA, for the cancellation of the Resolutions ARG/gas 310 and 414/2014 related to the methods for assessing the RAB RIV delta, pursuant to art. 15, paragraph 5 of Legislative Decree 164/2000 (current text) when the difference is higher than 10%. To date, there are no further procedural steps.

Resolutions 310 and 414 were formally repealed by Resolution 905/2017 which, however, essentially reiterated the same regulation. Ascopiave, therefore, together with other appellants, in order to avoid the declaration stating that the appeal would in any case be of no benefit to the claimants, appealed Resolution 905/2017 with "additional grounds".

On 3rd December 2019, the Company was notified of the imminent expiration of the proceedings. The Company will consequently file the request for scheduling a hearing, within the deadlines set.

CONTESTATION OF PASUBIO GROUP S.P.A. CONTRACT DOCUMENTS (currently AP Reti Gas Vicenza S.p.A.)

2i Rete Gas S.p.A. filed an appeal before the Regional Administrative Court of Veneto against the Town of Schio and Ascopiave S.p.A. (notified on 10th October 2016), demanding annulation, subject to protective orders, of the temporary award of the tender to Ascopiave S.p.A., or the call for tenders and all subsequent acts, requesting that the tender be awarded to the appellant or, subordinately, be republished.

The Administrative Court of Veneto (hearing dated 9th November 2016) overruled the protective order by 2i Rete Gas.

The claimant then filed a claim to the Council of State. The C.o.S. overruled the request for a single-judge solution and opted for a full Council sentence.

On 2nd February 2017, the Council of State hearing took place. During the hearing, the Council sustained the supervision order 644/2016 of Administrative Court of Veneto, thus rejecting the appeal by 2i Rete Gas S.p.A. for the suspension of application of the tender document pending decision on the main appeal to the Administrative Court of Veneto.

As a result, on 3rd April 2017 Ascopiave stipulated a sale agreement to purchase the share interest of Pasubio Group, becoming its sole shareholder.

With Judgement no. 925/2019, published on 14th August 2019, the Regional Administrative Court rejected the appeal. The related appeal period expired on 2nd December 2020. The judgement is therefore definitive.

ANAC GUIDELINES ON ART. 177 LEGISLATIVE DECREE 50/2016

AP Reti Gas S.p.A. (together with other primary operators of the gas and electricity distribution services, as well as with the intervention, *ad adiuvandum*, of Utilitalia) filed an appeal before the Regional Administrative Court for Latium - Rome, for the cancellation of the ANAC Guidelines no. 11/2018, pursuant to art. 177 of Legislative Decree 50/2016.

Article 177 of Legislative Decree 50/2016 establishes that, from 18th April 2018, the holders of concessions whose

amount is equal to or greater than Euro 150,000, if identified "without a tender procedure", will have to assign a share equal to 80% of their contracts through public tender procedures, for the remaining portion being able to resort to in-house or subsidiary/associated companies.
ANAC is in charge of supervision in accordance with the methods set out in its own Guidelines (no. 11/2018).
Such Guidelines - even though formally they do not produce binding effects on the matter - establish that the concessionaire is required to put out to tender (as they are included in the percentage of 80%) all the activities performed during the concession, including those performed directly with own means and resources, thereby drawing an outsourcing obligation from the regulation. The Special Committee of the Council of State considered this interpretation correct, but noted that, construed in this way, art. 177 could be unconstitutional.
When applied in this way, the regulation would have an extremely significant impact both on the business choices and employment levels of the Companies holding concessions with assignments without tenders (moreover, perfectly lawful at the time of their assignment).
Article 177, construed in this way, therefore, seems illegitimate both with regard to constitutional principles (e.g. free economic initiative pursuant to Article 42 of the Italian Constitution), and with regard to the "prohibition on worsening" sanctioned by Community law.
In this context, AP Reti Gas S.p.A., as the Group's main distribution company, challenged the aforementioned Guidelines, also raising the question of constitutional and Community legitimacy with regard to the primary rule.
Furthermore, on 2nd November 2018, ANAC, subsequent to a simple collection of data related to all existing concessions in any sector, submitted a report to the Government and Parliament on the state of the concessions (focusing in particular on the gas sector) stating that the latter would not comply with the regulations in force. As a precaution, the Appeal was supplemented with additional grounds concerning the aforementioned Report.
The discussion hearing was held on 22nd May 2019.
The Regional Administrative Court, in line with previous rulings related to the proceedings brought by other operators, with Judgement no. 9326, published on 15th July, declared the appeal of AP Reti Gas inadmissible because the documents challenged are incapable of causing detriment.
The "positive" aspect of the ruling concerns the "disqualification" of the Guidelines no. 11 by the TAR. The Judges, in fact, considered the Guidelines as merely interpretative documents, as far as Part I is concerned, and not immediately detrimental documents, as far as Part II is concerned.
Specifically, Part I would not be suitable to identify the subjects required to apply art. 177 and/or the scope and methods of application of art. 177, but would only "outline principles of a general nature aimed at helping the administrations to which they are addressed to interpret the matter...".
Part II, on the other hand, although self-qualified as "binding", would not have an immediately detrimental nature because "... the economic operators who decide not to comply with the indications contained therein due to the peculiarity of the concession relationship do not immediately incur the penalty".
Law Decree no. 32/2019, converted into Law no. 55/2019, extended the deadline contained in paragraph 2 of art. 177 which now reads: "The existing concessions stated in paragraph 1 must comply with the aforementioned provisions by 31st December 2020".
AP Reti Gas filed an appeal.
Furthermore, as a merely prudential measure, essentially in order to avoid objections due to lack of interest, the Company also challenged ANAC Resolution 570/2019 (which approved the updated text of the Guidelines 11, although essentially identical to the previous one).

Press release of ANAC's Chairman issued on 16th October 2019
An appeal before the Regional Administrative Court of Lazio – Rome was brought by AP Reti Gas (together with other primary operators of gas and electricity distribution services), for the cancellation of the Press Release of ANAC's Chairman dated 16th October 2019. Such provision basically intended to extend the obligations of the contracts under Legislative Decree 50/2016 (e.g. acquisition of CIG - Contract Reference Number - and payment of ANAC contribution) also to those contracts which are excluded from and even unrelated to the application of the Code.
After consulting other leading operators belonging to Utilitalia, AP Reti Gas, as the largest distribution company of the Ascopiave Group, for merely prudential reasons (as Press releases are not considered sources of mandatory rules), decided to file an appeal, notified on 24th December 2019.

ARERA RESOLUTION ARG/GAS 570/2019

AP Reti Gas (together with other primary operators of gas distribution services) filed an appeal with the Regional Administrative Court of Lombardy – Milan against ARERA, for the cancellation of Resolution 570/2019/R/gas, illustrating the "*tariff regulation of gas distribution and metering services for the 2020-2025 period*". The new regulatory framework envisages a strong and unjustified reduction in the tariff items covering the operating costs recognised to distributors. The appeal was filed on 25th February 2020.

CIVIL LITIGATIONS – NOT CONCERNING CONCESSIONS

As of 31st March 2020, the following are pending:

ASCOPIAVE – UNIT B:

A civil judgment before the Court of Treviso (RG 6941/2013), following the pre-trial technical investigation, in order to obtain compensation for damages to the entrance floor of the "Unit B", was started by Ascopiave against: Bandiera Architetti S.r.l. (Designers), Mr Mario Bertazzon (Contract Manager) and Mr R. Paccagnella Lavori Speciali S.r.l. (Contractor).

The compensation request refers to an assessment of damage between approximately Euro 127 thousand (Expert witness estimate for full restoration) and Euro 208 thousand (estimate of a Third-party firm for full makeover).

All the Parties regularly appeared before the Court.

The Court, by Order dated 22nd December 2014, decided the complete renewal of the expert witness board. The "new" Court-appointed Expert witness assessed that the damage suffered by Ascopiave S.p.A. amounts to approximately Euro 120 thousand.

Based on the findings contained in the technical report, on 29th March 2016 an attempt was made to reach settlement in court. The attempt failed basically because an agreement was not reached regarding the subdivision of the amount between the debtors.

With Judgment no. 2007/2017, the Court accepted the application submitted by Ascopiave S.p.A., ordering the design firm (F.lli Bandiera), its insurance company (Groupama Assicurazioni) and the construction company (Ing. R. Paccagnella Lavori Speciali SRL) to pay damages, amounting to approximately Euro 208 thousand, and to reimburse the costs of the proceedings (estimated at approximately Euro 17 thousand). Furthermore, the debtors' obligation to assume joint and several liability was ratified.

The project management (and consequently the insurance company, Unipol Sai) was found to be uninvolved in the damage, with a right to obtain compensation for the costs of the proceedings, amounting to about Euro 16 thousand.

With two separate documents, Groupama Assicurazioni and Ing. R. Paccagnella Lavori Speciali notified the appeal against the First Instance Judgment.

Ascopiave S.p.A. entered an appearance in accordance with the legal terms.

By Provision dated 7th June 2018, the Court of Appeal partially accepted the suspension request, limiting the provisional enforceability of the First instance sentence to the amount of Euro 150 thousand, against which Ascopiave S.p.A. is entitled to pursue the enforcement.

However, the attempts at forcible recovery of the aforementioned sum have been unsuccessful so far.

At the hearing of 28th June 2018, the Court of Appeal unified the appeals.

FORCED ENTRY – DEFAULT SERVICE

Pursuant to the regulation obligation (specifically about Art. 40.2 letter A of the Integrated Text for the Sale of Gas - TIVG), AP Reti Gas S.p.A. (as the other distribution companies of the Group) may, pursuant to Art. 700 of the Civil Procedural Code, obtain forced entry to private property in order to disconnect utilities (when the meter is located in a private property) of Default Service (SDD) clients that are in default.

Appeals are made against final customers (or utility users).

For this purpose (and to meet provisions of the regulations), the company has created a management procedure that starts with the activation of the SDD and ends with its closure (for any reason) of the SDD.

The procedure also envisages to close any controversy via ordinary methods, collection of information, gathering of previous data and/or efforts to contact the involved final customers, notification of delays, past due notifications and, if all of the above prove unsuccessful, the opening of a judicial procedure, normally as an urgent appeal pursuant to Art. 700 of the Civil Procedural Code.

Other distribution companies of the Group have opted for the same solution (AP Reti Gas Rovigo S.R.L., AP Reti Gas Vicenza S.p.A., Edigas Esercizio Distribuzione Gas S.p.A. and Unigas Distribuzione S.R.L.).
Currently, for Ascopiave / AP Reti:

- 1 procedure is in progress (sent to the Legal Office and are awaiting filing);
- 8 procedures have been filed (hearings already scheduled/under scrutiny);
- 1 procedure is in execution of judgment;
- appeal rejected for 2 procedures; in both cases the complaint against the rejection order has already been filed;
- 1 procedure has been suspended, for which, in addition to the appeal, the subsequent complaint has also been rejected;
- 4 procedures are being initiated (their appeals are being drafted and sent to the Legal Office);
- 259 procedures have been completed (in various stages).

Between 20 and 30 procedures for which legal action is likely to be taken are expected every year for all Group companies. The procedure and the consequent actions undertaken in the preliminarily phase have resulted in a significant reduction in legal actions.
As of 31st March 2020, the total legal fees (including taxes), for Ascopiave S.p.A. / AP Reti Gas S.p.A.'s procedures forwarded to the Legal Office (approximately from 2013 to 2020), amount to about Euro 224 thousand. For the other distribution companies these costs amount approximately to Euro 149 thousand.

Relationships with Agenzia delle Entrate (Italian Tax Authority)

ROBIN TAX
Regarding the outstanding litigations with Agenzia delle Entrate, some claims are pending with local tax agencies related to the silent / express refusal to reimburse the additional IRES tax (so-called Robin Tax).
The Companies involved in the afore-mentioned litigations are: Ascopiave, Ap Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas, Unigas Distribuzione (merged into Ascopiave), Asco Energy (former Veritas Energia).
Since 2008, these companies are subjected to the additional IRES tax as set forth by Art. 81 of Law Decree 112/2008.
Subsequently the Constitutional Court in 2015 declared that said tax would be unconstitutional. In the wake of said sentence, the companies requested the reimbursement of the unwarranted tax that had been paid. The tax authorities did not reply and by doing so they effectively denied the reimbursement, or expressly denied it. Several claims have been filed based on a retroactive interpretation of said sentence, the legitimacy of which was confirmed by a Constitutional Law Attorney. Possible results of said claims are completely unpredictable, as the sustainment of the claim would cause a massive financial burden for the entire country. As far as the expected time of resolution of this litigation, no temporary framework can be provided, as these claims have been filed to various local courts with different response times. So far, only the appeals relating to the companies Ascopiave, Edigas Esercizio Distribuzione Gas and Unigas Distribuzione S.r.l. have been discussed.
With reference to the outcome of the litigations in progress, the result of the first instance was favourable to Agenzia delle Entrate and the companies decided to appeal against the judgement of the provincial tax commission. Currently, some regional tax commissions have already confirmed the first instance judgements (Ascopiave, Edigas Esercizio Distribuzione Gas). The other tax commissions, on the other hand, are still awaiting judgment.
The Company has decided to appeal in all 3 levels of judgment.

AUDIT OF THE REGIONAL DIRECTION OF VENETO
In September 2019, the companies Ascopiave S.p.A. and Ascotrade S.p.A. were inspected by the Regional Direction of Agenzia delle Entrate as regards the Ires, Irap and VAT sectors for the years from 2013 to the date of the inspection. The first stage of the audit was completed on 29th October 2019 with the issuance of a Report on Findings containing remarks on the direct and indirect taxes related to the years 2013 and 2014 of the subsidiary Ascotrade S.p.A., a company sold on 19th December 2019 to the Hera Group and subject to a specific guarantee, against which the company presented its briefs. The results of the audit as regards the tax periods from 2015 onwards will be the subject of a separate Report on Findings which will be drawn up, if applicable, at a later date.
Subsequent to the submission of the briefs, on 31st December 2019, Agenzia delle Entrate issued the tax demand to Ascotrade relating to the disputed matters, following which the company, on 27th February 2020, filed an appeal with the Provincial Tax Commission of Venice, deeming that valid arguments exist to believe that the conduct of the

Company is entirely legitimate. The company, aided by the tax advisor, considers the risk as "possible" or "remote" and therefore has not made any provision.

Territorial areas

In 2011, the issuance of a number of ministerial decrees further defined the regulatory framework of the sector, regarding in particular the territorial calls for tenders.
Specifically:

1) the Decree dated 19th January 2011 issued by the Ministry for economic Development in agreement with the Ministry for the Relationship with Regions and Territorial Cohesion, the territorial areas for issuing calls for tenders to entrust the gas distribution service were identified; with subsequent Decree dated 18th December 2011, the municipalities belonging to each territorial area were also identified (the so-called Territorial Areas Decree);

2) the Decree issued by the Ministry for Economic Development and the Ministry of Employment and Social Policies on 21st April 2011 contained provisions ruling the social effects connected to the assignment of the new gas distribution concessions, thus implementing paragraph 6 of art. 28 of Legislative Decree no. 164 issued on 23rd May 2000 (the so-called Workforce Protection Decree);

3) with Decree no. 226 issued by the Ministry for Economic Development on 12th November 2011, the regulatory norms concerning the criteria to be applied to calls for tenders and the evaluation of the offer for assigning the gas distribution service was approved (the so-called Decree for Criteria).

The issuance of ministerial decrees played a major role in giving certainty to the competitive environment within which operators will move in the coming years, thus laying the foundations for allowing the process of market opening - that started with the implementation of European directives - to produce the benefits hoped for.
The Ascopiave Group - as indeed many other operators - has substantially appreciated the new regulatory framework, believing that it can create important opportunities of investment and development for medium-sized qualified operators, rationalising the offer.
At the end of 2013, the Government issued Law Decree 23/12/2013, no. 145, making changes to the regulatory framework with regard to the determination of the reimbursement value of the plants due to the outgoing operator at the end of the so-called "Transitional Period". The Decree was converted with amendments into Law no. 9/2014, which substantially changed the original provisions of the Decree on that aspect.
The conversion into Law of the Decree (Law no. 9/2014) has made substantial changes to Article 15 of Legislative Decree no. 164/2000, providing that the new operators shall pay a reimbursement to the holders of assignments and concessions existing in the transitional period, calculated in compliance with the provisions of the agreements or contracts and, even if not inferable by the will of the Parties and for aspects which are not envisaged in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) have to be deducted from the reimbursement value. If the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to the Authority for Electricity and Gas and Water Supply System so that it can be checked before publishing the invitation to tender.
In addition, Law no. 9/2014 has established that the deadlines envisaged in paragraph 3 of article 4 of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98, are extended by four months and that the deadlines illustrated in Attachment 1 to the regulations of the Minister for Economic Development Decree dated 12th November 2011, no. 226 (so-called "Decree for Criteria"), related to dispositions contained in the third grouping of Attachment 1 itself, and the deadlines illustrated in article 3 of the regulations, are extended by four months.
On 6th June 2014 the Decree of the Minister of Economic Development dated 22nd May 2014 was published in the Official Gazette, which approved the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" pursuant to Article 4, paragraph 6, of Law Decree no. 69/2013, converted with amendments by Law no. 98/2013 and article 1, paragraph 16, of Law Decree no. 145/2013,

converted with amendments into Law no. 9/2014. Pursuant to Law no. 9/2014, the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" define the criteria to be applied to the valuation of reimbursement of facilities in order to integrate those aspects that are not already provided for in the agreements or contracts and what cannot be deduced from the will of the parties.
The "Guidelines" feature several critical issues not only as concerns the resulting valuations, but also in terms of application scope, extremely extended by the Ministry, to the extent that all the agreements regarding the valuations of the facilities entered into by the operators and the Municipalities after 12th February 2012 (date of entry into force of Ministerial Decree 226/2011) are believed to be ineffective.
Furthermore, these Guidelines contrast with the provisions of art. 5 of Ministerial Decree 226/2011 itself. This is in non-compliance with the provision of law which refers to art. 4, paragraph 6 of Law Decree 69/2013, which, in turn, makes explicit reference to Article 5 of Ministerial Decree 226/2011.
Considering such illegitimacies, Ascopiave S.p.A. has appealed the Ministerial Decree dated 21st May 2014 (and as a consequence the Guidelines) before the administrative court (Regional Administrative Court of Latium). As part of the said proceedings, the issue of constitutional legitimacy and/or preliminary ruling was raised relating to the interpretation (mainly retrospective) of the new rules on the deduction of private contributions set forth by Law 9/2014.
Lastly, by Resolution 310/2014/R/gas - "Provisions for determining the reimbursement value of natural gas distribution networks", published on 27th June 2014, the Authority for Electricity, Gas and Water approved provisions for determining the reimbursement value of the gas distribution networks, implementing the provisions of Article 1, paragraph 16 of Law Decree dated 23rd December 2013, no. 145, converted with amendments by Law dated 21st February 2014, no. 9.
That provision states that the granting Local Authority shall send the Authority the verification documents containing a detailed calculation of the reimbursement value (RIV), if this value is 10% higher than the local RAB.
The Authority performs the checks set forth in Article 1, paragraph 16 of Law Decree no. 145/13 within 90 days from the date of receipt of the documentation by the Awarding entities, ensuring priority based on the deadlines for the publication of the calls for tender.
With Law no. 116/2014 dated 11th August 2014 (converted with amendments to law decree 24th June 2014 no. 91) the Legislator has envisaged a further extension of deadlines for the publication of invitations to tender. Specifically, for the areas belonging to the first group referred to in Annex 1 of Ministerial Decree 226/2011, the time limit was extended by eight months; for the areas belonging to the second, third and fourth groups the deadline was postponed by six months and lastly for the areas of the fifth and sixth groups the extension is four months.
However, these postponements do not apply to those areas which, although they belong to the first six groups, are affected by earthquakes, because over 15% of the redelivery points are in the municipalities affected by the earthquakes of 20th and 29th May 2012, in compliance with the annex to the Decree of the Minister of economy and finance dated 1st June 2012.
The same law, further amending Article 15, paragraph 5 of Legislative Decree 2000, has finally determined that the redemption value is to be calculated in compliance with the provisions of the agreements or contracts, provided that the latter were entered into before the date of entry into force of Ministerial Decree dated 12th November 2011 no. 226, that is to say before 12th February 2012, thus affirming the principle of retroactive application of the Guidelines, which had already been appealed during the court action against the Guidelines.
On 14th July 2015, the Decree of the Minister of Economic Development and the Minister of Regional Affairs and Autonomies no. 106 dated 20th May 2015 was published in the Official Gazette, amending the decree dated 12th November 2011 no. 226 regarding the tender criteria for awarding the gas distribution service.
The most significant changes include:

1) the provisions concerning the value of the reimbursement of the plants to be applied in case of absence of specific agreements between the parties occurred before the entry into force of Decree no. 226/2011, which include to a large extent the provisions of the "Guidelines".
2) a higher maximum threshold for the amount of the annual payments that may be offered in tenders to local authorities. This threshold, previously equal to 5% of the portion of the restriction on tariff revenues to cover the local capital costs, has been brought to 10%;
3) the treatment of a number of important technical and economic aspects related to the tendered energy efficiency investments, concerning the value of the amounts to be paid to local authorities and the payments to cover the costs of the operator which implements the interventions and gains the related energy efficiency

certificates.

Finally, the conversion into Law of the so-called "Decreto Mille Proroghe" (Law no. 21 dated 25/02/2016) provides for a further extension of the deadlines for the publication of invitations to tender. Specifically, for the areas belonging to the first group as described in Annex 1 of Ministerial Decree 226/2011, the deadline is further postponed by 12 months; for the areas belonging to the second group, by 14 months; for those belonging to the third, fourth, and fifth group, by 13 months; for the areas belonging to the sixth and seventh grouping, 9 months; 5 months for the areas of the eighth group.

The same regulation establishes the deadlines within which the Regions, or, as a last resort, the Ministry of Economic Development, should intervene, and repeals the penalties previously incurred by the Municipalities for the delay.

In 2015-2016, a number of tenders were published for the award of the service with Territorial procedure. Many of them did not follow the procedures required by law, which envisages, among other things, the prior examination by the Authority of the reimbursement amounts of the plants due to outgoing operators as well as the review of the invitation to tender's overall content and annexes before publication. Moreover, most calls are also inconsistent, even significantly, with the instructions contained in the ministerial regulations, also with regard to the criteria for evaluating bids; according to the current regulations, such inconsistencies should be specifically justified by the Awarding Entities.

In this context, the standardisation of the tender process envisaged by the law is encountering serious difficulties, to the extent that the procedures may freeze due to a major litigation.

The Law dated 4th August 2017 no. 124 (Annual Market and Competition Act) introduced some legislative innovations concerning the natural gas distribution sector.

Specifically, article 1, paragraph 93, amends the provisions of article 15, paragraph 5, of legislative decree 164/00, exempting local authorities from the obligation to send detailed assessments to the Authority if all the following conditions are met jointly:

- the local tender authority can also certify through a suitable third party that the reimbursement value has been determined by applying the provisions contained in the Guidelines dated 7th April 2014;
- the aggregated territorial VIR-RAB gap does not exceed 8%;
- the VIR-RAB gap of the individual Municipality does not exceed 20%.

Article 1, paragraph 93 states that, if the value of the net fixed assets is not in line with the sector averages according to the definitions of the Authority, the value of the net fixed assets relevant to the calculation of the gap is determined by applying the parametric valuation criteria defined by the Authority (see article 23, paragraph 1, RTDG).

Finally, article 1, paragraph 94, states that the Authority, with its own resolutions, shall define simplified procedures for the evaluation of the invitations to tender, applicable in cases where such invitations have been compiled in compliance with the standard invitation to tender, the standard book of conditions and the standard service contract, specifying that in any case, the tender documentation cannot deviate from the maximum scores envisaged for the tender criteria and sub-criteria by articles 13, 14 and 15 of the aforementioned decree 226/11, except within the limits set by the same articles with regard to some sub-criteria.

The Authority has implemented the provisions of Law no. 124/2017 with Resolution 905/2017/R/gas dated 27th December 2017.

The Municipality of Belluno, Awarding Entity of the Minimum Territory Area of Belluno, regularly followed the procedure set out in the regulations and published a tender in December 2016. In September 2017 the Group company AP Reti Gas S.p.A. participated in the tender, submitting its bid.

The tender documents were challenged by an operator participating in the call for bids. With Judgement no. 886/2017, the Regional Administrative Court of Veneto rejected the appeal. The plaintiff appealed against the decision to the Council of State, submitting an application for the suspension of the first instance provision.

The Council of State, by Judgement published on 22nd January 2019, rejected the appeal.

In December 2018, the Municipality of Schio, the contracting authority of the Territorial Area Vicenza 3 - Valli Astico Leogra e Timonchio, issued the invitation to tender for the concession of the gas distribution service. The Ascopiave Group currently manages the service in 28 municipalities in the Territorial Area, serving about 80,000 users. The Group companies, AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A., holders of concessions in the Area, have challenged the call due to irregularities, filing an appeal before the Regional Administrative Court of Veneto.

On 8th May 2019, the hearing for the discussion of the merits was held, without any novelties.

Distribution of dividends

The shareholders' meeting, convened to approve the financial statements for the year 2019 and the distribution of the ordinary dividend, to the tune of Euro 0.2133 per share as suggested by the Board of Directors, will be held on second call on 29th May 2020. If approved, the dividend will be paid on 10th June 2020 with ex-dividend date on 8th June 2020 and record date on 9th June 2020.

Own shares

Pursuant to Article 40, Legislative Decree 127 2 d), as of 31st March 2020 the value of own shares held by the company is equal to Euro 33,271 thousand (Euro 26,774 thousand as of 31st December 2019), recognised as a reduction in other reserves as can be seen in the Net Equity changes.
Ascopiave purchased own shares on the electronic share market starting from 1st April 2019. As of 31st March 2020 Ascopiave S.p.A. held 11,994,605 own shares, equal to 5.12% of the share capital, for the value above, an amount which is unchanged on 11th May 2020.

Outlook for the Year

As far as the gas distribution activities are concerned, in 2020 the Group will continue its normal operations and service management and perform preparatory activities for the invitations to tender, which involve, among other things, updating the estimates of the reimbursement values of the plants currently managed and sharing them with the local authorities, as well as providing the contracting authorities with the data and information required by law.
The Group could also prepare bids for participation in the tenders which will be invited for the award of the Minimum Territorial Areas in which it is interested. To date, however, it is not possible to predict which tender procedures will actually be launched. Most Municipalities currently managed belong to Minimum Territorial Areas for which the maximum deadline to issue the call for tenders has expired. Only the contracting authorities in the Territorial areas of Vicenza 3 and Vicenza 4 have published the call, for which the application for participation should be submitted in 2020.
If other tender authorities issue calls for tenders in 2020, in the light of the time required to submit bids and evaluate and select them, it is reasonable to assume that possible transfers of management to potential new operators may be executed only after the end of 2020.
As regards the economic results, in 2019 the Authority adopted the new tariff regulation for the 2020-2025 five-year period. The new provisions envisage a significant reduction in the revenue components intended to cover operating costs. Due to this resolution, the results of the distribution company are expected to decline in 2020.
In this regard, the Group has appealed to the Regional Administrative Court of Lombardy – Milan together with other leading distribution operators.
As regards energy efficiency obligations, it is presumable that the economic margin achievable in 2020 will be consistent with that achieved in 2019, due to the effect of the current regulations that control the purchase prices of the certificates and contributions granted.
As for the effects of the health emergency caused by the Covid 19 virus, which gradually affected the world and all the territories in which the Group operates in the first months of the year, because of the Ascopiave Group's focus on the distribution business, limited impacts are currently expected on future profitability, since adequate credit risk hedging mechanisms are contained in the Grid Code, which governs the activities of distributors. Nevertheless, a more thorough assessment of the effects of the emergency can only be made on the basis of the future evolution of the general situation, being strictly connected to the duration of the emergency itself and the possible restart of the various activities.
As regards electricity and gas sales, Ascopiave will obtain the benefits of the consolidation of its quota of the result of the minority stake in Estenergy and the dividends distributed by Hera Comm – both companies are controlled by the Hera Group. Ascopiave has put options on these investments and it is possible that they will be exercised, in whole or in part, during the next year, with a consequent impact on the Group's income statement and cash flows.

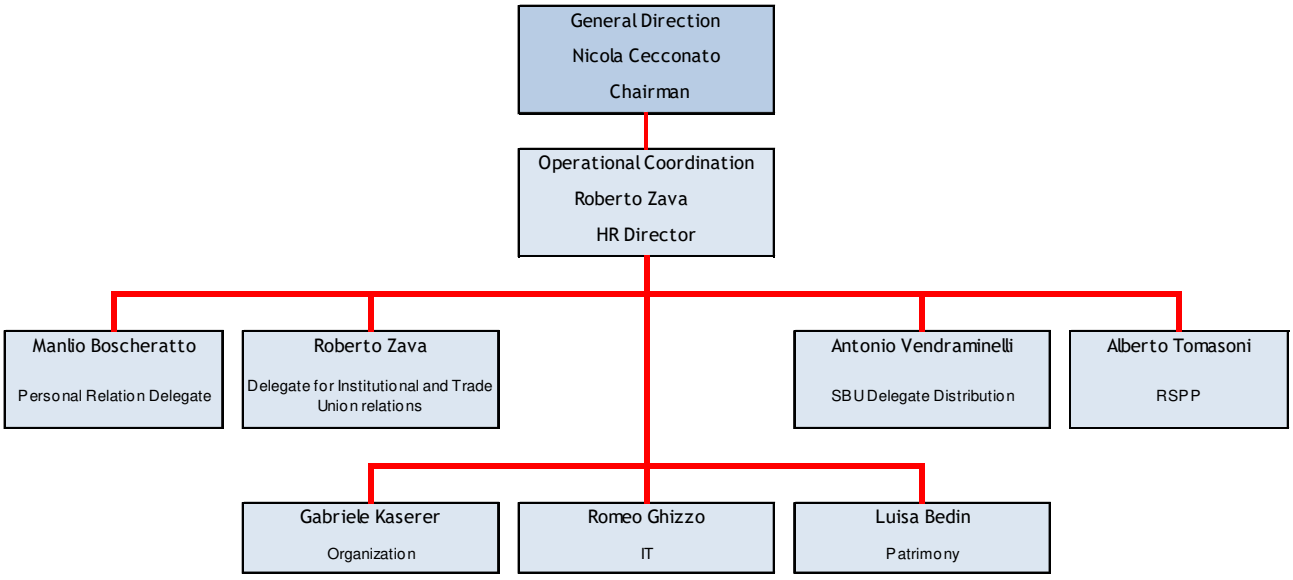
The actual results of 2020 could differ from those outlined above depending on various factors amongst which: the general macroeconomic conditions, the impact of regulations in the energy and environmental fields, the evolution of the on-going health emergency, success in the development and application of new technologies, the changes in stakeholder expectations and other changes in business conditions.

Evolution of the COVID 19 emergency

In March 2020, the health emergency caused by Covid-19 involved the entire territory where the Ascopiave Group operates. Since the first signs of the crisis, in February, the Management of the Ascopiave Group has worked hard to effectively handle the emergency in an operational office in Lombardy (Bergamo), the first region to adopt important restrictive measures in some areas. The Management has constantly monitored the evolution of the events, quickly identifying the most appropriate measures to support workers, safety and services, providing all employees with continuous information.

After the first case of infection in Italy, on 21st February, which was followed by an urgent meeting of the Council of Ministers on 23rd February for the first important action by the government, on the same day, Sunday 23rd February, at the Group headquarters in Pieve di Soligo, as requested and directed by the Chairman Nicola Cecconato, a specific Crisis Unit was set up to handle the emergency. Its members are shown in the chart below.

CRISIS UNIT ASCOPIAVE GROUP CORONAVIRUS EMERGENCY MANAGEMENT



The Crisis Unit immediately began working by promoting the implementation of all the precautionary measures issued by the Authorities to avoid contacts between people and disseminating widely in the company offices all the indications released, both for social distancing and for personal hygiene.

On the same day and the following ones, the provisions of the Authorities for the protection and health of employees and for the fight against the spread of the virus in the various offices were implemented through:

- ✓ adoption of all of the safety protocols,
- ✓ posting of the behavioural rules issued by the Ministry and the Italian Institute of Health and their diffusion to all workers through specific communications,
- ✓ transmission to all employees of communications, ordinances and Prime Minister Decrees,
- ✓ implementation of measures for distancing and avoiding the simultaneous presence of staff in offices and in common places,
- ✓ activation of shifts for accessing the canteen with tables and chairs arranged in order to respect distances, initially, then the canteen service was suspended,
- ✓ minimisation of meetings and use of audio- or videoconferences,

- ✓ cancellation of meetings with third parties, consultants and collaborators and exclusion of their presence on site, reduction of all business trips and travels,
- ✓ review of criteria for accessing Group offices (the entrances were closed and access was limited to couriers for deliveries to the warehouse, respecting protocols),
- ✓ rescheduling of operations for all technical, administrative and secretarial areas,
- ✓ strengthening of cleaning services,
- ✓ maximisation of agile work where possible with implementation of technological equipment,
- ✓ promotion of the use of holidays or other possibilities given by collective bargaining tools,
- ✓ increase in purchases of material for personal hygiene, distributed in the various areas, and for cleaning,
- ✓ increase in requests for PPE stocks,
- ✓ more frequent sanitisation of the premises.

As regards the distribution activities, operations were rescheduled and the activities were gradually postponed where possible. In particular, all construction sites and operating activities not directly related to the safety and continuity of the service were gradually suspended; all essential services were therefore guaranteed, specifically emergency intervention, facility surveillance and the operations aimed at ensuring the use of the service, such as activations and reactivations of end customers and the creation of connections for the activation of supplies. Together with the competent doctor, the risks deriving from the possible presence of infected or quarantined people were analysed, and the correct precautions to be adopted were identified, which envisage the use of specific personal protective equipment, distributed to all operating personnel.
In general, the continuity of the company remains active in all areas, although the employees were encouraged in all ways to leave the workplaces; at the offices, staff can only be present with the authorisation of their manager for emergency reasons. In total, this exodus has involved 98% of the employees of the Pieve di Soligo headquarters (usually around 200 units are present), through the use of work from home for white-collar workers or the decision not to have external distribution personnel work at the headquarters, or through the use of holidays, leaves or other measures. To date, no employee of the Ascopiave Group has tested positive.

In compliance with article 13 of the protocol signed on 15th March 2020 between the Government and the employers' and workers' associations, on 17th March, after reaching an agreement with the company representatives, a so-called Central Committee was established, concerning the Ascopiave Group as a whole, with the main task of evaluating the "Shared protocol for regulating the measures to fight and contain the spread of the Covid-19 virus in the workplace", and the interventions that may be necessary in consideration of the activity and presence of the Ascopiave Group as a whole. Such Committee is composed of 8 people (4 representing the Company, 4 representing the internal trade unions). Four so-called Local Committees were also convened, relating to the companies AP Reti Gas Nord Est, AP Reti Gas Vicenza, AP Reti Gas Rovigo and Edigas, with the same task as the Central Committee but focused on the individual headquarters, consisting of 2 representatives appointed by the Company and 2 by the trade unions.
The meetings of the Central Committee and the Local Committees were held regularly with discussions that concerned not only the aspects relating to company safety and the protection of workers, with updates on the arrivals and distribution of personal protective equipment, but that also covered general issues because the company's representatives reported a natural drop in activities, especially for some functions, and therefore the need to resort to the tools and contractual measures set out in the provisions (smart working, revision of production levels, shift plans, rescheduling, use of holidays, accumulated holidays, leaves, reduced working hours) aimed at enabling absence from work without losing remuneration. A negotiation was also initiated for the establishment of a voluntary "Hour bank", which became operational in April, so as to address the emergency, supporting employees who, absent from work due to manifest operational inactivity, have a negative holiday balance.

Goals and policies of the group and risk description

Credit and liquidity risk
The main financial instruments in use by our Group are represented by liquidity, bank debt and other forms of financing.
It is maintained that the Group is not exposed to credit risks greater than the product sector average, considering that it provides its business services to a limited number of operators in the gas sector, whose rules for accessing the

services offered are established by the Regulatory Authority for Energy, Networks and the Environment and set out in the Network codes, which dictate contractual clauses that reduce the risks of default by customers. The Codes envisage, in particular, the release of suitable guarantees to partially cover the obligations assumed if the customer does not have a credit rating issued by leading international bodies.
To keep residual credit risks under control, there is in any case a bad debt provision equal to approximately 1.75% (2.67% as of 31st December 2019) of the total gross receivables from third parties for invoices issued. Significant commercial operations take place in Italy.
Regarding the company's financial management, the directors consider that the generation of liquidity, deriving from operations, is suitable for covering its needs.

Risks relating to bids for the award of new concessions for the distribution of gas
As of 31st March 2020 the Ascopiave Group holds a portfolio of 268 natural gas distribution concessions (268 as of 31st December 2019); the change in the number of concessions managed is related mainly to the entry in the consolidation scope of the natural gas distribution company Ap Reti Gas Nord-Est S.p.A.. In compliance with the regulations in force governing the concessions held by the company, the calls for tenders for the new awards of the gas distribution service will be no longer announced for every single Municipality but exclusively for the territorial areas determined with Ministerial Decrees dated 19th January 2011 and 18th October 2011, and pursuant to the deadlines illustrated in Annex 1 attached to the Ministerial Decree on tender criteria and bid assessment standards, issued on 12th November 2011, and subsequent amendments. With new tenders being launched, Ascopiave S.p.A. may not be able to obtain one or more new concessions, or it could obtain them at less advantageous conditions than the current ones, with possible negative impacts on the operative activity and the economic, equity and financial situation, it being understood that, if the company is not awarded with a new concession, limited to the Municipalities currently managed by the company, it will obtain a reimbursement value envisaged for the outgoing operator.

Risks relating to the amount of reimbursement paid by the new operator
With regard to the concessions under which the Ascopiave Group also owns the gas distribution networks, Law no. 9 / 2014 establishes that the new operator shall pay a reimbursement calculated in compliance with the provisions of the agreements or contracts and, even if not inferable by the will of the Parties and for aspects which are not envisaged in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) have to be deducted from the reimbursement value. In addition, if the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to the Authority for Energy, Networks and the Environment so that it can be checked before publishing the invitation to tender.
The Minister for Economic Development Decree dated 12th November 2011 no. 226 establishes that the new operator acquires the property of the plant by paying the redemption value to the outgoing operator, except for any portion of it owned by the municipality.
In the periods following the first, transitional one, the reimbursement value to the outgoing operator shall be equal to the local net intangible assets, net of public capital contributions and of private ones for local fixed assets, calculated with reference to the criteria used by the Authority to determine the distribution tariffs (RAB). As far as this point is concerned, it should be noted that the Authority has recently intervened with Resolution 367/2014/R/gas, providing that the redemption value, referred to in Article 14, paragraph 8, of Legislative Decree no. 164/00, at the end of the first period of concession is determined as the sum of: a) the residual value of the existing stock at the beginning of the concession period, assessed for all the fixed assets subject to transfer for consideration to the new operator in the second period of concession based on the redemption value, provided for in Article 5 of Decree 226/11, recognised to the outgoing operator in the first territorial concession, taking into account the depreciations and divestments recognised for tariff purposes in the concession period; b) the residual value of the new investments made in the concession period and existing at the end of the period, assessed based on the re-valued historical cost method for the period in which the investments are recognised in the final balance, as provided in Article 56 of the Tariff Regulation of Gas Distribution and Measurement Services (RTDG), and as the average between the net value determined based on the re-valued historical cost method and the net value determined based on standard cost

assessment methods, pursuant to paragraph 3.1 of Resolution 573/2013/R/GAS, for the next period.

Additional information

Seasonal nature of the activity

Since the execution of the partnership agreement with the Hera Group, finalised on 19th December 2019 with the transfer of the sales companies, the activity of the Ascopiave Group is not significantly affected by seasonality. The natural gas distribution business is in fact less influenced by the thermal trend recorded during the year, except for some minor items.

The Group is exposed to the effects of seasonality in relation to investments in associates which will be valued using the equity method and which are significantly exposed to seasonality, as they work in the natural gas sales sector.

Gas consumption changes considerably on a seasonal basis, with a greater demand in winter in relation to higher consumptions for heating. This seasonality influences the trend of revenues from gas sales and of procurement costs, while other operating costs are fixed and incurred by the Group in a uniform manner throughout the year. Therefore, the data and the information contained in the interim financial statements do not allow for immediate indications to be drawn regarding the overall performance for the year.

Comments on the economic-financial results of first quarter of 2020

Performance Indicators

According to Consob communication DEM 6064293 dated 28th July 2006 and by recommendation CESR/05-178b on alternative performance indicators, we specify that besides the normal performance indicators set by the International Accounting Standards IAS/IFRS, the Group considers useful for monitoring its business, the use of other performance indicators, which, even if they do not appear in the afore-stated standards, have a considerable importance. In particular, we introduced the following indicators:

- **Gross operating margin (Ebitda)**: defined by the Group as the result of amortisation and depreciation, write-downs of receivables, financial management and taxes.
- **Operating result**: this indicator is also included in the accounting principles we have adopted, and it is defined as the operating margin (Ebit) minus the balance of costs and non-recurrent revenues. The latter includes extraordinary incomes and losses, capital gains and losses for disposal of assets, insurance reimbursements, contributions and other less relevant positive and negative components.
- **Tariff revenues from gas distribution**: defined by the Group as the amount of revenue realised by the distribution companies of the Group for the application of tariffs for distribution and measurement of natural gas to their end customers, net of the equalisation amounts managed by Cassa per i Servizi energetici e Ambientali.

General operational performance and indicators

NATURAL GAS DISTRIBUTION	First quarter 2020	First quarter 2019	Var.	Var. %
Companies consolidated with full consolidation method				
Number of concessions	268	196	72	36.7%
Length of distribution network (km)	12,868	9,296	3,572	38.4%
Number of POD	777,280	492,274	285,006	57.9%
Volumes of gas distributed (scm/mln)	628.1	435.5	192.6	44.2%
Companies consolidated with net equity consolidation method				
Number of concessions	0	32	-32	-100.0%
Length of distribution network (km)	0	1,105	-1,105	-100.0%
Number of POD	0	94,677	-94,677	-100.0%
Volumes of gas distributed (scm/mln)	0.0	68.8	-68.8	-100.0%
Ascopiave Group*				
Number of concessions	268	212	56	26.6%
Length of distribution network (km)	12,868	9,836	3,032	30.8%
Number of POD	777,280	538,533	238,747	44.3%
Volumes of gas distributed (scm/mln)	628.1	469.1	159.0	33.9%

Comments on the trend of the main operational indicators of the Group's activity are reported below.
The value of each indicator is obtained by adding the values of the indicators of each consolidated company, weighting the data of the companies consolidated with the equity method according to the share of consolidation.

As far as the activity of gas distribution is concerned, in the first three months of 2020 the volumes distributed through the networks managed by the fully consolidated companies of the Group totalled 628.1 million cubic metres, up 44.2% compared to the same period in the previous year, a change mainly affected by the line-by-line consolidation of the company Unigas Distribuzione S.r.l. commencing 1st July 2019 and the entry in the consolidation scope of the company Ap Reti Gas Nord-Est S.r.l..
As of 31st March 2020, the number of redelivery points (PDR) managed by the companies consolidated on a line-by-line basis was 777.3 thousand and showed an increase of 285.0 thousand units compared to the same period in the previous year, mainly explained by the line-by-line consolidation of Unigas Distribuzione S.r.l. and the entry in the consolidation scope of Ap Reti Gas Nord-Est S.r.l..

The economic data shown for comparison purposes, referring to the first quarter of 2019, were restated in compliance with IFRS 5. The results achieved in the same period by the companies involved in the partnership with the Hera Group were isolated in the item "Result of discontinued/divested operations" of the income statement.

(Thousands of Euro)	1st Quarter 2020	% of revenues	1st Quarter 2019	% of revenues
Revenues	44,662	100.0%	27,893	100.0%
Total operating costs	29,107	65.2%	18,860	67.6%
Gross operative margin	**15,554**	**34.8%**	**9,033**	**32.4%**
Amortization and depreciation	8,330	18.7%	5,555	19.9%
Provision for risks on credits		0.0%	0	0.0%
Operating result	**7,224**	**16.2%**	**3,479**	**12.5%**
Financial income	169	0.4%	10	0.0%
Financial charges	584	1.3%	282	1.0%
Evaluation of subsidiary companies with the net equity method	8,242	18.5%	217	0.8%
Earnings before tax	**15,051**	**33.7%**	**3,423**	**12.3%**
Taxes for the period	2,055	4.6%	879	3.2%
Result for the period	**12,995**	**29.1%**	**2,544**	**9.1%**
Net result from transer/disposal of assets		0.0%	19,214	68.9%
Net result for the period	**12,995**	**29.1%**	**21,758**	**78.0%**
Group's Net Result	12,995	29.1%	20,562	73.7%
Third parties Net Result		0.0%	1,195	4.3%

Pursuant to CONSOB communication DEM/6064293 dated 28th July 2006, the alternative performance indicators are defined in paragraph "Performance Indicators" of the present report.

In the first three months of the year, the Group incomes amounted to Euro 44,662 thousand, up 60.1% compared to the same period in the previous year. The following table reports the details of income.

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Revenues from gas transportation	28,100	18,021
Revenues from electricity sale	102	27
Revenues from connections	134	88
Revenues from heat supply	5	1
Revenues from distribution services	1,137	830
Revenues from services supplied to Group companies	2,201	1,949
Revenues from ARERA contributions	12,295	6,358
Other revenues	689	619
Revenues	**44,662**	**27,893**

The increase in turnover is mainly due to the extension of the scope of consolidation for the line-by-line consolidation of AP Reti Gas Nord Est S.r.l. and as a result of the merger through acquisition of the company Unigas Distribuzione S.r.l. previously consolidated using the equity method.

The **tariff revenues from gas distribution** (from Euro 17,873 thousand to Euro 27,718 thousand) increased by Euro 9,845 thousand compared to the same period in the previous year, mainly due to the extension of the consolidation scope.

The **revenues from energy efficiency certificates** (from Euro 6,358 thousand to Euro 12,295 thousand) increased by Euro 5,937 thousand compared to the same period in the previous year, mainly due to the extension of the consolidation scope.

The **operating result** in the first three months of 2020 amounted to Euro 7,224 thousand, recording an increase of Euro 3,746 thousand (+107.7%) compared to the same period in the previous year.

The improvement is due to several factors:

- increase in the tariff revenues on the activity of gas distribution for Euro 9,845 thousand;
- higher margin on energy efficiency certificates for Euro 498 thousand;
- negative change in other items of cost and revenues, equal Euro 6,598 thousand.

The negative change in other items of cost and revenues, equal to Euro 6,598 thousand, is due to:

- higher other revenues for Euro 678 thousand, mainly due to the extension of the consolidation scope;
- higher material and service costs and other charges equalling Euro 2,659 thousand, mainly due to the extension of the consolidation scope and specifically the concession fees accrued by the company Ap Reti Gas Nord Est S.r.l. and the distribution business unit managed by Unigas Distribuzione S.r.l. which concern the extension itself;
- higher staff costs for Euro 1,841 thousand, mainly due to the extension of the consolidation scope which led to the recognition of the personnel costs of AP Reti Gas Nord Est and Unigas Distribuzione starting from the date of the merger, and lower capitalisations;
- an increase in amortisation and depreciation of fixed assets for Euro 2,776 thousand, mainly connected to the extension of the consolidation scope.

The **net consolidated profit** in the first three months of 2020, equal to Euro 12,995 thousand, records a decrease of Euro 8,763 thousand (-40.3%) compared to the same period in the previous year.
This change is due to the following factors:

- increase in the operating result, as previously stated, for Euro 3,746 thousand;
- increase in financial revenues for Euro 159 thousand;
- increase in financial charges for Euro 302 thousand;
- increase in taxes for Euro 1,176 thousand, due to the higher taxable income in the period in question;
- higher result of companies consolidated through the equity method for Euro 8,025 thousand, due to the inclusion in the consolidation scope of Estenergy, a company that included the sales companies of the group sold;
- lower net result from discontinued operations for Euro 19,214 thousand.

With regard to the change recorded by the result achieved by the companies consolidated using the equity method and the net result of discontinued operations, the measurement of the companies consolidated using the equity method as of 31st March 2020 is representative of the equity investment held by Ascopiave, equal to 48%, in the EstEnergy Group, established subsequent to the partnership with the Hera Group; on the other hand, the results achieved in the first quarter of 2019 by the companies involved in the partnership represent 100% of the profit produced by the companies that were consolidated by the Ascopiave Group as of 31st March 2019, and subsequently sold on 19th December 2019.

Subsequent to the operation with the Hera Group, the result of the sales companies previously consolidated on a line-by-line basis was replaced by the portion of profit from the EstEnergy Group, by the dividends from the latter and from Hera Comm S.p.A., not received yet as of 31st March 2020, and by the margin produced by the fully acquired company, and consolidated on a line-by-line basis, AP Reti Gas Nord Est S.r.l..

The negative differential recorded for the consolidated net profit is therefore significantly affected by the seasonality of the natural gas sales activity, since the consumption of customers concentrates in winter, an effect that will be progressively reduced over the next few months of the year subsequent to the formation of the margin by the acquired distribution company AP Reti Gas Nord Est S.r.l., which on the contrary has a constant return throughout the year, and after the collection of the dividends paid by Hera Comm S.p.A..

The tax rate, calculated by normalising the pre-tax result of the effects of consolidation of the companies consolidated using the equity method, increases from 27.4% in the first quarter of 2019 to 30.2%.

General operational performance - Financial situation

The table below shows the composition of the net financial position as requested in Consob communication no. DEM/6064293 dated 28th July 2006:

	(Thousands of Euro)	31.03.2020	31.12.2019
A	Cash and cash equivalents on hand	16	14
B	Bank and post office deposits	48,690	67,017
D	**Liquid assets (A) + (B) + (C)**	**48,707**	**67,031**
E	Current financial assets	702	6,993
F	Payables due to banks	(112,704)	(106,025)
G	Current portion of medium-long-term loans	(30,781)	(30,778)
H	Current financial liabilities	(881)	(17,156)
I	**Current financial indebtedness (F) + (G) + (H)**	**(144,367)**	**(153,959)**
J	**Net current financial indebtedness (I) - (E) - (D)**	**(94,958)**	**(79,935)**
K	Medium- and long-term bank loans	(125,261)	(135,083)
L	Non current financial assets	2,490	2,478
M	Non-current financial liabilities	(441)	(441)
N	**Non-current financial indebtedness (K) + (L) + (M)**	**(123,213)**	**(133,046)**
O	**Net financial indebtedness (J) + (N)**	**(218,171)**	**(212,981)**

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report.

The financial position increased from Euro 212,981 thousand as of 31st December 2019 to Euro 218,171 thousand as of 31st March 2020, reporting an increase of Euro 5,189 thousand. The extension of the consolidation scope had a minor effect on the net financial position.

Pursuant to Consob communication no. DEM/6064293/2006, the following table shows the reconciliation between the Net financial position and the ESMA Net financial position:

(Thousands of Euro)	31.03.2020	31.12.2019
Net financial indebtedness	(218,171)	(212,981)
Non current financial assets	(2,490)	(2,478)
Net financial indebtedness ESMA	**(220,660)**	**(215,459)**

Some figures relating to the cash flows of the Group are reported below:

	First quarter	
(Thousands of Euro)	2020	2019
Net Income	12.995	21.758
Depreciations and amortizations	8.330	5.554
(a) Self financing	21.326	27.312
(b) Adjustments to reconcile net profit of changes in financial position generated by operating activities:	14.312	34.384
by operating activities = (a) + (b)	35.638	61.696
by investing activities	(34.329)	(7.001)
(e) Other financial position changes	(6.498)	(2.350)
Net financial position changes = (c) + (d) + (e)	(5.189)	52.345

The cash flow generated by operations (letters a + b), equal to Euro 35,638 thousand, was mainly due to self-financing for Euro 21,326 thousand and other financial positive variations amounting to Euro 14,312 thousand, mainly related to the management of the net circulating capital for Euro 22,554 thousand and the assessment of companies consolidated through the equity method for Euro -8,242 thousand.
The management of net circulating capital generated financial resources amounting to Euro 22,554 thousand and was influenced mainly by the positive variation in the net operating capital which generated financial resources for Euro 19,462 thousand, the variation in the position towards the Inland Revenue for the accrual of IRES and IRAP taxes for Euro 2,008 thousand and the positive variation in the VAT position for Euro 1,269 thousand.

The following table shows in detail the changes in the net working capital during the period:

	First quarter	
(Thousands of Euro)	2020	2019
Inventories	(4.131)	(.539)
Trade receivables and payables	.778	(2.885)
Operating receivables and payables	22.814	13.132
Severance pay and other funds	.219	.093
Current taxes	2.055	.679
Tax receivables and payables	.817	.0
Change in net working capital	22.554	10.679

Investment activities generated a cash requirement of Euro 34,329 thousand, of which Euro 7,741 thousand in tangible and intangible assets, mainly for works and developments of natural gas distribution facilities (Euro 6,587 thousand).
The investments made for the acquisition of stakes are related to the purchase of investments in Acsm Agam S.p.A., described in the paragraph “Significant events during the first three months of 2020”, totalling Euro 26,730 thousand.

Additional variations in the Net financial position concern the purchase of treasury shares on the electronic share market, generating a financial requirement of Euro 6,498 thousand.

The following table shows in detail the other changes in the financial position in the first three months of 2020:

	First quarter	
(Thousands of Euro)	2020	2019
Sale of own shares	(6.498)	.0
Other changes in financial position	(6.498)	.0

General operational performance - Investments

During the first quarter of the year, the Group made investments in tangible and intangible assets for Euro 7,741 thousand, an increase as compared to the same period in the previous year of Euro 982 thousand. The increase is explained by higher costs incurred for the construction of natural gas distribution facilities (Euro +98 thousand) and the increase in other investments (Euro +885 thousand), mainly related to the purchase of software licences needed to manage the natural gas distribution service.
The costs incurred for the construction of infrastructures for the distribution of natural gas, amounting to Euro 6,587 thousand, were connected to the construction and maintenance of natural gas network and distribution systems for Euro 2,596 thousand, the creation of connections for Euro 1,994 thousand and the installation of metres for Euro 1,997 thousand.
The other investments made during the first quarter of the year concerned the purchase of software licences used by the Group's distribution companies for the management of remote metering. Investments in hardware and software consequently recorded an increase of Euro 876 thousand.

	First quarter	
INVESTMENTS (Thousands of Euro)	2018	2017
Connecting a gas users	1,994	1,756
Expansions, reclamations and network upgrades	2,224	1,973
Flowmeters	1,997	2,146
Maintenance	372	615
Raw material (gas) investments	**6,587**	**6,489**
Land and buildings	71	53
Industrial and commercial equipment	13	35
Forniture	8	8
Vehicles	171	75
Hardware e Software	892	16
Other assets	0	40
Other investments	**1,154**	**227**
Investments	7,741	6,717
Investments of the discontinued operations	**0**	**42**
Investments	7,741	6,759

Ascopiave Group

Schedules of the interim financial report

as of 31st March 2020

Consolidated assets and liabilities statement

(Thousands of Euro)		31.03.2020	31.12.2019
ASSETS			
Non-current assets			
Goodwill	(1)	47,914	47,914
Other intangible assets	(2)	566,731	567,194
Tangible assets	(3)	34,426	34,694
Shareholdings	(4)	484,916	449,945
Other non-current assets	(5)	3,408	3,296
Non current financial assets	(6)	2,490	2,478
Advance tax receivables	(7)	19,677	19,390
Non-current assets		**1,159,561**	**1,124,910**
Current assets			
Inventories	(8)	12,263	8,132
Trade receivables	(9)	50,797	43,124
Other current assets	(10)	56,026	46,830
Current financial assets	(11)	702	6,993
Tax receivables	(12)	1,281	1,263
Cash and cash equivalents	(13)	48,707	67,031
Current assets		**169,775**	**173,373**
ASSETS		**1,329,336**	**1,298,283**
Net equity and liabilities			
Total Net equity			
Share capital		234,412	234,412
Own shares		(33,271)	(26,774)
Reserves and result		678,782	665,854
Net equity of the Group		**879,922**	**873,492**
Net equity of Others			**0**
Total Net equity	(14)	**879,922**	**873,492**
Non-current liabilities			
Provisions for risks and charges	(15)	1,448	1,344
Severance indemnity	(16)	5,047	4,931
Medium- and long-term bank loans	(17)	125,261	135,083
Other non-current liabilities	(18)	25,227	24,553
Non-current financial liabilities	(19)	441	441
Deferred tax payables	(20)	21,829	22,021
Non-current liabilities		**179,253**	**188,374**
Current liabilities			
Payables due to banks and financing institutions	(21)	143,485	136,803
Trade payables	(22)	60,533	52,082
Tax payables	(23)	7,209	4,728
Other current liabilities	(24)	57,875	25,549
Current financial liabilities	(25)	881	17,156
Current liabilities from derivative financial instruments	(26)	177	98
Current liabilities		**270,161**	**236,417**
Liabilities		**449,414**	**424,791**
Net equity and liabilities		**1,329,336**	**1,298,283**

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are shown in the specific representation contained in the paragraph "Transactions with related parties" of this interim financial report.

Income statement and Comprehensive consolidated income statement

(Thousands of Euro)		1st Quarter 2020	1st Quarter 2019
Revenues	(26)	**44,662**	**27,893**
Total operating costs		**29,107**	**18,860**
Purchase costs for other raw materials	(28)	862	435
Costs for services	(29)	9,596	7,271
Costs for personnel	(30)	5,382	3,541
Other management costs	(31)	13,288	7,645
Other income	(32)	21	32
Amortization and depreciation	(33)	8,330	5,555
Operating result		**7,224**	**3,479**
Financial income	(34)	169	10
Financial charges	(34)	584	282
Evaluation of subsidiary companies with the net equity method	(34)	8,242	217
Earnings before tax		**15,051**	**3,423**
Taxes for the period	(35)	2,055	879
Result for the period		**12,995**	**2,544**
Net result from transer/disposal of assets	(36)		19,214
Net result for the period		**12,995**	**21,758**
Group's Net Result		12,995	20,562
Third parties Net Result			1,195
Consolidated statement of comprehensive income			
1. Components that can be reclassified to the income statement			
Fair value of derivatives, changes in the period net of tax		(68)	
Fair value of derivatives, changes in the period net of tax of the companies hel for sale			(177)
Total comprehensive income		**12,927**	**21,581**
Group's overall net result		12,927	20,430
Third parties' overall net result		(0)	1,151
Base income per share		0.058	0.092
Diluted net income per share		0.058	0.092

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report.

N.B.: Earnings per share are calculated by dividing the net income for the period attributable to the Company's shareholders by the weighted average number of shares net of own shares. For the purposes of the calculation of the basic earnings per share, we specify that the numerator is the economic result for the period less the share attributable to third parties. There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares in the Company. Diluted profits for shares result as equal to those for shares in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

Statement of changes in consolidated shareholders' equity

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2020	**234,412**	**46,882**	**(26,774)**	**(51)**	**125,807**	**493,216**	**873,492**	**(0)**	**873,492**
Result for the period						12,995	12,995		12,995
Other operations					(68)		(68)		(68)
Total result of overall income statement				**(0)**	**(68)**	**12,995**	**12,927**	**0**	**12,927**
Allocation of 2019 result					493,216	(493,216)			(0)
Purchase of own shares			(6,498)		(0)		(6,497)		(6,497)
Balance as of 31th March 2020	**234,412**	**46,882**	**(33,271)**	**(51)**	**618,956**	**12,995**	**879,922**	**0**	**879,922**

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2019	**234,412**	**46,882**	**(16,981)**	**(35)**	**134,664**	**44,625**	**443,567**	**4,303**	**447,869**
Result for the period						20,562	20,562	1,195	21,758
of which:									
Result of continuing operations						*2,544*	*2,544*		*2,543*
Result of discontinuing operations						*18,018*	*18,018*	*1,195*	*19,214*
Other operations					(133)		(133)	(45)	(177)
of which:									
Other movements of discontinuing operations					*(133)*		*(133)*	*(45)*	*(178)*
Total result of overall income statement				**(0)**	**(133)**	**20,562**	**20,430**	**1,151**	**21,581**
Allocation of 2018 result					44,625	(44,625)			
Other movements					(1)		(1)		(1)
Balance as of 31th March 2019	**234,412**	**46,882**	**(16,981)**	**(35)**	**179,155**	**20,562**	**463,996**	**5,453**	**469,448**

Consolidated statement of cash flows

(Thousands of Euro)	First quarter 2020	First quarter 2019
Net income of the Group	**12,995**	**2,544**
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	0	1,195
Companies held for sale operating result	0	18,018
Amortization	8,330	5,554
Variations in severance indemnity	116	95
Current assets / liabilities on financial instruments and forward purchasee and sales	11	0
Net variation of other funds	103	(3)
Evaluation of subsidiaries with the net equity method	(8,242)	(217)
Interests paid	(526)	(394)
Interest expense for the year	542	262
Taxes for the year	2,055	879
Variations in assets and liabilities		
Inventories	(4,131)	(539)
Accounts payable	(7,673)	(8,526)
Other current assets	(9,195)	(2,530)
Trade payables	8,451	5,640
Other current liabilities	32,237	15,225
Other non-current assets	(111)	(8)
Other non-current liabilities	673	576
Operating flows from discontinued assets / liabilities	0	23,922
Total adjustments and variations	**22,642**	**59,153**
Cash flows generated (used) by operating activities	**35,638**	**61,696**
Cash flows generated (used) by investments		
Investments in intangible assets	(7,237)	(7,031)
Realisable value of intangible assets	0	213
Investments in tangible assets	(362)	(237)
Investment flows for business aggregations	(26,730)	0
Investment flows from discontinued assets / liabilities	0	54
Cash flows generated/(used) by investments	**(34,329)**	**(7,001)**
Cash flows generated (used) by financial activities		
Net changes in debts due to other financers	0	(277)
Net changes in short-term bank borrowings	(9,839)	(3,752)
Net variation in current financial assets and liabilities	(9,995)	1,835
Purchase of own shares	(6,498)	0
Ignitions loans and mortgages	48,700	35,000
Redemptions loans and mortgages	(42,000)	(43,000)
Cash flows from discontinued assets / liabilities	0	(6,946)
Cash flows generated (used) by financial activities	**(19,633)**	**(17,140)**
Variations in cash	**(18,324)**	**37,556**
Cash and cash equivalents at the beginning of the period	**67,031**	**53,129**
Cash and cash equivalents at the beginning of the period of the Companies held for sale	**0**	**7,297**
Cash and cash equivalents at the end of the period	**48,707**	**97,982**

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report.

EXPLANATORY NOTES

Company information

Ascopiave S.p.A. (hereinafter "Ascopiave", the "Company" or the "Parent Company" and, jointly with its subsidiaries, the "Group" or the "Ascopiave Group") is a legal entity under Italian law. Ascopiave S.p.A. is a joint-stock company with Italian domicile that was established in Italy.
As of 31st March 2020, the majority share of the Company's share capital, amounting to Euro 234,411,575, was held by Asco Holding S.p.A.; the remainder was distributed among other private shareholders. Ascopiave is listed since December 2006 on the Mercato Telematico Azionario – STAR Segment – organised and managed by Borsa Italiana S.p.A..
The registered office of the Company is in Pieve di Soligo (TV), via Verizzo, 1030, Italy.
The publication of the Interim financial report as of 31st March 2020 of the Ascopiave Group was authorised by resolution of the Board of Directors on 11th May 2020.
The Interim financial report as of 31st March 2020 is not subject to legal audit.

The activities of the Ascopiave Group
Ascopiave mainly operates in the sectors of distribution, as well as in other sectors related to the core business, such as heat management and co-generation.
The Group owns concessions and direct assignments for the management of the activity of gas distribution in 268 municipalities (268 municipalities as of 31st December 2019), has a distribution network extending for over 12,865 km (12,855 km as of 31st December 2019) and provides a service to a catchment area bigger than 1 million inhabitants.
The process aimed at enhancing the gas sales activities and strengthening and consolidating its presence in the distribution sector was completed on 19th December 2019. Such process led to the execution between the Ascopiave Group and the Hera Group of a partnership which ratified the establishment, through EstEnergy, of the largest Energy player in Northern-Eastern Italy. As part of the transaction, Ascopiave S.p.A. sold its stakes in the sales companies to EstEnergy, from which it then acquired a 48% stake, while the Hera Group sold the entire stake held in Ap Reti Gas Nord Est S.p.A. to Ascopiave, in addition to a 3% stake in Hera Comm.

General drafting criteria and main accounting standards adopted

The Ascopiave Group Interim Financial Statements as of 31st March 2020 were prepared pursuant to IFRS, that is all the "International Financial Reporting Standards", "International Accounting Standards" (IAS), all the interpretations of the "International Financial Reporting Committee" (IFRIC), previously "Standing Interpretations Committee" (SIC) adopted at the reporting date by the European Commission pursuant to the procedure set forth in EC Directive no. 1606/2002 issued by the European Parliament and Council on 19th July 2002.
The accounting principles adopted in these Interim Financial Statements are consistent with those used in the Consolidated Financial Statements as of 31st December 2019.
The interim financial statements are expressed in Euro, the currency used in the economy where the Group operates, and include the Consolidated assets and liabilities statement, the Comprehensive consolidated income statement, the Consolidated statement of changes in shareholders' equity, the Consolidated statement of cash flows and the Explanatory notes. All the values reported in the statements and explanatory notes are expressed in thousands of Euros, unless otherwise indicated.

With regard to the presentation methods of the formats of financial statements, the Consolidated statement of assets and liabilities has been prepared on the basis of the "current/non-current" distinction; for the comprehensive consolidated income statement the multi-step format was adopted with the classification of costs by nature and for the consolidated Cash flow statement the indirect method of representation.
The values used for consolidation were gathered from income statements and balance sheets prepared by the Directors of the individual subsidiaries. These data have been adjusted and reclassified, where necessary, to ensure compliance with international accounting standards and with the classification criteria applied throughout the Group.
These Interim financial statements as of 31st March 2020 were approved by the Board of Directors of the Company on 11th May 2020.

Application of IFRS 5 "Non-current assets held for sale and discontinued operations"

On 19th December 2019 Ascopiave S.p.A. and the Hera Group finalised the operation which led to the establishment of a primary energy business in northern-eastern Italy, which boasts over one million energy customers, as well as the reorganisation of the respective gas distribution activities. The closing, subsequent to the framework agreement dated 30th July and the ensuing approvals by the competent authorities and bodies, involved the exchange between the Hera Group and Ascopiave of assets of equal value, in the energy sales activities, on the one hand, and in gas distribution, on the other.

The operation, started on 17th June 2019 with the execution of a binding Term Sheet, finalised in a framework agreement on 31st July 2019, envisaged, in the sector of gas and electricity sales, the creation of a single operator for the respective sales activities in the regions of Veneto, Friuli-Venezia Giulia and Lombardy, through EstEnergy S.p.A., a company which was controlled jointly even before the closing by Ascopiave S.p.A. and Hera Comm S.r.l., the sales company of the Hera Group. EstEnergy S.p.A. saw a substantial expansion of its activities in the aforementioned area, encompassing the sales business of the Ascopiave Group relating to the subsidiaries Ascotrade S.p.A., Ascopiave Energie S.p.A., Blue Meta S.p.A. and the joint ventures Asm Set S.r.l., Etra Energia S.r.l. and Sinergie Italiane S.r.l. in liquidation. Furthermore, as part of the overall reorganisation of the gas and electricity customer marketing area, Amgas Blu, a sales company wholly owned by Ascopiave, active in the province of Foggia was acquired directly by Hera Comm. Consequently, in this Interim financial report, the assets listed were represented as "Discontinued operations" based on the provisions of accounting standard IFRS 5 "Non-current assets held for sale and discontinued operations".

Estenergy S.p.A. itself, due to the nature of the operation, was represented among the "Discontinued operations". On the basis of these provisions, the economic results achieved by the sales segment in the first quarter of 2019 are shown separately in a single line of the income statement, while no assets or liabilities are shown since the balance sheet figures shown for comparison purposes (as of 31st December 2019) already represented the outcome of the partnership itself.

Specifically, the comprehensive income statement as of 31st March 2019 and the cash flow statement as of 31st March 2019 were restated, while the balance sheet and financial position as of 31st December 2019 remained unchanged.

The transactions between continuing operations and discontinued operations during the comparative periods were not eliminated. The extent and nature of such transactions would have in fact determined an overly distorted view of the Group's balance sheet and financial position, as well as of the operating results, not representing the performance as if these were standalone assets.

The table below shows the effects deriving from the application of IFRS 5 on the comprehensive income statement as of 31st March 2019 shown for comparative purposes:

(Thousands of Euro)	1st Quarter 2019	Elision Effects	Adoption IFRS 5 - Companies held for sale	1st Quarter 2019 Restated
Revenues	224,087	37,662	233,856	27,893
Purchase costs for raw material (gas)	132,189	0	132,189	0
Purchase costs for other raw materials	8,274	11,628	19,467	435
Costs for services	37,246	26,079	56,157	7,271
Costs for personnel	6,307	0	2,766	3,541
Other management costs	8,142	0	497	7,645
Other income	33	0	0	32
Amortization and depreciation	6,050	37	458	5,555
Operating result	**25,912**	**8**	**22,323**	**3,479**
Financial income	184	25	199	10
Financial charges	420	17	156	282
Evaluation of subsidiary companies with the net equity me	3,349	0	3,133	217
Earnings before tax	**29,025**	**0**	**25,499**	**3,423**
Taxes for the period	7,267		6,285	879
Result for the period	**21,758**	**0**	**19,214**	**2,544**
Net result from transer/disposal of assets	0		19,214	19,214
Net result for the period	**21,758**	**0**	**0**	**21,758**

Measurement criteria

Use of estimates

The preparation of the interim report for the first quarter of 2020 requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the information disclosure of contingent assets and liabilities as of the date of the report.

If, in the future, such estimates and assumptions, which are based on the management's best assessment, differ from the actual circumstances, they shall be modified so as to be appropriate in the period in which the circumstances arise. For a detailed description of the most significant evaluation processes of the Group, please refer to paragraph "Use of Estimates" in the Consolidated Financial Statements as of 31st December 2019.

Moreover, some evaluation procedures, in particular the most complex ones, such as the determination of any impairment of non-current assets, are usually fully performed only while preparing the annual financial statements, when all the necessary information is available, except for cases in which there are impairment indicators that require an immediate evaluation of potential losses.

Income taxes are recognised on the basis of the best assessment of the weighted average tax rate expected for the entire financial year by each company included in the consolidation area.

Consolidation area and principles

The interim financial statements include the financial statements of all the subsidiaries. The Group controls an entity (including the structured entities) when the Group is exposed, or is entitled, to the variability of results from such entities and has the possibility of influencing these outcomes through the exercise of power over the entity. The financial statements of the subsidiaries are included in the Consolidated financial statements commencing the date on which control is taken until the date such control ceases. The costs incurred in the acquisition process are recognised in the year they are incurred. The assets and liabilities, the charges and income of companies consolidated with the line-by-line method are fully included in the consolidated financial statements; the book value of investments is eliminated against the corresponding share of equity of the investee companies. Receivables and payables, as well as the costs and revenues arising from transactions between companies included in the consolidation area are entirely eliminated; the capital gains and losses arising from transfers of assets between consolidated companies, the gains and losses deriving from transactions between consolidated companies related to the sale of assets that remain as inventories of the purchasing company, the write-downs and write-backs of investments in consolidated companies, as well as intercompany dividends are also eliminated.

At the date of acquisition of control, the net equity of the investee companies is determined by attributing to the individual assets and liabilities their current value. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recognised as "Goodwill"; if negative, it is recognised in the income statement.

The equity and profit shares attributable to minority interests are recorded in specific items of the shareholders' equity and income statement. In the case of acquisition of partial control, the equity share of minority interests is determined on the basis of the share of the current values assigned to assets and liabilities at the date of acquisition of control, excluding any goodwill attributable to them (so-called partial goodwill method); in relation to this, the minority interests are measured at their total fair value, also including the goodwill (negative goodwill) attributable to them. The choice of the methods for determining the goodwill (negative goodwill) is made based on each individual business combination operation.

In the case of shares acquired subsequent to the acquisition of control (purchase of minority interests), any positive difference between the acquisition cost and the corresponding portion of equity acquired is recognised in the equity; similarly, the effects arising from the sale of minority interests without loss of control are recognised in equity.

If the acquisition value of the shares is higher than the net equity pro-quota value of the investees, the positive difference is attributed, where possible, to the net assets acquired based on their fair value while the remainder is recorded in an item of assets, "Goodwill".

The value of goodwill is not amortised but is subject to, at least on an annual basis, an impairment test when facts or changes in the circumstances indicate that the carrying value cannot be realised. Goodwill is booked at cost, net of impairment losses. If the carrying value of the investments is lower than the net equity pro-quota value of the investees, the negative difference is recognised in the income statement. The acquisition costs are booked in the income statement.

Associated companies are those over which a significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights. Investments in associates are initially recorded at cost and subsequently accounted for using the equity method. The carrying value of these investments is in line with the Shareholders' equity and includes the recording of the higher values attributed to assets and liabilities and any goodwill identified upon acquisition. The unrealised gains and losses generated on transactions between the Parent Company/Subsidiaries and the investee valued with the equity method are eliminated based on the value of the stake held by the Group in the investee; the unrealised losses are eliminated, except when they represent an impairment.

The financial statements of subsidiaries and jointly controlled Companies used for the purpose of preparing the Consolidated Financial Statements are those approved by the respective Boards of Directors. The data of the companies consolidated on a line-by-line basis or with the equity method are adjusted, where necessary, to harmonise them with the accounting standards used by the Parent company, which are in accordance with the IFRSs adopted by the European Union.

The companies included in the consolidation area as of 31st March 2020 and consolidated through the line-by-line or equity method are the following:

Company name	Registered offices	Paid-up capital	Group interest	Direct controlling interest	Indirect controlling interest
Parent company					
Ascopiave S.p.A.	Pieve di Soligo (TV)	234,411,575			
100% consolidated companies					
AP Reti Gas S.p.A.	Pieve di Soligo (TV)	1.000.000	100.00%	0.00%	100%
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7.000.000	100.00%	0.00%	100%
Edigas Esercizio Distribuzione Gas S.p.A.	Cernusco sul Naviglio (MI)	3.000.000	100.00%	0.00%	100%
Asco Energy S.p.A.	Venezia	1.000.000	100.00%	0.00%	100%
AP Reti Gas Vicenza S.p.A.	Schio (VI)	10.000.000	100.00%	0.00%	100%
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15.000.000	100.00%	0.00%	100%

Subsequent to the execution of the partnership between the Ascopiave Group and the Hera Group on 19th December 2019, with effect from 31st December 2019, the Group purchased 100% of the company Ap Reti Gas Nord Est S.r.l., therefore the data shown at the end of 2019 already include the balance sheet figures related thereto.
Furthermore, commencing 1st July 2019, subsequent to the merger through acquisition of Unigas Distribuzione Gas S.r.l. into Ascopiave S.p.A., the company is no longer consolidated using the equity method and its operating results and balance sheet figures are represented within Edigas Esercizio Distribuzione Gas S.p.A., a company to which Ascopiave S.p.A. transferred the business unit relating to the activity previously conducted by Unigas Distribuzione S.r.l..

Synthesis data of fully consolidated companies

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)	Reference accounting principles
Parent company					
Ascopiave S.p.A.	3,116	(1,305)	842,881	229,909	IFRS
100% consolidated companies					
AP Reti Gas S.p.A.	21,969	3,550	318,259	(31,868)	IFRS
AP Reti Gas Nord Est S.r.l.	9,271	1,238	130,925	(3,120)	IFRS
Edigas Esercizio Distribuzione Gas S.p.A.	6,036	949	56,687	4,049	Ita Gaap
AP Reti Gas Vicenza S.p.A.	5,046	(6)	17,273	15,795	Ita Gaap
AP Reti Gas Rovigo S.r.l.	1,189	397	17,236	20	Ita Gaap
Asco Energy S.p.A.	342	34	1,157	5,543	Ita Gaap

Information on consolidated subsidiaries with minority interests
The company Ascopiave S.p.A. does not hold interests in subsidiaries in which third parties hold minority interests.

COMMENTS ON THE MAIN CONSOLIDATED BALANCE SHEET ITEMS

Non-current assets

1. Goodwill

Goodwill, equal to Euro 47,914 thousand as of 31st March 2020, remains unchanged as compared to 31st December 2019. This amount refers in part to the surplus value created by the delivery of the gas distribution networks by partner municipalities in the period between 1996 and 1999, and in part to the surplus value paid during the acquisition of some business units related to the distribution of natural gas. Among these, the goodwill recognised subsequent to the merger through acquisition of Unigas Distribuzione S.r.l. into Ascopiave S.p.A., for Euro 9,368 thousand, and the purchase of the entire share capital of the newly established company AP Reti Gas Nord Est S.r.l. for Euro 14,149 thousand. With regard to the latter, please note that the allocation made will be subject to further investigation and verification in order to determine, within the annual deadline set forth in the accounting standards, the definitive recognition of the business combination.

Pursuant to International Accounting Standard 36, goodwill is not subject to amortisation, but its impairment is verified at least annually.

In order to determine the recoverable amount, the goodwill is allocated to the Cash Generating Unit composed of the natural gas distribution activity (gas distribution CGU).

The balance of goodwill recorded at the end of the periods considered is shown in the following table:

(Thousands of Euro)	31.03.2020	31.12.2019
Distribution of natural gas	47,914	47,914
Total goodwill	**47,914**	**47,914**

As of 31st March 2020, considering the outcome of the impairment tests carried out while preparing the financial statements as of 31st December 2019, the evolution of the external indicators and of the internal values previously used to estimate the value recoverable from the cash-generating units and that there are no new, significant impairment indicators to take into account, the administrators did not judge it necessary to carry out another impairment test on the book value of the goodwill reported above.

2. Other intangible fixed assets

The changes in the historical cost and accumulated amortisation of other intangible assets at the end of the periods under examination are shown in the following table:

	31.03.2020			31.12.2019		
(Thousands of Euro)	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patent and intellectual property rights	6,600	(5,726)	874	6,600	(5,700)	900
Concessions, licences, trademarks and similar rights	15,260	(10,728)	4,532	15,256	(10,458)	4,798
Other intangible assets	9,685	(4,255)	5,430	9,685	(4,199)	5,486
Tangible assets under IFRIC 12 concession	1,009,162	(469,681)	539,481	1,003,824	(462,330)	541,495
Tangible assets in progress under IFRIC 12 concession	14,836	0	14,836	13,649	0	13,649
Intangible assets in progress	1,578	0	1,578	868	0	868
Other intangible assets	**1,057,122**	**(490,391)**	**566,731**	**1,049,882**	**(482,688)**	**567,194**

The changes in the inventory allowance for intangible assets in the quarter under examination are shown in the following table:

	31.12.2019					31.03.2020
(Thousands of Euro)	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	900	(0)		26		874
Concessions, licences, trademarks and similar rights	4,798	4		270		4,532
Other intangible assets	5,486	(0)		55		5,430
Tangible assets under IFRIC 12 concession	541,495	5,336		7,350		539,481
Tangible assets in progress under IFRIC 12 concessio	13,649	1,187	(0)	0		14,836
Intangible assets in progress and advances payments	868	710		0		1,578
Other intangible assets	**567,194**	**7,238**	**(0)**	**7,700**	**0**	**566,731**

The investments made during the first quarter of the year amount to Euro 7,238 thousand and mainly refer to costs incurred for the realisation of the infrastructures for natural gas distribution.

Industrial patents and intellectual property rights

During the first quarter of the year, the item "Industrial patents and intellectual property rights" did not register investments and its variation equals the amortisation of the period.

Concessions, licences, trademarks and similar rights

This item includes costs paid to awarding entities (Municipalities) and/or outgoing operators after the award and/or the renewal of the relevant tenders for the assignment of the natural gas distribution service, rather than the costs incurred for the acquisition of licences. During the first quarter of the year, the item did not register increases and the variation is explained by amortisation. The assignments obtained, following the implementation of Legislative Decree no. 164/00 (Letta Decree), are amortised with a useful life of 12 years in compliance with the period provided for by the decree.

Other intangible fixed assets

In the first quarter of the year the item did not record investments and the change is explained by amortisation.

Leased plants and machinery

The item reports the costs incurred into for the construction of facilities and distribution network of natural gas, the related connections as well as for the installation of metering and reduction groups. At the end of the first quarter of the year the item recorded a net negative change of Euro 2,014 thousand mainly explained by the amortisation of the period and the investments made. Including the reclassifications of assets under construction, investments totalled Euro 5,336 thousand.

The infrastructures located in Municipalities in which the invitation to tender for the distribution of natural gas has not been launched, are depreciated by applying the lower amount between the technical life of plants and the useful life indicated by the ARERA in tariff regulations. The technical life of plants has been assessed by an independent external expert who has determined the technical obsolescence of the infrastructures.

Intangible assets under construction under concession

The item includes the costs incurred for the building of the natural gas distribution plants and systems constructed partially on a time and materials basis and not completed at the end of the period considered. The item has changed by Euro 1,187 thousand.

Intangible assets under construction

The item includes the costs incurred for the purchase and development of management software not completed at the end of the first three months of the year and related to the core business of natural gas distribution.

3. Tangible assets

The changes in the historical cost and accumulated amortisation of tangible assets at the end of the periods under examination are shown in the following table:

	31.03.2020				31.12.2019			
(Thousands of Euro)	Historic cost	Accumulated depreciation	Provision for impairment	Net value	Historic cost	Accumulated depreciation	Provision for impairment	Net value
Lands and buildings	43,451	(15,058)		28,393	43,451	(14,743)		28,709
Plant and machinery	3,783	(1,724)	(995)	1,064	3,783	(1,699)	(995)	1,089
Industrial and commercial equipment	4,397	(3,714)		684	4,381	(3,688)		693
Other tangible assets	20,426	(17,356)		3,070	20,136	(17,149)		2,988
Tangible assets in progress and advance paym	570	0		570	499	0		499
	991	(346)		645	991	(275)		716
Other tangible assets	**73,619**	**(38,198)**	**(995)**	**34,426**	**73,242**	**(37,554)**	**(995)**	**34,694**

The changes in the inventory allowance for tangible assets in the quarter under examination are shown in the following table:

	31.12.2019				31.03.2020
(Thousands of Euro)	Net value	Change for the period	Decrease	Amortizations during the period	Net value
Lands and buildings	28,709	0	2	314	28,393
Plant and machinery	1,089	0		24	1,064
Industrial and commercial equipment	693	16		25	684
Other tangible assets	2,988	278		196	3,070
Tangible assets in progress and advance payments	499	71		0	570
	716	0		71	645
Other tangible assets	**34,694**	**364**	**2**	**630**	**34,426**

The investments made during the first quarter of the year amount to Euro 364 thousand and mainly relate to the costs incurred for the purchase of other assets.

Land and buildings

This item is mainly made up of the buildings owned in relation to company offices, peripheral offices and warehouses. During the first quarter of the year, the item did not register investments and the variation is explained by depreciation.

Plants and machinery

During the first quarter of the year, the item “Plants and machinery” did not register investments and the variation is explained by depreciation.

Industrial and commercial equipment

The item “Industrial and commercial equipment” in the period considered registered investments equal to Euro 16 thousand. It includes costs incurred for the purchase of equipment for the maintenance service of the distribution plants and for metering activity.

Other assets

The investments made during the first quarter of the year are equal to Euro 278 thousand and they mainly relate to the costs incurred for the purchase of hardware and phones (Euro 110 thousand), as well as furniture and fittings (Euro 8 thousand).

Tangible assets under construction and advance payment

The item mainly includes costs incurred for extraordinary maintenance of company headquarters and/or peripheral warehouses. During the first quarter of the year, the item changed by Euro 71 thousand.

Rights of use

The item includes the rights of use related to the first application of IFRS 16. The effect of the application of the new standard mainly concerned operating leases relating to tangible fixed assets: lease of buildings (Euro 590 thousand), rental of vehicles and trucks (Euro 401 thousand). During the quarter, the change recorded by the item is equal to the depreciation for the period (Euro 71 thousand).

4. Equity investments

The following table shows the changes in the shareholdings in joint companies and in other companies at the end of each period considered:

	31.12.2019			31.03.2020
(Thousands of Euro)	Net value	Increase	Decrease	Net value
Shareholdings in associated companies	395,943		8,242	404,184
Shareholdings in other companies	54,002	26,730		80,732
Shareholdings	**449,945**	**26,730**	**8,242**	**484,916**

During the quarter, the item "Equity investments" recorded an increase of Euro 34,971 thousand. The change is mainly explained by the purchase of 4.99% of the share capital of Acsm Agam S.p.A. described in the paragraph "Significant events during the first quarter of 2020" of this interim financial report and the measurement with the equity method of the consolidated results achieved by the associate Estenergy S.p.A..

The increase in investments in associates is related to the measurement with the equity method of the associate company Estenergy S.p.A. and represents the results achieved in the first quarter of the year by the Group controlled by it. The change recorded is equal to Euro 8,242 thousand *pro quota* of the Ascopiave Group.

The purchase of the investments in Acsm Agam S.p.A., described above, led to an increase in the item "investments in other companies", totalling Euro 26,730 thousand.

Equity investments in affiliate companies

At the end of the first quarter of the year, investments in affiliate companies were recorded for a total of Euro 404,184 thousand, an amount entirely related to the 48% stake held in EstEnergy S.p.A., in its new configuration. In 2019 in fact, the sales activities of the Ascopiave Group (Ascotrade S.p.a., Ascopiave Energie S.p.a., Blue Meta S.p.a. and the joint ventures Asm Set S.r.l. and Etra Energia S.r.l.) and the stake in Sinergie Italiane S.r.l., and those of the Hera Group (Hera Comm Nord-Est S.r.l) were transferred to the new company.

52% of the share capital of the new EstEnergy is held by the Hera Group and 48% by Ascopiave (which acquired its share, at the price described above, on the basis of an equity value of 100% of EstEnergy equal to Euro 824,881 million.

The change recorded represents the portion of the consolidated results achieved by Estenergy S.p.A. during the first three months of the year.

(Values referred to pro-rata partecipation in Million of Euro)	First quarter as of 31/03/2020
Non-current assets	322.6
Current assets	166.2
Net equity	324.5
Non-current liabilities	44.7
Current liabilities	119.3
Revenues	130.6
Costs	114.7
Gross operative margin	15.9
Amortiziation and depreciation	3.3
Operating result	12.6
Net result	9.4
NFP	37.3

Other investments

At the end of the first quarter of the year, other equity investments amounted to Euro 80,732 thousand and recorded an increase of Euro 26,730 thousand compared to 31st December 2019. The change is explained by the purchase of 4.99% of the share capital of Acsm Agam S.p.A..

The item also includes the equity investments recorded at the end of the previous year, which are unchanged. They consisted for Euro 54,000 thousand of 3% of the share capital of Hera Comm, acquired subsequent to the business partnership with the Hera Group completed on 19th December 2019, and the remaining equity investments, equal to Euro 2 thousand, relate to Banca di Credito Cooperativo delle Prealpi - Soc. Coop. for Euro 1 thousand and Banca Alto Vicentino S.p.A. for Euro 1 thousand.

Please note that Ascopiave S.p.A. has put options on the investments in affiliates and on the stake acquired in Hera Comm and that, at the end of the year, their fair value was null.

5. Other non-current assets

The following table shows the breakdown of "Other non-current assets" at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Security deposits	1,231	1,171
Other receivables	2,177	2,125
Other non-current assets	**3,408**	**3,296**

Non-current assets recorded an overall change compared to the previous year equal to Euro 111 thousand. This is mainly explained by the increase of Euro 60 thousand in security deposits.

Non-current receivables recognised at the end of the first quarter of the year refer to guarantee deposits for Euro 1,231 thousand and other receivables for Euro 2,177 thousand. The latter also include the receivable from the municipality of Santorso, equal to Euro 748 thousand. The value corresponds to the net book value of the distribution plants delivered in August 2007 to the same municipality; the delivery of said infrastructures occurred following the date of expiry of the concession, on 31st December 2006. The value of the receivables from the municipality corresponds to what the municipality of Santorso has been asked to pay as per the "Letta" legislative decree, article 15, paragraph 5, as indemnification of the industrial value of the network, in line with the estimations outlined in a suitable appraisal.

As of 31st March 2020 there is an on-going litigation with the municipality mentioned, in order to define the value of compensation of distribution systems delivered. The Group, also following the opinion of the legal advisor, believes that the result of the litigation and arbitration procedures is uncertain. The evolution of these disputes can be found in the paragraph "Litigations" of these interim financial statements.

6. Non-current financial assets

The table below shows the balance of non-current financial assets at the end of each reporting period:

(Thousands of Euro)	31.03.2020	31.12.2019
Altri Crediti di natura finanziaria oltre 12 mesi	2,490	2,478
Attività finanziarie non correnti	**2,490**	**2,478**

Non-current financial assets increased from Euro 2,478 thousand in 2019, to Euro 2,490 thousand in the period in question, a minor change. The item mainly includes the receivable due 12 months after the reporting date from the municipality of Costabissara with which a settlement agreement was signed for assessing the value of the natural gas distribution infrastructure, which had been delivered on 1st October 2011. The parties agreed an amount of Euro 3,000 thousand, of which Euro 1,000 thousand to be paid within 30 days of signing the agreement, while the remainder will be paid in 12 annual instalments having the same amount. The value entered under non-current financial assets represents the portion due beyond 12 months from the reporting date and, due to the duration of the agreed instalments, the item was discounted.

7. Advance tax receivables

The following table highlights the balance of advance tax receivables at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Advance tax receivables	19,677	19,390
Advance tax receivables	**19,677**	**19,390**

Advance taxes increase from Euro 19,390 thousand in 2019 to Euro 19,677 thousand in the quarter in question recording an increase of Euro 287 thousand. In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 31st March 2020 and at the time when it is estimated that any temporary differences will be carried forward.

Current assets

8. Inventories

The following table shows how the item is broken down for each period considered:

	31.03.2020			31.12.2019		
(Thousands of Euro)	Gross value	Bad debt provision	Net value	Gross value	Bad debt provision	Net value
Fuels and warehouse materials	12,301	(39)	12,263	8,171	(39)	8,132
Fuels and warehouse materials	**12,301**	**(39)**	**12,263**	**8,171**	**(39)**	**8,132**

At the end of the first three months the year, inventories are equal to Euro 12,263 thousand, marking an increase of Euro 4,131 thousand as compared to 31st December 2019. This is mainly explained by the stock of energy efficiency certificates purchased by the Group's ESCO and not sold at the reporting date, resulting in an increase in inventories equal to Euro 4,372 thousand. Please note that during the first quarter of the year the subsidiary AP Reti Gas Nord Est S.p.A., which became operational commencing 31st December 2019, set up the necessary inventories in the first quarter, resulting in an increase in inventories of Euro 768 thousand. Net of the changes described, the item showed a decrease of Euro 1,009 thousand explained by the lower quantity of material in stock at the warehouses of the distribution companies.
Goods in stock are used for maintenance works or for the construction of distribution plants. In the latter case materials are reclassified as Tangible Fixed Assets once installation is complete.
Inventories are entered net of the provision for loss in value of stock, equal to Euro 39 thousand, in order to adapt their value to the opportunities for their clearance or use.

9. Trade receivables

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Receivables from customers	28,842	18,966
Receivables for invoices to be issued	22,461	24,665
Bad debt provisions	(505)	(506)
Trade receivables	**50,797**	**43,124**

Trade receivables increased from Euro 43,124 thousand to Euro 50,797 thousand, marking an increase of Euro 7,673 thousand. This is mainly explained by the extension of the scope of consolidation at the end of the previous year due to the finalisation of the partnership with the Hera Group. AP Reti Gas Nord Est S.r.l. had no receivables at the end of the previous year, while at the end of the first quarter it records trade receivables for Euro 12,402 thousand. Net of the effects described, the item decreased by Euro 4,729 thousand, mainly due to the seasonality of the business. The trade receivables consist mainly in receivables from the natural gas sales companies that work in the area where the gas distribution network managed by the Group companies is located.
Receivables from customers are expressed net of the billing down payments and are payable within the following 12 months.
The provision for doubtful accounts, equal to Euro 506 thousand, represents the risks to which the Group's distribution companies are exposed and did not require additional amounts due to the good capacity of the existing provisions.

The changes in the provision for doubtful accounts during the first quarter of the year are shown in the following table:

(Thousands of Euro)	31.03.2020	31.12.2019
Bad debt provisions	506	3,715
Bad debt provisions from acquisitions	0	39
Adoption IFRS 5 - Companies held for sale		(3,244)
Use	(1)	(3)
Final bad debt provision	**505**	**506**

The following table highlights the composition of accounts receivables for invoices issued based on ageing, highlighting the capacity of the allowance for doubtful accounts as compared to receivables with seniority:

(Thousands of Euro)	31.03.2020	31.12.2019
Gross trade receivable invoices issued	28,842	18,966
- allowance for doubtful accounts	(505)	(506)
Net trade receivables for invoices issued	**28,337**	**18,460**
Aging of trade receivables for invoices issued		
- to expire	24,530	17,434
- expired within 6 months	3,565	863
- overdue by 6 to 12 months	43	244
- expired more than 12 months	704	425

10. Other current assets

The following table shows the breakdown of the item at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Tax consolidation receivables	728	1,927
Annual pre-paid expenses	1,495	687
Advance payments to suppliers	3,577	4,267
annual accrued income	28	93
Receivables due from CSEA	44,736	35,508
VAT Receivables	2,804	1,635
UTF and Provincial/Regional Additional Tax receivables	74	74
Other receivables	2,584	2,638
Other current assets	**56,026**	**46,830**

Other current assets increased from Euro 46,830 thousand to Euro 56,026 thousand, marking an increase of Euro 9,195 thousand. The extension of the scope of consolidation, occurred with the acquisition of AP Reti Gas Nord Est S.r.l. subsequent to the finalisation of the partnership with the Hera Group, resulted in an increase in other assets of Euro 3,205 thousand, influencing in particular the receivables from Cassa Servizi Energetici e Ambientali (CSEA).
Net of the effects described, the item showed an increase compared to 31st December 2019 of Euro 5,990 thousand, mainly attributable to the higher receivables from Cassa Servizi Energetici ed Ambientali in relation to energy efficiency certificates. The increase is mainly explained by the rise in the objectives assigned to the Group's distribution companies.
In 2019, the national tax consolidation contract with Asco Holding S.p.A. ceased due to the lack of some necessary requirements. The receivables recorded, in both periods shown for comparative purposes, refer to previous positions and do not relate to taxes accrued during the year. In 2019, the Group companies joined the national tax consolidation agreement with Ascopiave S.p.A..
The receivables from Cassa Servizi Energetici e Ambientali (CSEA), equal to Euro 44,736 thousand, are calculated based on the quantities of energy efficiency certificates delivered in November 2019, but not collected at the reporting date, which will be adjusted at the end of the regulatory period, and the quantities accrued until 31st March 2020 but not delivered yet on the same date. The unit contribution used for the economic quantification of the fulfilment is equal to the fair value of the forecast contribution for the contributions being accrued and, as of 31st March 2020, equal to Euro 250 (Euro 250 as of 31st December 2019; source STX).

11. Current financial assets

The following table shows the composition of current financial assets at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Associated companies	0	6,195
Other financial current assets	702	798
Current financial assets	**702**	**6,993**

Current financial assets decreased by Euro 6,291 thousand, from Euro 6,993 thousand as of 31st December 2019 to Euro 702 thousand in the quarter in question. The decrease is mainly explained by the termination of the intercompany current accounts that the parent company Ascopiave maintained with the sales companies involved in the partnership finalised with the Hera Group on 19th December 2019. The financial receivables recorded at the end of the previous year were equal to Euro 6,195 thousand, resulting in a change of the same amount in the item.
At the end of the period, the item also included, in addition to the short-term portion of the receivables from the municipality of Creazzo, the short-term portion of the receivables, amounting to Euro 305 thousand from the municipality of Costabissara, with which a settlement agreement was reached in 2019.

12. Tax receivables

The following table shows the composition of tax receivables at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Receivables related to IRAP	556	556
Receivables related to IRES	591	572
Other tax receivables	134	134
Tax receivables	**1,281**	**1,263**

Tax receivables increased from Euro 1,263 thousand to Euro 1,281 thousand in the quarter in question, marking an increase of Euro 18 thousand as compared to 31st December 2019. The item includes the residual credit, minus the taxes for 2020, of the IRAP advances paid and the IRES advances.

13. Cash and cash equivalents

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Bank and post office deposits	48,690	67,017
Cash and cash equivalents on hand	16	14
Cash and cash equivalents	**48,707**	**67,031**

Cash and cash equivalents decreased from Euro 67,031 thousand in the previous year, to Euro 48,707 thousand in the quarter in question, recording a decrease of Euro 18,324 thousand and they mainly refer to the bank accounting balance and to the company funds.
For a better understanding of the changes in cash flows in the first quarter of the year, please refer to the statement of cash flows.

Net financial position
At the end of the periods considered, the net financial position of the Group is the following:

(Thousands of Euro)	31.03.2020	31.12.2019
Cash and cash equivalents	48,707	67,031
Current financial assets	702	6,993
Current financial liabilities	(881)	(17,156)
Payables due to banks and financing institutions	(143,485)	(136,803)
Net short-term financial position	**(94,958)**	**(79,935)**
Non current financial assets	2,490	2,478
Medium- and long-term bank loans	(125,261)	(135,083)
Non-current financial liabilities	(441)	(441)
Net medium and long-term financial position	**(123,213)**	**(133,046)**
Net financial position	**(218,171)**	**(212,981)**

For comments on the main dynamics that caused changes in the net financial position, please refer to the analysis of the Group's financial data reported under the paragraph "Comments on the economic and financial results in the first quarter of 2020" and under the paragraph "Medium- and long-term loans" of these Interim financial statements.

Consolidated Shareholders' Equity

14. Shareholders' equity

Ascopiave S.p.A. share capital as of 31st March 20120 is made up of 234,411,575 ordinary shares, fully subscribed and paid, with a par value of Euro 1 each.
The shareholders' equity at the end of the periods considered is analysed in the following table:

(Thousands of Euro)	31.03.2020	31.12.2019
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(33,271)	(26,774)
Reserves	618,905	125,756
Group's Net Result	12,995	493,216
Net equity of the Group	**879,922**	**873,492**
Net equity of Others		**(0)**
Total Net equity	**879,922**	**873,492**

Consolidated shareholders' equity at 31st March 2020 amounted to Euro 879,922 thousand, marking an increase compared to 2019 of Euro 6,430 thousand. Changes in the consolidated shareholders' equity during the first quarter of the year, excluding the result achieved, are mainly explained by the purchases of treasury shares made in the period, which amounted to Euro 6,498 thousand.
At the end of the first quarter the company held treasury shares for a total value of Euro 33,271 thousand, up Euro 6,498 thousand compared to 31st December 2019.
As of 31st March 2020 Ascopiave S.p.A. held, subsequent to the purchases made during the period, 11,994,605 shares, equal to 5.117% of the share capital, for the value indicated above.
The hedge accounting reserve recorded at the end of the quarter represents the current value of the derivative financial instruments signed by Ascopiave S.p.A. in order to hedge against any interest rate fluctuations. Such reserve, as at 31st March 2020, shows a negative balance of Euro 166 thousand.
With regard to the assets and liabilities related to assets from derivatives, please refer to the paragraph "Risk and uncertainty factors" herein which highlights their effects.

Non-current liabilities

15. Provisions for risks and charges

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Previsions for pension for gas sector employees	1,389	1,285
Other reserves for risks and charges	59	59
Provisions for risks and charges	**1,448**	**1,344**

Reserves for risks and charges increased from Euro 1,344 thousand in the previous year to Euro 1,448 thousand in the quarter in question, up Euro 103 thousand. The increase is mainly explained by the recognition of costs accrued in the

period in question for long-term incentive plans. These amounts refer to the portion accrued in the quarter and relate to the 2018-2020 three-year period, as set out in the plans for the accrual of the bonus.

The changes in the period under examination are shown in the following table:

(Thousands of Euro)	
Reserves for risks and charges as of 1st January 2020	1,344
Provisions for risks and charges	106
Use of provisions for risks and charges	(2)
Provisions for risks and chargesas of 31st march 2020	**1,448**

The following table shows the composition of reserves for risks and charges by type:

(Thousands of Euro)	31.03.2020	31.12.2019
Risk of litigation with suppliers	59	59
Retirement fund and similar obligations	1,389	1,285
Total	**1,448**	**1,344**

The "retirement fund and similar obligations" item includes commitments to employees and directors regarding long-term incentive plans for the cash portion.

16. Severance indemnity

Severance indemnity increases from Euro 4,931 thousand as of 1st January 2020 to Euro 5,047 thousand as of 31st March 2020, with an increase of Euro 116 thousand.

The following table shows the changes in the item in the period considered:

(Thousands of Euro)	
Severance indemnity as of 1st January 2020	4,931
Retirement allowance	(205)
Payments for current services and work	321
Severance indemnity as of 31st march 2020	**5,047**

* including the interest cost booked in the income statement.

17. Medium- and long-term loans

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Loans from Prealpi	7,636	7,833
Loans from European Investment Bank	14,375	16,750
Loans from INTESA SAN PAOLO SPA	40,000	40,000
Loans from BNL	42,250	46,500
Loans from CREDIT AGRICOLE FRIULADRIA	21,000	24,000
Medium- and long-term bank loans	**125,261**	**135,083**
Quota corrente finanziamenti medio-lungo termine	30,781	30,778
Finanziamenti a medio-lungo termine	**156,042**	**165,861**

Medium and long term loans, mainly represented as of 31st March 2020 by the payables of the Parent Company to BNL for Euro 50,750 thousand, Intesa SanPaolo for Euro 50,000 thousand, Crédit Agricole Friuladria for Euro 27,000 and the European Investment Bank for Euro 19,125 thousand, decrease from Euro 165,861 thousand to Euro 156,042 thousand, marking a decrease of Euro 9,819 thousand, explained by the payment of the instalments in the first quarter of the year.

Specifically:

- the loan with BNL, taken out in August 2019 for an amount equal to Euro 30,000 thousand, has a residual debt as of 31st March 2020 of 27,000 thousand, with the recognition of Euro 6,000 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with IFRS.
- the loan with BNL, taken out in 2017 for an amount equal to Euro 30,000 thousand, has a residual debt as of 31st March 2020 of Euro 23,750 thousand, with the recognition of Euro 2,500 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with IFRS.
- the loan Intesa SanPaolo, disbursed in November 2019 for a total amount of Euro 50,000 thousand, equal to the residual debt as of 31st March 2020, with the entry of Euro 10,000 thousand in due to banks and short-term loans; the loan requires compliance with certain financial covenants to be verified annually on the Group's consolidated data prepared in accordance with the IFRS.
- the loan with Crédit Agricole Friuladria, disbursed in October 2019 for an amount equal to Euro 30,000 thousand, has a residual debt as of 31st March 2020 of Euro 27,000 thousand, with the recognition of Euro 6,000 in due to banks and short-term loans; the loan requires compliance with certain financial covenants to be verified every six months on the Group's consolidated data prepared in accordance with the IFRS.
- the loan issued by the European Investment Bank, paid in two tranches in 2013 equalling Euro 45,000 thousand, has a residual debt as of 31st March 2020 of 19,125 thousand, with the recognition of Euro 4,750 thousand in due to banks and short-term loans; the loan requires compliance with certain financial covenants to be verified every six months on the Group's consolidated data prepared in accordance with the IFRS.
- the loan with Cassa Centrale Banca, granted at the beginning of 2018 for an amount equal to Euro 10,000 thousand, has a residual debt as of 31st March 2020 of Euro 8,417 thousand, with the recognition of Euro 846 thousand in due to banks and short-term loans.

As a guarantee of the fulfilment of the obligations associated with the loan agreements with BNL (only the one taken out in 2017) and the European Investment Bank, the Parent Company has transferred to the banks a share of future receivables arising from the reimbursement of the value of assets related to gas distribution concessions of the subsidiary AP Reti Gas S.p.A..

18. Other non-current liabilities

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Security deposits	621	401
Multi-annual passive prepayments	24,606	24,152
Other non-current liabilities	**25,227**	**24,553**

Other non-current liabilities increased from Euro 24,553 thousand in the previous year to Euro 25,227 thousand in the first three months of 2020, marking an increase of Euro 673 thousand.

The item increased by Euro 454 thousand due to the performance of long-term deferred income, recognised against revenues for contributions received from private and public entities for the construction of the distribution network or connections to the gas network and related to the useful life of the gas distribution plants. The suspension of revenues is explained by the content of Law no. 9/2014 which envisages the full deduction of contributions from private individuals from the value of technical assets held under concession within the scope of gas distribution.

Security deposits recorded at the end of year refer to deposits received from the natural gas sales companies that work in the area where the gas distribution network managed by the Group companies is located, for the transport of the raw material.

19. Non-current financial liabilities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Other's non-current financial liabilities	441	441
Non-current financial liabilities	**441**	**441**

Other current liabilities did not change during the first quarter of the year and represent financial payables expiring beyond twelve months for operating lease agreements signed for rentals of company offices and vehicles.

20. Deferred tax payables

The following table shows the balance of the item at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Deferred tax payables	21,829	22,021
Deferred tax payables	**21,829**	**22,021**

Payables for deferred taxation decrease from Euro 22,021 thousand in the previous year to Euro 21,829 thousand in the quarter in question, marking a decrease of Euro 192 thousand.
Deferred tax payables mainly include the tax effects deriving from the dynamics of amortisation of gas distribution networks. In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 31st March 2020 and at the time when it is estimated that any temporary differences will be carried forward.

Current liabilities

21. Amounts due to banks and current portion of medium- / long-term loans

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Payables due to banks	112,704	106,025
Current portion of medium-long-term loans	30,781	30,778
Payables due to banks and financing institutions	**143,485**	**136,803**

Payables to banks increase from Euro 136,803 thousand in the previous year to Euro 143,485 thousand in the quarter in question, with an increase of Euro 6,682 thousand and include debtor accounting balance to credit institutions and the short-term quota of loans.

22. Trade payables

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Payables to suppliers	2,615	3,046
Payables to suppliers for invoices not yet received	57,919	49,036
Trade payables	**60,533**	**52,082**

Trade payables increase from Euro 52,082 thousand in the previous year to Euro 60,533 thousand in the quarter in question, marking an increase of Euro 8,451 thousand. The extension of the scope of consolidation with the acquisition of AP Reti Gas Nord Est S.r.l. subsequent to the business partnership finalised with the Hera Group on 19th December 2019, led to the recognition of trade payables totalling Euro 4,999 thousand. The company became operational on 31st December 2019 and at that date had no trade payables; consequently, trade payables accrued at the end of the first quarter of 2020 led to a change in the Group's trade payables of the same amount.
Net of the effects described, trade payables increased by Euro 3,452 thousand mainly due to the energy efficiency targets.
The item mainly includes the payables to suppliers of materials and services for the extension or maintenance of the natural gas distribution network, for the purchase of the energy efficiency certificates needed to achieve the applicable energy saving objectives, as well as for consultancy services received during the period in question.
The payables connected with the purchase of the energy efficiency certificates, needed to achieve the energy saving objectives that the Group distribution companies must fulfil, are calculated by evaluating the amounts of certificates accrued until the reporting date. The unit cost of certificates not purchased at the reporting date is the fair value of the prices recorded in the relevant market, calculated on 31st March 2020 and amounting to Euro 260 (Euro 260 on 31st December 2019).

23. Payables to tax authorities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
IRAP payables	447	82
IRES payables	6,762	4,646
Tax payables	**7,209**	**4,728**

Tax payables increase from Euro 4,728 thousand in the previous year to Euro 2,481 thousand in the quarter in question, marking an increase of Euro 2,481 thousand. The extension of the scope of consolidation with the acquisition of AP Reti Gas Nord Est S.r.l. subsequent to the business partnership finalised with the Hera Group on 19th December 2019, determined the recognition of tax payables totalling Euro 501 thousand. The company became operational on 31st December 2019 and at that date had no tax payables; consequently, the tax payables accrued at the end of the first quarter of 2020 resulted in a change in the item of the same amount.
Net of the change described, tax payables increased by Euro 1,980 thousand, explained by the entry of the payables accrued during the quarter towards the tax authorities for IRES and IRAP, after deducting the advance payments.
In 2019, the Group companies joined the national tax agreement with the parent company Ascopiave S.p.A..

24. Other current liabilities

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Advance payments from customers	220	221
Amounts due to parent companies for tax consolidation	16	1,668
Amounts due to social security institutions	1,041	1,120
Amounts due to employees	7,452	6,207
VAT payables	2,933	495
Payables to revenue office for withholding tax	428	966
Annual passive prepayments	727	661
Annual passive accruals	536	698
Other payables	44,521	13,514
Other current liabilities	**57,875**	**25,549**

Other current liabilities increased from Euro 25,549 thousand in 2019 to Euro 57,875 thousand in the first quarter of 2020, marking an increase of Euro 32,325 thousand. The extension of the scope of consolidation with the acquisition of AP Reti Gas Nord Est S.r.l. subsequent to the business partnership finalised with the Hera Group on 19th December 2019, led to the recognition of other current liabilities totalling Euro 12,094 thousand. The company became operational on 31st December 2019 and at that date it presented other minor current liabilities; consequently, the payables accrued at the end of the first quarter of 2020 resulted in a change in the item of Euro 11,261 thousand.
Net of the change described, other current liabilities increased by Euro 20,232 thousand, mainly due to the higher payables recorded towards Cassa per i Servizi Energetici e Ambientali which, considering the same scope of consolidation, showed an increase equal to Euro 21,319 thousand.

Advances from clients
Advances from clients represent the amounts paid by the customers as a contribution for works of allotments and connection and realisation of thermal plants in progress as of 31st March 2020.

Tax consolidation payables
In 2019, the national tax consolidation agreement with Asco Holding S.p.A. ceased due to the change of the financial year. The payables recorded as of 31st March 2020 refer to previous positions.

Welfare payables
Welfare payables include the payables for the welfare obligations to pension institutions for company employees and directors, accrued as of 31st March 2020 but not paid at that date.

Payables to personnel
The amounts due to employees include holidays not taken, deferred remuneration and bonuses earned as of 31st March 2020 but not paid out on that date and the relevant social security contributions. The item increased by Euro 1,245 thousand, from Euro 6,207 thousand in 2019 to Euro 7,452 thousand in the quarter in question.

VAT payables
Payables to the tax authorities for VAT at the end of the first quarter of 2020 amount to Euro 2,933 thousand and increase by Euro 2,438 thousand as compared to the previous year. The extension of the scope of consolidation with the acquisition of AP Reti Gas Nord Est S.r.l. subsequent to the business partnership finalised with the Hera Group on 19th December 2019, led to the recognition of VAT payables for a total of Euro 852 thousand. The company became operational on 31st December 2019 and at that date had no VAT positions; consequently, the payables accrued at the end of the first quarter of 2020 resulted in a change in the item of the same amount.

Annual deferred income
Other deferred income is mainly attributable to the grants received for the construction of the natural gas distribution network and the relevant connections.

Annual accrued liabilities
Accrued liabilities refer mainly to State fees and the fees granted to local licensing bodies for the extension of the concession for the distribution of natural gas, awaiting the territorial calls for tenders.

Other payables
At the end of the first quarter of 2020, the item showed a balance of Euro 44,521 thousand, recording an increase compared to the previous year of Euro 31,007 thousand. The increase is mainly related to higher payables to Cassa per i Servizi Energetici e Ambientali concerning the tariff components of natural gas transport.
The item also includes payables for personnel charges accrued as of 31st March 2020.

25. Current financial liabilities

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Financial payables within 12 months	685	16,889
Payables to leasing companies within 12 months	197	267
Current financial liabilities	**881**	**17,156**

Current financial liabilities decrease from Euro 17,156 thousand in 2019 to Euro 881 thousand in the quarter in question, marking a decrease of Euro 16,275 thousand.
The decrease is mainly explained by the termination of the intercompany current accounts that the parent company Ascopiave maintained with the sales companies involved in the partnership finalised with the Hera Group on 19th December 2019. The financial payables recorded at the end of the previous year amounted to Euro 16,889 thousand, resulting in a change of the same amount in the item.
Financial payables related to the application of the international accounting standard IFRS 16 recorded a change equal to Euro 71 thousand during the first quarter of the year due to the payment of the rents for the period. They represent financial payables expiring within twelve months for operating lease agreements signed for rentals of company offices and vehicles.

26. Current liabilities from derivative financial instruments

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.03.2020	31.12.2019
Liabilities on derivatives on raw material	177	98
Current liabilities from derivative financial instruments	**177**	**98**

Current liabilities on derivative financial instruments relate to interest rate hedging contracts executed by the parent company Ascopiave in 2019.

COMMENTS ON THE MAIN CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS

Revenues

27. Revenues

The following table shows the composition of the item by type of activity in the fiscal periods considered:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Revenues from gas transportation	28,100	18,021
Revenues from electricity sale	102	27
Revenues from connections	134	88
Revenues from heat supply	5	1
Revenues from distribution services	1,137	830
Revenues from services supplied to Group companies	2,201	1,949
Revenues from ARERA contributions	12,295	6,358
Other revenues	689	619
Revenues	**44,662**	**27,893**

At the end of the first quarter of the year, the Ascopiave Group's revenues amounted to Euro 44,662 thousand, an increase of Euro 16,769 thousand compared to the period shown for comparative purposes (Euro 27,893 thousand). The increase is mainly explained by higher revenues from the transportation of natural gas on the Group's distribution network (Euro +10,079 thousand) and higher contributions recorded for the achievement of energy saving targets (Euro +5,937 thousand).

Revenues are substantially entirely generated in Italy.

The *transportation of natural gas* on the distribution network generated revenues for Euro 28,100 thousand, marking an increase of Euro 10,079 thousand compared to the same period in the previous year. The change is mainly explained by the extension of the scope of consolidation which led to the recognition of the Restriction on total revenues of the subsidiary AP Reti Gas Nord Est S.r.l. and the Restriction related to the facilities previously managed by Unigas Distribuzione S.r.l., subsequent to the merger through acquisition effective 1st July 2019. As regards the latter, the extension of the scope of consolidation resulted in the line-by-line consolidation of the results achieved commencing that date; such revenues were previously recorded in financial income and charges under the item "profit/loss of companies measured with the equity method".

The Restriction on total revenues is determined, year after year, based on the number of redelivery points the Company served during the reference period, as well as on the reference price, whose values are established and published by ARERA. The item "revenues from gas transport" includes a negative equalisation amount of Euro 11,101 thousand, an increase as compared to the previous year of Euro 1,601 thousand. The equalisation amount varies according to the seasonality and the temperature trend as it results from the difference between the revenues charged to the sales companies for the natural gas transport service (contracts due to lower consumption) and the Restriction on Total Revenues recognised in the period in question.

The revenues derived from *services provided by distributors*, being equal to Euro 1,137 thousand, increased compared to the same period in the previous year by Euro 307 thousand. The change is partly explained by extension of the scope of consolidation which determined the recognition of the revenues achieved by the company consolidated commencing 31st December 2019 AP Reti Gas Nord Est S.r.l. and the revenues from services rendered in the territory where Unigas Distribuzione Gas S.r.l. operated, a company merged through acquisition effective 1st July 2019.

Revenues for *services provided to Group companies* show an increase of Euro 252 thousand compared to the previous year, and amount to Euro 2,201 thousand as of 31st March 2020.

The *contributions made by the Regulatory Authority for Energy, Networks and the Environment* at the end of the first quarter amount to Euro 12,295 thousand, up Euro 5,937 thousand compared to the previous year. The increase recorded is mainly explained by the recognition of revenues related to the objectives of the company AP Reti Gas Nord Est S.p.A. and the objectives related to the plants managed by the company Unigas Distribuzione Gas S.r.l..

The contributions are paid for the achievement of objectives set by the Authority itself in terms of energy saving and published by resolution, which defines the specific obligations of primary energy savings by the distributors to which

such obligations apply. The contributions recognised as of 31st March 2020 are calculated by evaluating the quantities of energy efficiency certificates accrued as compared to the 2020 target (regulatory period June 2019 - May 2020). The unit contribution used for the economic quantification of the fulfilment of the obligation is equal to the final contribution communicated by GSE for the 2019 target (regulatory period June 2019 - May 2020) for the certificates delivered, and equal to the fair value of the forecast contribution for the contributions being accrued and, as of 31st March 2020, equal to Euro 250 (Euro 250 as of 31st March 2019; source STX).
The item "*Other revenues*" increased from Euro 619 thousand in the first quarter of 2019, to Euro 689 thousand in the quarter in question, up Euro 69 thousand.

28. Cost of other raw materials

The following table shows the costs relating to the purchase of other raw materials during the relevant financial periods:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Purchase of other raw material	862	435
Purchase costs for other raw materials	**862**	**435**

At the end of the first quarter of the year, the costs incurred for the purchase of other raw materials are equal to Euro 862 thousand, marking an increase of Euro 427 thousand compared to the same period in the previous year. The change is mainly explained by the recognition of the costs incurred upon conducting the activities in the facilities previously managed by Unigas Distribuzione S.r.l. subsequent to the merger through acquisition effective 1st July 2019. The extension of the scope of consolidation resulted in the line-by-line consolidation of the results achieved commencing that date; the costs were previously recorded in financial income and charges under the item "profit/loss of companies measured with the equity method".
The consolidation of AP Reti Gas Nord Est S.r.l. commencing 31st December 2019 determined the entry of costs for Euro 143 thousand.
This item mainly includes costs related to the purchase of materials for the maintenance of the natural gas distribution infrastructure and odorization.

29. Costs for services

Costs for services for the relevant periods are analysed in the following table:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Costs for counting meters reading	270	184
Mailing and telegraph costs	153	67
Maintenance and repairs	781	519
Consulting services	927	1,084
Commercial services and advertisement	9	27
Sundry suppliers	667	469
Directors' and Statutory Auditors' fees	348	240
Insurances	265	187
Personnel costs	148	155
Other managing expenses	304	314
Costs for use of third-party assets	5,725	4,025
Costs for services	**9,596**	**7,271**

The costs for services incurred during the first quarter of the year increase by Euro 2,325 thousand compared to the same period in the previous year, from Euro 7,271 thousand as of 31st March 2019 to Euro 9,596 thousand in the quarter in question, mainly explained by the higher costs incurred for use of third-party assets and for maintenance and repairs.
The costs incurred for *metre reading*, amounting to Euro 270 thousand, compared to the same period in the previous year increased by Euro 86 thousand (Euro 184 thousand as of 31st March 2019).
The costs for *maintenance and repairs* increase from Euro 519 thousand during the first quarter of 2019, to Euro 781

thousand in the quarter in question, up Euro 262 thousand, mainly explained by the expansion of the scope of consolidation. The item mainly includes costs related to software fees and expenses incurred for routine facility maintenance.
At the end of the quarter in question, the costs incurred for *consultancy* amounted to Euro 927 thousand, a decrease of Euro 158 thousand, mainly explained by a lower amount of IT consultancies required.
The item *remuneration of directors and auditors* increased by Euro 108 thousand compared to the same period in the previous year, totalling Euro 348 thousand.
Other operating costs did not show significant changes compared to the previous year, and amount to Euro 304 thousand at the end of the first quarter.
The item *costs for use of third-party assets* mainly includes the fees paid to the Local Authorities for the management of natural gas distribution concessions and recorded an increase of Euro 1,700 thousand compared to the previous year. The change is mainly explained by the recognition of fees accrued as concerns the facilities previously managed by Unigas Distribuzione S.r.l., subsequent to the merger through acquisition effective 1st July 2019, and AP Reti Gas Nord Est S.r.l.. As regards the first, the extension of the scope of consolidation resulted in the line-by-line consolidation of the results achieved commencing that date; the costs were previously recorded in financial income and charges under the item "profit/loss of companies measured with the equity method".

30. Costs for staff

The following table shows the breakdown of personnel costs in the years considered:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Wages and salaries	5,052	3,869
Social security contributions	1,603	1,244
Severance indemnity	321	240
Other costs	12	28
Total costs for staff	**6,989**	**5,380**
Costs for staff capitalised	(1,607)	(1,839)
Total costs for staff	**5,382**	**3,541**

The cost for staff is net of costs capitalised by the companies of natural gas distribution as against increases in intangible assets for works performed on a time and material basis, which are directly attributed to the implementation of facilities for the distribution of natural gas and recorded as an asset.
Costs for staff increase from Euro 5,380 thousand in the first quarter of 2019, to Euro 6,989 thousand in the quarter in question, an increase of Euro 1,608 thousand. The change is mainly explained by the extension of the consolidation scope which determined the recognition of costs incurred by the subsidiary AP Reti Gas Nord Est S.r.l. and the extension of the consolidation scope subsequent to the merger through acquisition of Unigas Distribuzione Gas S.r.l. which took place on 1st July 2019.
As of 31st March 2020, costs for long-term incentive plans were recognised totalling Euro 112 thousand.
In accordance with IFRS 2, the cost of the long-term incentive plans had an offsetting item in the shareholders' equity reserves for Euro 13 thousand for the portion to be paid in shares and in the retirement funds for Euro 99 thousand for the cash portion. The amounts recorded for long-term incentive plans refer to the last year of the 2018-2020 period, as set out in the plans for the accrual of the bonus.
Capitalised personnel cost registered a decrease of Euro 233 thousand, from Euro 1,839 thousand in the first quarter of 2019, to Euro 1,607 thousand in the quarter in question.
Net personnel costs consequently increased by Euro 1,841 thousand.

The table below shows the average number of Group employees by category at the end of the indicated periods:

Descripion	31.03.2020	expasion of the perimeter	net of the expasion of the perimeter	31.03.2019	Variation
Managers (average)	13	1	12	14	-1
Office workers (average)	304	81	223	223	81
Manual workers (average)	160	44	116	118	42
No. of persoal employed	**477**	**125**	**351**	**354**	**123**

The extension of the scope of consolidation is related to the average employees of AP Reti Gas Nord Est S.r.l., because the first consolidation of such company occurred on 31st December 2019, and the staff of Unigas Distribuzione S.r.l., merged through acquisition with effect from 1st July 2019.

31. Other operating costs

The following table shows the breakdown of other operating costs in the periods considered:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Membership and ARERA fees	55	78
Capital losses	18	214
Extraordinary losses	24	14
Other taxes	184	57
Other costs	382	70
Costs of contracts	27	52
Energy efficency certificates	12,599	7,161
Other management costs	**13,288**	**7,645**

Other operating costs, increasing from Euro 7,645 thousand in the first quarter of 2019 to Euro 13,288 thousand in the quarter in question, show an increase of Euro 5,643 thousand; this change is mainly due to higher costs incurred for the purchase of Energy efficiency certificates (Euro +5,438 thousand) and related to the higher efficiency and energy saving objectives applicable to the Group companies. The main objectives assigned are primarily explained by the energy efficiency objectives related to the extension of the scope of consolidation with the acquisition of AP Reti Gas Nord Est S.r.l. (through the partnership concluded with the Hera Group on 19th December 2019) and the merger through acquisition of Unigas Distribuzione Gas S.r.l. effective 1st July 2019.

The costs recognised at the end of the first quarter of 2020 for the purchase of energy efficiency certificates are calculated by evaluating the amounts of certificates accrued as compared to the 2020 target (regulatory period June 2020 - May 2021). The unit cost for certificates not purchased at the reporting date is the fair value of the prices recorded in the relevant market, calculated on 31st March 2020 and amounting to Euro 260 (Euro 260 on 31st March 2019).

The increase in the costs booked for efficiency and energy saving objectives was only partially offset by lower capital losses recognised during the quarter in question.

The increase recorded in the item “other costs”, from Euro 70 thousand to Euro 382 thousand in the quarter in question, is mainly explained by the donations made by the parent company Ascopiave S.p.A. in favour of the Veneto Region for the management of the Covid 19 health emergency.

32. Other operating revenues

The following table shows a breakdown of other operating income in the periods considered:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Other income	21	32
Other income	**21**	**32**

At the end of the period considered, the item "other operating income" shows a decrease of Euro 11 thousand, from Euro 32 thousand as of 31st March 2019, to Euro 21 thousand in the reference period.

33. Amortisation, depreciation and write-downs

Amortisation and depreciation for the relevant periods are analysed in the following table:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Intangible fixed assets	7,700	4,978
Tangible fixed assets	559	509
Impairment losses and revelsals assets	71	68
Amortization and depreciation	**8,330**	**5,555**

Amortisation and depreciation show an increase of Euro 2,776 thousand, from Euro 5,555 thousand as of 31st March 2019, to Euro 8,330 thousand in the quarter in question.

The increase is partly explained by the extension of the scope of consolidation which resulted in the recognition of amortisation and depreciation of AP Reti Gas Nord Est S.r.l. and of the facilities previously managed by Unigas Distribuzione S.r.l., merged through acquisition on 1st July 20192019.

The recognition method of operating leases led to the entry of higher amortisation and depreciation costs totalling Euro 3 thousand for the rental of peripheral headquarters and company cars.

Financial income and expense

34. Financial income and expense

The following table shows a breakdown of financial income and expenses in the periods considered:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Interest income on bank and post office accounts	1	22
Other interest income	168	12
Financial income	**169**	**10**
Interest expense on banks	13	21
Interest expense on loans	372	231
Other financial expenses	199	30
Financial charges	**584**	**282**
Evaluation of subsidiary companies with net equity method		217
Evaluation of subsidiary companies with net equity method	8,242	
Evaluation of subsidiary companies with the net equity method	**8,242**	**217**
Total net financial expenses	**7,827**	**(55)**

At the end of the first quarter of 2020, the balance between financial income and expenses showed a loss of Euro 415 thousand, an increase as compared to the previous year of Euro 143 thousand. The increase is mainly explained by the higher interest paid on bank loans, up Euro 141 thousand and related to the long-term loans taken out during the previous year.

The items "other interest income" and "other expenses" show an increase of Euro 181 thousand and Euro 169 thousand respectively. These items mainly include the interest accrued on the intercompany current accounts between the parent company Ascopiave and the companies involved in the partnership with the Hera Group. In this regard, please note that these intercompany current accounts were terminated at the end of February 2020.

The item "Result quota from jointly controlled companies" does not show balances in the first quarter of the year, while it recorded a balance equal to Euro 217 thousand at the end of the same period in the previous year. The item

included the operating results achieved by Unigas Distribuzione S.r.l. as of 31st March 2019. On 1st July 2019 the company was merged through acquisition resolved by the Shareholders of the companies and consequently, commencing that date, the items that made up this net change are fully recognised in the consolidated financial statements of the Group.
The item "profit /(loss) of companies measured using the equity method" includes the consolidated profits achieved by the associate Estenergy S.p.A., a company in which the Ascopiave Group holds a 48% stake subsequent to the completion of the business partnership with the Hera Group on 19th December 2019. At the end of the quarter in question, the consolidated results of the associate showed profits amounting to Euro 8,242 thousand.

Taxes

35. Taxes in the reference period

The table below shows the breakdown of income taxes over the periods considered, distinguishing the current component from the deferred and advance ones:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
IRES current taxes	2,105	955
IRAP current taxes	377	222
(Advance)/Deferred taxes	(426)	(298)
Taxes for the period	**2,055**	**879**

Taxes accrued increased from Euro 879 thousand in the first quarter of 2019, to Euro 2,055 thousand in the quarter in question, recording an increase of Euro 1,176 thousand, mainly due to an increase in result before tax.

The table below shows the incidence of tax on the result before tax for the periods considered:

(Thousands of Euro)	1st Quarter 2020	1st Quarter 2019
Earnings before tax	15,051	3,423
Taxes for the period	2,055	879
Percentage of income before taxes	**13.7%**	**25.7%**

The tax-rate as of 31st March 2020 is 13.7%, a decrease of 12% compared to the same period in the previous year. The change is mainly explained by the significant variation in the results achieved by the companies measured with the equity method. The tax rate normalised of this effect is 30.2%, while at the end of the first quarter of 2019 it was 27.4%.

Net result of divested companies

The following table shows the details of the net result of the divested companies in the periods considered:

	1st Quarter	
(Thousands of Euro)	2020	2019
Net Result of companies held for sale	**0**	**19,214**

The item highlights the result achieved by the divested companies at the end of the first quarter of the previous year and reclassified pursuant to IFRS 5 due to the partnership with the Hera Group finalised on 19th December 2019.
The item therefore includes the results achieved during the first quarter of 2019 by the gas and electricity sales companies involved in the partnership.

Non-recurrent component

Pursuant to CONSOB communication no. 15519/2005, we announce that no non-recurrent economic components exist in the interim financial report as of 31st March 2020.

Transactions deriving from unusual and/or atypical operations

Pursuant to CONSOB communication N. DEM/6064296 dated 28th July 2006, we report that, during the first quarter of the year, no unusual and/or atypical operations occurred.

OTHER COMMENTS ON THE INTERIM FINANCIAL REPORT AS OF 31st MARCH 2020

Commitments and risks

Guarantees given

As of 31st March 2020, the Group provided the following guarantees:

Guarantees to companies within the consolidation area:

(Thousands of Euro)	31.03.2020	31.12.2019
On credit lines	3,849	0
On execution of works (letter of comfort)	1,292	991
On UTF offices and regions for taxes on gas (letter of comfort)	150	150
On distribution concession (letter of comfort)	3,390	6,043
On purchase/sale of shares (letter of comfort)	500	500
On agreements for transport of gas (letter of comfort)	675	1,569
On participation in the tender	75	0
Total	**9,931**	**9,252**

Guarantees issued by Ascopiave S.p.A. in favour of the sales companies involved in the business partnership:

(Thousands of Euro)	31.03.2020	31.12.2019
On credit lines	41,882	33,732
Patronage on derivative financial instruments	23,400	23,400
Guarantees on credit lines (letter of comfort)	102	115
On agreements for transport of gas (letter of comfort)	2,510	5,387
On agreements for transport of electricity (letter of comfort)	104	249
On agreements for transport of gas (letter of comfort)	2,852	2,894
On agreements for transport of electricity (letter of comfort)	14,700	16,727
On purchase of gas agreements (letter of comfort)	126	0
On purchase of electricity agreements (letter of comfort)	0	3,000
Totale	**85,676**	**85,504**

The letters of comfort on lines of credit and gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l. in liquidation, a stake sold to the Hera Group, amount as of 31st March 2020 to Euro 25,332 thousand, unchanged since 31st December 2019.

Risk and uncertainty factors

Information on agreements not disclosed in the balance sheet

Pursuant to art. 2427, first paragraph, point 22-*ter*, Italian Civil Code, introduced by Legislative Decree 173 on 23rd November 2008, it is noted that the company has not entered into agreements not disclosed in the balance sheet.

Management of financial risk: objectives and criteria

The investments in the operative activities of the Group mainly consist of short-term and medium/long-term bank loans, financial leasing, lease contracts with the possibility of purchase and short-term bank deposits at sight. The recourse to such forms of investment exposes the Group to the risk connected with the fluctuation of interest tax rate, that successively determine possible variations on financial costs.

Operations put the Group on the position of possible receivable risks with the counterparties.

The Group, furthermore, is subject to liquidity risks because the available financial resources may not be sufficient to meet its financial obligations, in the terms and deadlines forecast.

The Board of Directors re-examines and agrees the policies for risk management, described hereinafter.

Interest rate risks

The Group manages its liquidity needs both through temporary credit lines and short-term loans at variable rates which, due to their continuous fluctuation, do not make it easy to hedge against interest rate risk, and through medium/long-term loans with fixed and variable rates.

The medium-long term loans, with variable and fixed rates, have a residual debt as of 31st March 2020 of Euro 156,042 thousand and expiration dates between 1st April 2020 and 28th February 2030.

Medium and long term loans at variable rate envisage reimbursement between 2020 and 2025, with residual balance as of 31st March 2020 of Euro 73,125 thousand (Euro 81,500 thousand as of 31st December 2019), represented by:

- Loan with the European Investment Bank disbursed in August 2013 with a residual debt as of 31st March 2020 of Euro 19,125 thousand,
- Loan with BNL disbursed in August 2019 with a residual debt as of 31st March 2020 of Euro 27,000 thousand, the latter hedged by a financial derivative with effect from February 2020, for which the interest rate risk is therefore neutralised,
- Loan with Crédit Agricole - Friuladria granted in October 2019 with a residual debt as of 31st March 2020 of Euro 27,000 thousand; the latter is hedged by a financial derivative instrument, and therefore its interest rate risk is neutralised.

As of 31st March 2020, the derivative instruments to hedge against the risk of changes in interest rates, relating to the loans taken out with BNL and Crédit Agricole - Friuladria, detailed in paragraph no. 27 “Current liabilities on derivative financial instruments”, have a mark to market which is negative for Euro 177 thousand and are effective.

The following loans are not exposed to interest rate risks, as they envisage the application of a fixed rate:

- the loan taken out with BNL in August 2017, with a residual debt as of 31st March 2020 of Euro 23,750 thousand,
- the loan signed with Cassa Centrale Banca at the beginning of 2018, with a residual debt as of 31st March 2020 of Euro 8,417 thousand,
- the loan taken out with Intesa SanPaolo in November 2019, with a residual debt as of 31st March 2020 of Euro 50,000 thousand.

The loans above are subjected to covenants.

Please refer to Paragraph no. 17 “Medium and Long Term Loans” for additional details.

Sensitivity analysis of the interest rate risk

The following table shows the impacts on the Group's Pre-tax result of the possible variations in interest rates in a reasonably possible interval.

(Thousands of Euro)	March	
Net Financial Position 2020	(218,171)	
Borrowing rates of interest	0.05%	
Lending rates of interest	0.31%	
Borrowing rate of interest plus 200 basis points	2.05%	
Lending rates of interest plus 200 basis points	2.31%	
Borrowing rate of interest reduced of 50 basis points	0.00%	
Lending rates of interest reduced of 50 basis points	0.00%	
Net Financial Position recalculated with the increase of 200 basis points	(219,259)	
Net Financial Position recalculated with decrease of 50 basis points	(217,899)	Total
Effect on pre-tax result of the increase of 200 basis points	(1,088)	(1,088)
Effect on pre-tax result of the decrease of 50 basis points	272	272

The sensitivity analysis, obtained by simulating a variation on interest tax rates applied on the credit lines of the Group equal to 50 basis points in decrease (with a minimum limit of zero basis points) and 200 basis points in increase, maintaining unchanged all the other variables, leads to an estimation of an effect on the result before taxes which is negative for Euro 1,088 thousand or positive for Euro 272 thousand.

Receivable risk

Because of the sale of the equity investments in the gas and electricity sales business, the Group's operating activity is no longer exposed to credit risks caused by the failure to fulfil commercial obligations with counterparties.
The Group provides its business services to a limited number of players in the gas sector; if compensation for such services is not received or overdue, this could negatively affect the economic results and the financial balance, but credit protection is supported by the application of the guarantee mechanisms set forth in the Network Code.

Liquidity risk

The liquidity risk consists in the lack of available and sufficient financial resources in order to meet the Group's financial obligations, in the forecast terms and deadlines, due to the impossibility of raising new funds or selling assets on the market, affecting the income statement if the Group is obliged to incur additional costs to meet its obligations, or in case of insolvency entailing risks for the business.
The Group constantly aims at highest balance and flexibility of financing sources and uses, minimising that risk. The two main factors influencing Group liquidity are on the one hand the resources generated or absorbed by operations or investments, on the other hand the debt expiry characteristics and renewal.

Specific risks in the business sectors in which the Group operates

Regulations

The activities carried out by the Ascopiave Group in the gas sector are subject to regulations. Directives and regulatory measures adopted in the European Union and by the Italian Government, as well as the resolutions of the Regulatory Authority for Energy, Networks and the Environment can have a significant impact on the operations, the operating results and the financial balance. Future changes in the regulatory policy adopted by the European Union or at a national level could have unexpected effects on the regulatory reference framework and, consequently, on the activity and results of the Group.

Management of Capital

The primary objective of the management of the Group's capital is to guarantee that a solid credit rating is maintained, as well as suitable levels of the capital indicator. The Group can adapt the dividends paid to shareholders, reimburse capital or issue new shares.
The Group checks its capital by means of a debt/capital ratio.
The Group includes financial charges, trade and other payables in its net debt, net of liquid funds and equivalents.

(Thousands of Euro)	31.03.2020	31.12.2019
Financial position in the short term	94,958	79,935
financial position in the medium-long term	123,213	133,046
Financial gross debt	**218,171**	**212,981**
Share capital	234,412	234,412
Own shares	(33,271)	(26,774)
Reserves	665,787	172,638
Undistributed net profit	12,995	493,216
Total Net equity	**879,922**	**873,492**
Total capital and gross debt	**1,098,093**	**1,086,474**
Debt/Net assets ratio	0.25	0.24

The debt/net equity ratio as of 31st March 2020 is 0.25, a worsening as compared to 31st December 2019, when it amounted to 0.24.
The trend of this indicator is related to the combined effect of the change in the Net financial position, which worsened by Euro 5,190 thousand during the first quarter of 2020, and the Shareholders' equity, which increased by Euro 6,430 thousand, changes due the normal flow of the year.

Representation of financial assets and liabilities by categories

The breakdown of financial assets and liabilities by categories and their fair value (IFRS 13) as of 31st March 2020 and as of 31st December 2019 are as follows:

					31.03.2020	
(Thousands of Euro)	A	B	C	D	Total	Fair value
Other non-current assets			2,446		2,446	2,446
Trade receivables and Other current assets			101,752		101,752	101,752
Current financial assets			702		702	702
Cash and cash equivalents			48,707		48,707	48,707
Medium- and long-term bank loans				71,654	71,654	71,654
Other non-current liabilities				621	621	621
Non-current financial liabilities				441	441	441
Payables due to banks and financing institutions				170,771	170,771	170,771
Trade payables and Other current liabilities				117,285	117,285	117,285
Current financial liabilities				881	881	881
Current liabilities from derivative financial instruments		177			177	177

					31.12.2019	
(Thousands of Euro)	A	B	C	D	Total	Fair value
Other non-current assets			2,326		2,326	2,326
Trade receivables and Other current assets			85,001		85,001	85,001
Cash and cash equivalents			6,993		6,993	6,993
Current assets from derivative financial instruments			67,031		67,031	67,031
Medium- and long-term bank loans				135,083	135,083	135,083
Other non-current liabilities				7,900	7,900	7,900
Non-current financial liabilities				441	441	441
Payables due to banks and financing institutions				136,803	136,803	136,803
Trade payables and Other current liabilities				76,652	76,652	76,652
Current financial liabilities				17,156	17,156	17,156
Current liabilities from derivative financial instruments		98			98	98

Legend

A - Assets and liabilities at fair value directly recognised in the Profit and Loss Account

B - Assets and liabilities at fair value directly recognised in Equity (including hedging derivatives)

C - Assets for granted loans and receivables (including cash equivalents)

D - Financial liabilities recognised at amortised cost

Business segment reporting

The sector information is provided with reference to the business sectors in which the Group operates. Business sectors are identified as primary segments of activities. The criteria used for identifying the activity segments have been inspired by the methods whereby management runs the Group and assigns managerial responsibilities.
Based on the information required by the IFRS 8 "Business Segment Reporting, Operative segments", the company has identified as segments to be reported the activities of gas distribution and other. Specifically, the segment "Other" includes the cogeneration and heat supply activity and the parent company.
Information for geographic sectors is not provided, since the Group does not have any business activity outside of the national territory.
The following tables show the information on revenues concerning the business segments of the Group for the relevant periods:

1stQ 2020 (Thousand of Euro)	Gas distribution	Other	31.03.2020 values from new acquisitions	Elisions	Total
Net revenues of third-party customers	33,591	1,871	9,201		44,662
Intra-group revenues among the segments	649	932	70	(1,651)	0
Segment revenues	**34,239**	**2,803**	**9,271**	**(1,651)**	**44,662**

1stQ 2019 (Thousand of Euro)	Gas distribution	Other	31.03.2019 values from new acquisitions	Elisions	Total
Net revenues of third-party customers	25,755	2,138	0		27,893
Intra-group revenues among the segments	473	1,145	0	(1,619)	(0)
Segment revenues	**26,229**	**3,284**	**0**	**(1,619)**	**27,893**

Transactions with related parties

The transactions with related parties in the financial period considered are detailed in the following table:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Cost			Revenues		
					Goods	Services	Other	Goods	Services	Other
Parent company										
Asco Holding S.p.A.	11	646	0	0	0	0	0	0	14	0
Total parent company	**11**	**646**	**0**	**0**	**0**	**0**	**0**	**0**	**14**	**0**
Affiliated companies										
Asco TLC S.p.A.	28	0	0	0	0	164	0	0	19	0
Total affiliated companies	**28**	**0**	**0**	**0**	**0**	**164**	**0**	**0**	**19**	**0**
Transfer/disposal assets and subsidiary companies										
Estenergy S.p.A.			0	0	0	0	0	0	0	0
Amgas Blu S.r.l.	54		0	0	0	0	0	0	75	0
Ascotrade S.p.A.	6,361		75	0	0	0	0	0	541	0
Blue Meta S.p.A.	2,084		60	0	0	24	0	0	178	0
Etra Energia S.r.l.	110		0	0	0	0	0	0	46	0
Ascopiave Energie S.p.A.	1,805		95	0	0	26	0	0	181	0
ASM Set S.r.l.	577		2	0	0	0	0	0	67	0
Total Transfer/disposal assets and subsidiary companies	**10,990**	**0**	**232**	**0**	**0**	**50**	**0**	**0**	**1,088**	**0**
Total	**11,029**	**646**	**232**	**0**	**0**	**214**	**0**	**0**	**1,121**	**0**

Relationships deriving from the tax consolidation with Asco Holding S.p.A.:

Ascopiave S.p.A., AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A. and Asco Energy S.p.A. had joined the consolidation of tax relations held by the Parent company Asco Holding S.p.A.. The tax consolidation ceased due to the change of the reporting date which does not coincide with 31st December. Consequently, the current assets and liabilities recorded refer only to previous positions.

Relationships deriving from the tax consolidation with Ascopiave S.p.A.:

During the year, the companies AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Vicenza S.p.A. and Asco Energy S.p.A. joined the national tax consolidation with the parent company Ascopiave S.p.A.. The contract is valid for three years and is effective commencing the 2019 tax year.

As concerns parent companies:

The revenues recorded vis-à-vis the parent company Asco Holding S.p.A. pertain to administration, treasury management and staff services.

As concerns subsidiaries of the parent company:

Costs for services to the affiliate Asco TLC S.p.A. refer to a rental fee for the servers. Revenues for the afore-mentioned subsidiary derive from the contract to supply gas and electrical energy and from service contracts drawn up between the parties.

As concerns discontinued operations:

- with Ascotrade S.p.A.:
    - Other receivables: are related to intragroup current account agreements with Ascopiave S.p.A.;
    - Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
    - Trade payables relate to natural gas and electricity supplies incurred by Ascopiave S.p.A. and AP Reti Gas S.p.A.;
    - Costs for goods concern the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;

- The other costs relate to interest payable on the intragroup current account with Ascopiave S.p.A.;
- The revenues for services are connected to revenues for gas transportation and distribution services recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
- The other revenues relate to interests accrued on the intragroup current account with Ascopiave S.p.A..

- with Blue Meta S.p.A.:
  - Other payables: are related to intragroup current account agreements with Ascopiave S.p.A.;
  - Trade receivables refer to the natural gas transportation service on the distribution network with Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
  - Trade payables relate to natural gas and electricity supplies incurred by Edigas Distribuzione Gas S.p.A.;
  - Costs for goods concern the purchase of gas and electricity incurred by Edigas Distribuzione Gas S.p.A.;
  - Costs for goods concern the purchase of gas and electricity incurred by Unigas distribuzione Gas S.p.A. until the date of the merger through acquisition which took place on 1st July;
  - The other costs relate to interest payable on the intragroup current account with Ascopiave S.p.A.;
  - The revenues for services are connected to revenues for gas transportation and distribution services recorded by Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
  - The revenues for services are connected to revenues for gas transportation and distribution services recorded by Unigas Distribuzione Gas S.p.A. until the date of the merger through acquisition which took place on 1st July;
  - The other revenues relate to interests accrued on the intragroup current account with Ascopiave S.p.A..

- with Amgas Blu S.r.l.:
  - Other receivables: are related to intragroup current account agreements with Ascopiave S.p.A.;
  - Trade receivables relate to administrative, IT, and personnel services provided by Ascopiave S.p.A.;
  - The other costs relate to interest payable on the intragroup current account with Ascopiave S.p.A.;
  - Revenues for services refer to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
  - The other revenues relate to interests accrued on the intragroup current account with Ascopiave S.p.A..

- with Etra Energia S.r.l.:
  - Other receivables: are related to intragroup current account agreements with Ascopiave S.p.A.;
  - Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.
  - The other costs relate to interest payable on the intragroup current account with Ascopiave S.p.A.;
  - The revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
  - The other revenues relate to interests accrued on the intragroup current account with Ascopiave S.p.A..

- with Ascopiave Energie S.p.A.:
  - Other payables: are related to intragroup current account agreements with S.p.A.;
  - Trade receivables refer to the natural gas transportation service on the distribution network with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.
  - Trade payables relate to supplies of natural gas and electricity with Ascopiave S.p.A. and AP Reti Gas S.p.A.;
  - Costs for goods concern the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;
  - The other costs relate to interest payable on the intragroup current account with Ascopiave S.p.A.;
  - The revenues for services are connected to revenues for gas transportation and distribution services with

AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
    - The other revenues relate to interests accrued on the intragroup current account with Ascopiave S.p.A..

- with ASM Set S.r.l. :
    - Other receivables: are related to intragroup current account agreements with Ascopiave S.p.A.;
    - Costs for goods are related to the purchase of Gas with AP Reti Gas Rovigo S.r.l.;
    - Costs for services refer to administrative services provided to Ascopiave S.p.A.;
    - The other costs relate to interest payable on the intragroup current account with Ascopiave S.p.A.;
    - The revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas Rovigo S.r.l..;
    - The other revenues relate to interests accrued on the intragroup current account with Ascopiave S.p.A..

Revenues for services recognised towards Sinergie Italiane S.r.l. in liquidation relate to service contracts between the parties and re-invoicing of consultancy.
Please note that the letters of comfort on lines of credit and on gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l in liquidation amount as of 31st March 2020 to Euro 25,332 thousand (Euro 25,332 thousand as of 31st December 2019).

Furthermore:
- the economic relations between the companies of the Group and the subsidiary companies occur at market prices and are eliminated in the process of consolidation;
- the operations set up by the companies of the Group with related parties are part of normal management activity and are regulated at market prices;
- with reference to the provisions of art. 150, paragraph 1 of Italian Legislative Decree no. 58 of 24th February 1998, no operations have been carried out that could potentially represent a conflict of interest with companies of the Group, by members of the Board of Directors.

On 24th November 2010, the Board of Directors approved a procedure for operations with related parties (the "Procedure"). Said Procedure disciplines the operations with related parties by the Company, directly or by proxy of subsidiary companies, as set forth by Art. 2391-*bis* of the Italian Civil Code pursuant to the National Commission for Publicly Traded Companies (CONSOB) Decision no. 17221 dated 12th March 2010 and subsequent modifications.
The Procedure was implemented on 1st January 2011 and took the place of the previous regulation regarding the issue of operation with related parties, approved by the Board of Directors of the Company on 11th September 2006 (and following modifications).
For the contents of the Procedure, please refer to the document, available online on the Company website at the following URL: http://www.gruppoascopiave.it/wp-content/uploads/2015/01/Procedura-per-le-operazioni-con-parti-correlate-GruppoAscopiave-20101124.pdf.
In order to implement correctly the Procedure, a periodic map of all the so-called Related Parties is drafted, to delimit and apply to them the control provisions and the contents of the document. Company Directors are required to declare, when applicable, possible conflicts of interest in the performance of the afore-mentioned transactions.

Financial statements representation pursuant to Consob resolution 15519/2006

Please find below the Financial statements representation showing the effects of the transactions with related parties pursuant to Consob resolution no. 15519 dated 27th July 2006:

Consolidated assets and liabilities statement

(Thousands of Euro)	31.03.2020	Of which related parties						31.12.2019	Of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
ASSETS														
Non-current assets														
Goodwill	47,914							47,914						
Other intangible assets	566,731							567,194						
Tangible assets	34,426							34,694						
Shareholdings	484,916			404,184		404,184	83.4%	449,945			395,943		395,943	88.0%
Other non-current assets	3,408							3,296						
Non current financial assets	2,490							2,478						
Advance tax receivables	19,677							19,390						
Non-current assets	**1,159,561**			**404,184**		**404,184**	**34.9%**	**1,124,910**			**395,943**		**395,943**	**35.2%**
Current assets														
Inventories	12,263							8,132						
Trade receivables	50,797	11	28	10,990		11,029	21.7%	43,124	10	19	23,595		23,624	54.8%
Other current assets	56,026	646				646	1.2%	46,830	646				646	1.4%
Current financial assets	702							6,993			6,195		6,195	88.6%
Tax receivables	1,281							1,263						
Cash and cash equivalents	48,707							67,031						
								0						
Current assets	**169,775**	**657**	**28**	**10,990**		**11,675**	**6.9%**	**173,373**	**656**	**19**	**29,790**		**30,465**	**17.6%**
ASSETS	**1,329,336**	**657**	**28**	**415,174**		**415,859**	**31.3%**	**1,298,283**	**656**	**19**	**425,733**		**426,408**	**32.8%**
Net equity and liabilities														
Total Net equity														
Share capital	234,412							234,412						
Own shares	(33,271)							(26,774)						
Reserves	678,782							665,854						
Net equity of the Group	**879,922**							**873,492**						
Net equity of Others								**0**						
Total Net equity	**879,922**							**873,492**						
Non-current liabilities														
Provisions for risks and charges	1,448							1,344						
Severance indemnity	5,047							4,931						
Medium- and long-term bank loans	125,261							135,083						
Other non-current liabilities	25,227							24,553						
Non-current financial liabilities	441							441						
Deferred tax payables	21,829							22,021						
Non-current liabilities	**179,253**							**188,374**						
Current liabilities														
Payables due to banks and financing institutions	143,485							136,803						
Trade payables	60,533			232		232	0.4%	52,082		4	512		516	1.0%
Tax payables	7,209							4,728						
Other current liabilities	57,875							25,549						
Current financial liabilities	881							17,156			16,204		16,204	94.5%
Current liabilities from derivative financial instruments	177							98						
Current liabilities	**270,161**			**232**		**232**	**0.1%**	**236,417**		**4**	**16,716**		**16,720**	**7.1%**
Liabilities	**449,414**			**232**		**232**	**0.1%**	**424,791**		**4**	**16,716**		**16,720**	**3.9%**
Net equity and liabilities	**1,329,336**			**232**		**232**	**0.0%**	**1,298,283**		**4**	**16,716**		**16,720**	**1.3%**

Legend for the Related parties column heading:

***A** Parent companies*

***B** Associates*

***C** Affiliates and Jointly controlled companies*

***D** Other related parties*

Income statement and Comprehensive consolidated income statement

(Thousands of Euro)	1st Quarter 2020	Of which related parties A	B	C	D	Total	%	1st Quarter 2019	Of which related parties A	B	C	D	Total	%
Revenues	**44,662**	**14**	**19**	**1,088**		**1,121**	**2.5%**	**27,893**	**38**	**45**	**1,868**		**1,950**	**7.0%**
Total operating costs	**29,107**		**164**	**50**		**214**	**0.7%**	**18,860**		**195**	**239**		**434**	**2.3%**
Purchase costs for other raw materials	862							435			50		50	11.6%
Costs for services	9,596		164	50		214	2.2%	7,271		168	189		357	4.9%
Costs for personnel	5,382							3,541						
Other management costs	13,288							7,645		27			27	0.3%
Other income	21							32						
Amortization and depreciation	8,330							5,555						
Operating result	**7,224**	**14**	**(145)**	**1,037**		**907**	**12.6%**	**3,479**	**38**	**(150)**	**1,629**		**1,517**	**43.6%**
Financial income	169							10			3		3	25.3%
Financial charges	584							282			25		25	8.7%
Evaluation of subsidiary companies with the net equity method	8,242							217			217		217	100.4%
Earnings before tax	**15,051**	**14**	**(145)**	**1,037**		**907**	**6.0%**	**3,423**	**38**	**(150)**	**1,825**		**1,712**	**50.0%**
Taxes for the period	2,055							879						
Result for the period	**12,995**							**2,544**			**1,825**		**1,712**	**67.3%**
Net result from transer/disposal of assets								19,214			19,214		19,214	100.0%
Net result for the period	**12,995**							**21,758**			**21,039**		**20,926**	**96.2%**
Group's Net Result	12,995							20,562						
Third parties Net Result								1,195						
Consolidated statement of comprehensive income														
1. Components that can be reclassified to the income statement														
Fair value of derivatives, changes in the period net of tax	(68)													
Income tax relating to components of comprehensive income								(177)						
2. Components that can not be reclassified to the income statement														
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax														
Total comprehensive income	**12,927**							**21,581**						
Group's overall net result	12,927							20,430						
Third parties' overall net result								1,151						
Base income per share	0.058							0.092						
Diluted net income per share	0.058							0.092						

Legend for the Related parties column heading:

***A** Parent companies*

***B** Associates*

***C** Affiliates and Jointly controlled companies*

***D** Other related parties*

Consolidated statement of cash flows

(Thousands of Euro)	1st Quarter 2020	di cui correlate A	B	C	D	Totale	1st Quarter 2019	di cui correlate A	B	C	D	Totale
Net income of the Group	**12,995**						**2,544**					
Cash flows generated (used) by operating activities												
Adjustments to reconcile net income to net cash												
Third-parties operating result	0					**0**	1,195					**0**
Companies held for sale operating result	0					**0**	18,018					**0**
Amortization	8,330					**0**	5,554					**0**
Variations in severance indemnity	116					**0**	95					**0**
Current assets/liabilities from derivative financial instruments	11					**0**	0					**0**
Net variation of other funds	103					**0**	(3)					**0**
Evaluation of subsidiaries with the net equity method	(8,242)					**0**	(217)					**0**
Interests paid	(526)					**0**	(394)					**0**
Interest expense for the year	542						262					**0**
Taxes for the year	2,055					**0**	879					**0**
Variations in assets and liabilities						**0**						**0**
Inventories	(4,131)					**0**	(539)					**0**
Accounts payable	(7,673)					**0**	(8,526)	32	38	1,328	0	**1,398**
Other current assets	(9,195)	(5)	(9)	682	0	**668**	(2,530)	3,286	0	0	0	**3,286**
Trade payables	8,451	3	(4)	(23)	0	**(23)**	5,640	0	(32)	(13)	0	**(45)**
Other current liabilities	32,237	0	0	0	0	**0**	15,225	0	0	0		**0**
Other non-current assets	(111)	(646)	0	0	0	**(646)**	(8)					**0**
Other non-current liabilities	673					**0**	576					**0**
Operating flows from discontinued assets / liabilities	0					**0**	23,922					**0**
Total adjustments and variations	**22,642**	**(647)**	**(13)**	**659**	**0**	**(1)**	**59,153**	**3,318**	**6**	**1,315**	**0**	**4,639**
Cash flows generated (used) by operating activities	**35,638**	**(647)**	**(13)**	**659**	**0**	**(1)**	**61,696**	**3,318**	**6**	**1,315**	**0**	**4,639**
Cash flows generated (used) by investments												
Investments in intangible assets	(7,237)					**0**	(7,031)					**0**
Realisable value of intangible assets	0					**0**	213					**0**
Investments in tangible assets	(362)					**0**	(237)					**0**
Disposal/(acquisitions) in investments and avances	(26,730)					**0**	0					**0**
Investment flows from discontinued assets / liabilities	0					**0**	54					**0**
Cash flows generated/(used) by investments	**(34,329)**	**0**	**0**	**0**	**0**	**0**	**(7,001)**	**0**	**0**	**0**	**0**	**0**
Cash flows generated (used) by financial activities												
Net changes in debts due to other financers	0					**0**	(277)					**0**
Net changes in short-term bank borrowings	(9,839)					**0**	(3,752)					**0**
Net variation in current financial assets and liabilities	(9,995)	0	0	(627)	0	**(627)**	1,835	0	0	737	0	**737**
Purchase of own shares	(6,498)					**0**	0					**0**
Ignitions loans and mortgages	48,700					**0**	35,000					**0**
Redemptions loans and mortgages	(42,000)					**0**	(43,000)					**0**
Cash flows from discontinued assets / liabilities	0					**0**	(6,946)			6,706		**6,706**
Cash flows generated (used) by financial activities	**(19,633)**	**0**	**0**	**(627)**	**0**	**(627)**	**(17,140)**	**0**	**0**	**7,443**	**0**	**7,443**
Variations in cash	**(18,324)**					**0**	**37,556**					**0**
Cash and cash equivalents at the beginning of the year	**67,031**					**0**	**53,129**					**0**
Cash and cash equivalents at the beginning of the year of the Com	**0**						**7,297**					**0**
Cash and cash equivalents at the end of the year	**48,707**					**0**	**97,982**					**(0)**

Legend for the Related parties column heading:

A *Parent companies*

B *Associates*

C *Affiliates and Jointly controlled companies*

D *Other related parties*

Consolidated net debt

(migliaia di Euro)	31.03.2020	Of which related parties A	B	C	D	Total	%	31.12.2019	Of which related parties A	B	C	D	Total	%
A Cash and cash equivalents on hand	16							14						
B Bank and post office deposits	48,690							67,017						
C Securities held for trading														
D Liquid assets (A) + (B) + (C)	**48,707**							**67,031**						
E Current financial assets	702							6,993			6,195		6,195	88.6%
F Payables due to banks	(112,704)							(106,025)						
G Current portion of medium-long-term loans	(30,781)							(30,778)						
H Current financial liabilities	(881)							(17,156)			(16,204)		(16,204)	94.5%
I Current financial indebtedness (F) + (G) + (H)	**(144,367)**							**(153,959)**			**(16,204)**		**(16,204)**	**10.5%**
J Net current financial indebtedness (I) - (E) - (D)	**(94,958)**							**(79,935)**			**(10,009)**		**(10,009)**	**12.5%**
K Medium- and long-term bank loans	(125,261)							(135,083)						
L Non current financial assets	2,490							2,478						
M Non-current financial liabilities	(441)							(441)						
N Non-current financial indebtedness (K) + (L) + (M)	**(123,213)**							**(133,046)**						
O Net financial indebtedness (J) + (N)	**(218,171)**							**(212,981)**			**(10,009)**		**(10,009)**	**4.7%**

Legend for the Related parties column heading:
A *Parent companies*
B *Associates*
C *Affiliates and Jointly controlled companies*
D *Other related parties*

The values reported in the tables above refer to the related parties listed below:

Group A - Parent companies:
- Asco Holding S.p.A.

Group B - Associates:
- Asco TLC S.p.A.

Group C – Affiliates and Jointly controlled companies:
- Estenergy S.p.A. (Group)

Group D - Other related parties:
- Board of Directors
- Auditors
- Strategic managers

Significant events subsequent to the end of the first quarter of 2020

Filing of the lists for the appointment of the Board of Directors and the Board of Auditors
On 8th April 2020, with reference to the Shareholders' Meeting of Ascopiave S.p.A., convened for the day 29th April 2020 in first call and for the day 29th May 2020 in second call, to resolve among other things on the appointment of the members of the Board of Directors and the Board of Auditors, Ascopiave communicated that the following lists for the renewal of the corporate bodies have been submitted in due time.

Appointment of Board of Directors
List 1 submitted by Asco Holding S.p.A (owner of a shareholding equal to 52.043% of the share capital): Greta Pietrobon, Nicola Cecconato, Roberto Bet, Mariachiara Geronazzo, Enrico Quarello, Luisa Vecchiato; List 2 presented by ASM Rovigo S.p.A. (owner of a shareholding equal to 4,399% of the share capital), Cristian Novello and Edoardo Gaffeo;
List 3 filed by the Municipality of Spresiano, owner of 1.6254% of the share capital, on its own behalf and as a proxy of the following municipalities: Municipality of Trevignano, owner of 0.1476% of the share capital, Municipality of Giavera del Montello, owner of 0.9752% of the share capital, Municipality of Mareno di Piave, owner of 1.4757% of the share capital, Municipality of Pieve di Soligo, owner of 0.0738% of the share capital; Municipality of Segusino, owner of 0.8127% of the share capital, Municipality of Follina, owner of 0.8127% of the share capital, Municipality of Riese Pio X, owner of 0.0105% of the share capital: Gloria Paulon and Mario Collet.

Appointment of Board of Auditors
List 1 submitted by Asco Holding S.p.A. (owner of a shareholding equal to 52,043% of the share capital): Luca Biancolin, Barbara Moro and Matteo Cipriano (Alternate auditor);
List 2 submitted by ASM Rovigo S.p.A. (owner of a shareholding equal to 4,399% of the share capital): Giovanni Salvaggio and Marco Bosco (Alternate auditor).

The above lists of candidates as well as the documentation attached to them, in accordance with the current legislation, are available to the public, pursuant to the applicable regulations, at the registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket STORAGE" (www.emarketstorage.com) of Spafid Connect S.p.A. and on the website www.gruppoascopiave.it.

Notice of integration of the agenda, amendment of the procedures for convening the Ordinary and Extraordinary Shareholders' Meeting and filing of the Reports of the Board of Directors
On 8th April 2020, with reference to the Shareholders' Meeting of Ascopiave S.p.A., convened in ordinary and extraordinary session on 29th April 2020, on first call, and on 29th May 2020, on second call, Ascopiave announced that the Notice of integration of the agenda and the Notice of amendment of the procedures for convening the Shareholders' Meeting are available to the public at the registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "e Market STORAGE" (www.emarketstorage.com) of Spafid Connect S.p.A. and on the website www.gruppoascopiave.it and published in the newspaper "Il Giornale".
Furthermore, Ascopiave announced that the Reports of the Board of Directors pursuant to art. 125-*ter* of Italian Legislative Decree dated 24th February 1998, no. 58, and subsequent amendments and integrations, relating to the points in the extraordinary portion 1 (with reference to the proposal to amend article 3 of the Articles of Association, at the request of the shareholder Asco Holding S.p.A.) and 2 (as concerns the proposal to amend articles 6, 14, and 15 of the Articles of Association and addition of the new article 6-*bis*), as well as relating to the points in the ordinary portion 2 and 3 (as regards the remuneration policy and the emoluments paid) and 7 (with regards to the authorisation to purchase and sell treasury shares, subsequent to the revocation of the previous authorisation approved by the Shareholders' Meeting on 23rd April 2019) are available to the public, pursuant to the applicable regulations, at the registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "e Market STORAGE" (www.emarketstorage.com) of Spafid Connect S.p.A., and on the website www.gruppoascopiave.it.

Shareholders' agreements

Pursuant to current legal and regulatory provisions, Ascopiave disseminated to the public the extract of the shareholders' agreement between the shareholders sent to Ascopiave pursuant to art. 122, par. 1 of Italian Legislative Decree dated 24th February 1998, no. 58 and published by the signatories of the agreement in the national newspaper "Italia Oggi" on 8th April 2020.

Shareholders' Meeting – Clarifications on organisation of the Extraordinary and Ordinary Shareholders' Meeting

On 17th April 2020, with reference to the Shareholders' Meeting of Ascopiave S.p.A., convened in extraordinary and ordinary session on first call on 29th April 2020 and in second call on 29th May 2020, also in view of Consob Communication no. 3 dated 10th April 2020, and the fact that, as announced to the public on 8th April 2020, the Company opted for a participation method in the Meeting of those entitled to vote exclusively through the Designated Representative, the following is clarified.

It is herein confirmed that the Shareholders' Meeting will be held in extraordinary and ordinary session on 29th May 2020 at 15.00 hours at the Office of the Notary Federico Tassinari, in Imola (BO), via Quarto n. 4.

Therefore, please be reminded that the deadline for granting or revoking proxies and voting instructions pursuant to Article 135-*undecies* TUF (Consolidated Finance Law) is at the end of the second day of stock market trading prior to the afore-stated date (i.e. within 23:59 hours on 27th May 2020).

To the end of allowing all the Shareholders to be acquainted in due time with all the proposals of resolution on the subjects in the agenda of the Shareholders' Meeting submitted by the Shareholders pursuant to Article 126-*bis*, paragraph 1, third section of TUF, it is herein recommended to send any proposals to the registered office or via certified e-mail to ascopiave@pec.ascocert.it within 15 days prior to the Shareholders' Meeting (i.e. within 14th May 2020). The Company will publish on its website www.gruppoascopiave.it such proposals in due time prior to the expiry of the deadline for granting or revoking proxies and voting instructions to the Designated Representative.

Please be reminded that pursuant to Article 127-*ter* of TUF, those entitled to vote can submit enquiries on the subjects stated in the agenda, even prior to the Shareholders' Meeting. To this end, in accordance with Consob Communication no. 3 dated 10th April 2020, such enquiries should be submitted to the Company within the end of the seventh day of stock market trading prior to the date scheduled for the Shareholders' Meeting (i.e. within 20th May 2020). The Company, in order to enable the entitled persons to exercise the vote in an informed and responsible manner, to the extent possible, will publish on its website www.gruppoascopiave.it the related replies in due time prior to the expiry of the deadline for granting or revoking proxies and voting instructions to the Designated Representative, so as to allow the Shareholders to vote by proxy through the Designated Representative on each proposal of resolution that has been published.

All other information is herein confirmed as featured in the Notice of Summons and subsequent Notices of rectification and integration published by the Company, respectively on 20th March 2020 and 8th April 2020, in accordance with the methods and provisions of law as duly applicable.

The press release herein is available to the public at the Company's registered office and published on its website www.gruppoascopiave.it, on the authorised storage mechanism "eMarket STORAGE" (www.emarketstorage.com), at Borsa Italiana S.p.A., and in the newspaper "Il Giornale".

Goals and policies of the Group

As for the natural gas distribution segment, the Group intends to enhance its portfolio of concessions, aiming at confirming its service provision in the territorial areas served, in which it boasts a significant presence, and at expanding its activities to other fields, with the goal of increasing its market share and strengthen its local leadership.

As for the segment of gas sale, on 19th December 2019, the Group finalised the business partnership with the Hera Group through the creation of a primary entity in Northern-Eastern Italy boasting over one million energy customers, as well as, at the same time, a reorganisation of the respective gas distribution activities.

With this operation, Ascopiave implements its strategic repositioning plan, by entering into an agreement in the sales area with a primary player and strengthening its presence in the core business of gas distribution.

On 31st July 2019, the Boards of Directors of Hera S.p.A. and Ascopiave S.p.A. had approved the execution of the framework agreement that will initiate the business partnership through the joint venture EstEnergy.

The operation was subject to the usual conditions envisaged for this type of transaction and to all communications and approvals from the competent authorities and bodies, as well as, as regards only the equity investments

concerned, the non-exercise of the right of first refusal and the approval by the other shareholders, in the case of the equity investments held by Ascopiave S.p.A. in the joint ventures ASM Set S.r.l., Etra Energia S.r.l. and Sinergie Italiane S.r.l. in liquidation.

Pieve di Soligo, 11th May 2020

The Chairman of the Board of Directors
Nicola Cecconato

DECLARATION

(Translation from the original issued in Italian)

Certification of the Interim Quarterly Report

as of 31st March 2020

Pursuant to Article 154-bis paragraph 2, part IV, section III, sub-section II, heading V-bis, Legislative Decree n. 58, dated 24th February 1998: Consolidated Law on Finance compliant with Articles 8 and 21, Law 52 dated 6th February 1996

I the undersigned, dr. Riccardo Paggiaro, in my position as Manager Designate for preparing the financial and company documents of Ascopiave S.p.A. herein declare, to the best of my knowledge, pursuant to the provisions of Article 154-bis, paragraph 2, of the Consolidated Law on Finance, that the accounting information stated in the Quarterly Report as of 31st March 2020 tallies with the documental results, book-keeping entries and the accounting records.

Pieve di Soligo, 11th May 2020

Ascopiave S.p.A.
dott. Riccardo Paggiaro

Gruppo Ascopiave

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