PRESS RELEASE

ASCOPIAVE: the Board of Directors has approved the Ascopiave Group's 2021-2025 strategic plan.

The plan confirms the strategic guidelines drawn up last year, outlining a process of sustainable growth both in the core business of gas distribution and in new areas, specifically in the renewable energy sector - which the Group has recently penetrated through the M&A operations finalised in the past two months - and in the green gas segment.

Such development will not affect the balance of the financial structure, ensuring a stable and profitable distribution of dividends.

Economic and financial highlights

- **EBITDA in 2025: Euro 102 million (+Euro 36 million compared to 2021 preliminary financial statements)**
- **Net profit in 2025: Euro 46 million (+Euro 2 million compared to 2021 preliminary financial statements)**
- **Net investments in 2021-2025: Euro 599 million**
- **Net debt in 2025: Euro 608 million**
- **Financial leverage (Net financial position / Shareholder's equity) in 2025: 0.68**
- **Forecast of dividends distributed: 16.5 cents per share in 2021, with an increase of 0.5 cents per share in subsequent years until 2025.**

The plan develops a scenario that will leverage the tenders won by the Group, if any, for the gas distribution service in the relevant minimum territorial areas. This opportunity, which depends, among other things, on the actual publication schedule of the calls for tenders, involves a further estimated growth in EBITDA of Euro 16 million by 2025 and an increase in investments of Euro 59 million.

The Board of Directors of Ascopiave S.p.A., which had a meeting chaired by Mr Nicola Cecconato today, approved the 2021-2025 strategic plan of the Ascopiave Group.

Nicola Cecconato, Ascopiave, Chairman, commented:
"The plan we are presenting today outlines the development of our Group in the coming years, clearly highlighting the objectives we intend to pursue and the strategic levers that will enable us to achieve them. First of all, Ascopiave will be seizing the opportunities and responding to the challenges of the energy transition and the opening of the gas distribution market. Secondly, the Group will continue its process of growth and diversification into other synergistic businesses, namely in the renewable energy, green gases and energy efficiency sectors and water services.
Our action plan leverages the Group's current solid positioning and its industrial and financial capabilities, and enhances and capitalises on its current skills, with a view to creating value for shareholders and other main stakeholders.
The growth process described above will benefit from our overall economic, financial, social and environmental sustainability, confirming a stable and attractive remuneration for our shareholders."

Strategic guidelines

The strategy confirms the four cornerstones already illustrated in the plan approved in 2021: growth in the core business of gas distribution, diversification into synergistic sectors, economic and operational efficiency and innovation.

The Group's strategy aims to secure sustainable success for the company and is designed to create steady value for shareholders, developing a fruitful relationship with other relevant stakeholders.

Growth in the core business of gas distribution

The positioning and skills possessed by the Group in the distribution of natural gas constitute the solid foundations to support the development of the scope of managed activities. The sector consolidation process represents an opportunity that Ascopiave will be able to seize by leveraging its consummate industrial skills and the availability of adequate financial resources.
The growth will be achieved through M&A operations and participation in tenders for the award of concessions.
At the end of 2021, the Group, in a consortium with Acea and Iren, signed a binding agreement for the acquisition, with the A2A Group, of a significant portfolio of concessions. Ascopiave is interested in 39 concessions located mainly in the Veneto and Lombardy regions for a total of 114,000 users served. The operation is expected to be closed in the first half of 2022 and will result in an increase in Ascopiave's customer base of 15%. The Group is currently evaluating other business acquisition opportunities.
Ascopiave has identified a set of ATEM tenders (territorial invitations to tender) for which it intends to submit a bid, defining priorities and level of interest, with the aim of establishing a portfolio of concessions for the management of the service in contiguous areas, particularly in order to strengthen the current sector leadership in North-Eastern Italy.
The possibility of implementing the growth strategy by participating in ATEM tenders depends, among other things, on the timing of publication and award of the tenders. Since such schedule is unknown, the plan develops a scenario analysis that specifically assesses the impacts of the possible award of two ATEMs (Minimum Territorial Areas), identified considering the current stage of the launch of calls for tenders and its expected evolution.

Diversification into new businesses

The plan identifies opportunities for profitable development in the sectors of renewable energy, green gases, energy efficiency and water services.
Part of the investments planned in diversification into the renewable energy sector have already been made thanks to the conclusion of some M&A operations (acquisition of the assets of EVA and Eusebio Energie) finalised in the past two months, which have resulted in the Group owning a range of plants for the production of electricity from water and wind sources with a nominal installed power of over 62 MW.
The financial liabilities set forth in the diversification investment plan have more than doubled compared to the objectives indicated last year. The plan includes the investments already made and increases the future targets for the 2022-2025 four-year period.
The diversification activities have been evaluated taking into account the potential synergies with the core business, their sustainability and their risk profile.
Ascopiave currently boasts remarkable skills in the management of infrastructure and energy systems, which will be applied successfully to the management of diversified activities.
As for sustainability, the sectors to be developed offer an adequate growth potential, enabling the Group, in perspective, to reach a sizing and positioning capable of generating profitability which is comparable to that of other operators in the market. This characteristic can be identified in particular in those sectors capable of contributing to the energy transition.
Finally, the activities present a low operational risk, as they are partly governed and managed under concessions or however offer stable cash flows.
Growth in diversified sectors may occur through the development of in-house skills and independent offer systems, participation in competitive tenders, company acquisitions or, finally, the establishment of partnerships with expert parties.

Economic and operational efficiency

Ascopiave has achieved appreciable results in terms of managerial efficiency, implementing organisational and technological solutions that are functional both to enhance service quality and reliability, and to contain costs. The Group also has solid experience in the integration of companies after their acquisition. Between 2017 and 2020, three companies, managing about 50% of the Group's current customers, were fully integrated and in 2022 the Group will be integrating the new concessions that the A2A Group is going to dispose.
Improving economic efficiency is at the heart of Ascopiave's managerial policies, aimed at confirming the excellent results achieved in recent years.
Consequently, the corporate policies and practices functional to the purpose will be confirmed and strengthened, such as continuous monitoring of process efficiency, through the use of operating systems and dedicated organisational resources, and the incentive remuneration system for employees.
Efficiency will be enhanced through the adoption of digital and innovative technological solutions, internal process control, staff training and a careful management of relations with external suppliers, with the ultimate goal of maintaining a lean and flexible cost structure.

Innovation

Innovation management is a crucial activity that enables Ascopiave to attain both short and medium/long-term objectives.
Innovation makes it possible to improve economic efficiency and service quality, which are indispensable for maintaining adequate competitiveness vis-à-vis other operators in the sector, considering that they will be competitors in tenders for the award of concessions.
In a long-term perspective, innovation in technology and business models is essential to respond positively and in an economically sustainable way to the transformation processes prompted by European and national environmental and energy policies.
In 2021-2025, Ascopiave will implement a consistent programme of innovative interventions aimed at the evolution of the infrastructure and the improvement of its safety and functional efficiency.
These interventions will be particularly focused on the development of first reduction and metering substations, in order to make them more energy efficient, and the adaption of networks and systems to the future injection of "green" gases.
In 2021 the Group adopted a pioneering leak detection system which, in addition to improving the safety conditions of the network, will contribute to the reduction of CH4 emissions into the atmosphere.

Economic and financial projections

The strategic development scenarios have been investigated by estimating their economic and financial impacts over the entire plan period, taking into account the main risk elements typical of the relevant sectors and the specific characteristics of the Group, assessed in relation to the planned actions.
The uncertainty about the dates on which the tenders will be invited and the concessions awarded has led to the development of a scenario analysis based on two different assumptions.
The first scenario, (scenario A), assumes that in the plan period no territorial tender will reach a degree of completion such as to announce a winner and that, therefore, the Group will continue to manage the current scope of activities in the gas distribution sector, apart from growth linked to the acquisition of assets through M&A operations.
The second scenario (scenario B), on the other hand, assumes that by 2025 the Group will be awarded two territorial concessions, identified among those of interest on the basis of an

assessment of the progress of the process of publication of the tenders and its expected evolution.
The assumptions common to the two scenarios are external growth in the distribution sector, with acquisitions for a total of 50,000 users, and the implementation of the investment plan in diversified activities.
According to the plan, the financial requirements for the investments will be partially financed through resources deriving from the disposal of the 3% stake in Hera Comm and, in addition, in scenario B, from the exercise of the put option on a stake in the capital of EstEnergy S.p.A..

Investments

In the 2021-2025 five-year period the Group expects to make significant net investments, totalling Euro 599 million (Scenario A), which rise to Euro 658 million if the Group is awarded the territorial tenders (Scenario B).
The amounts indicated are net of the divestitures of the equity investments in Hera and EstEnergy and the net resources distributed in excess of the consolidated net profit by the stakes consolidated using the equity method (EstEnergy and Cogeide).

Investments in gas distribution

In scenario A, investments in the distribution sector amount to Euro 424 million over the plan period, of which Euro 155 for external growth and Euro 269 million for the scope of activities currently managed.
As regards the latter, investments of approximately Euro 146 million are expected for the renovation and extraordinary maintenance of 257 km of pipeline, service lines and reduction and metering groups and facilities. Investments in development, consisting in the installation of over 305 km of new pipes and the construction of new connections, are estimated at around Euro 64 million.
We also plan to install approximately 293,000 electronic metres, mostly compliant with the obligations to replace traditional metres set out in the regulations, for a total investment of approximately Euro 42 million.
Finally, investments in digitisation, efficiency and innovation amount to approximately Euro 17 million. The latter include investments for the digitisation of business processes (Euro 5.3 million), the digitisation of the network (Euro 2.6 million), investments for the improvement of the energy efficiency of first reduction and metering substations (Euro 4.2 million) and for energy recovery on first reduction and metering substations through turbo-expansion combined with high-efficiency cogeneration (Euro 4.3 million), the implementation of a bidirectional distribution system (Euro 2.5 million) and the introduction of a new innovative leak detection system (Euro 1.5 million).
As for the investments connected with the expansion of the scope (Euro 155 million), Euro 73 million relate to the enterprise value of the acquisition of the assets of A2A, an operation that will be completed in the first half of 2022.
If the Group wins the territorial tenders (Scenario B), the volume of investments could further grow by Euro 165 million, due in part to the payment of the reimbursement values of the plants to the outgoing operators (Euro 129 million) and in part to the implementation of the investment plans offered in the tender (Euro 36 million).

Investments in diversification

In the 2021-2025 period, the plan envisages investments for diversification into new businesses to the tune of Euro 258 million, of which Euro 132 million in the renewable energy industry

(hydroelectric, wind, photovoltaic), Euro 83 million in projects for the production of green hydrogen, Euro 10 million in the biomethane sector, Euro 10 million in the energy efficiency segment and Euro 23 million in integrated water services.
In the sector of energy production from renewable sources, the plan envisages the establishment of a portfolio of plants, through M&A operations and new constructions, consolidating its management skills through partnerships with specialised operators.
As far as M&A are concerned, as mentioned above, the Group has recently concluded some operations, acquiring assets for a total enterprise value of Euro 99 million, achieving the objectives set out in the industrial plan approved in January 2021 in just one year.
The plan envisages the construction of integrated plants for the production of green hydrogen by using energy from renewable sources. The projects, implemented in partnership with industry experts, are functional to the objectives of the energy transition, and therefore could be eligible for government grants. The alternative uses of the hydrogen produced are being assessed, and include industry, transports or blending with methane gas.
In the biomethane sector, Ascopiave's investment objectives concern the upgrading of existing agricultural biogas plants, as well as the construction of new facilities.
Investments in energy efficiency will be mainly addressed to companies and the public administration and will be made through the ESCO of the Asco Energy Group, independently or through external growth.
Investments in the water sector consist in partnerships with industry operators through M&A operations or, if applicable, in participation in tenders for the award of the service.

Divestments of minority interests in companies selling natural gas and electricity

The investment plan will be partially financed through resources deriving from the partial exercise of the put options on the stakes held in the companies operating in the sale of gas and electricity.
According to scenario A, over the course of the plan, the divestments would generate cash for Euro 90 million, of which Euro 54 million deriving from the exercise of the put option on Hera Comm.
As for scenario B, the divestments would contribute to the financing of the investment plan for Euro 196 million, of which Euro 168 million generated by the exercise of the put options on the investment in Hera Comm (Euro 54 million) and part of the stake in EstEnergy (Euro 114 million).

Evolution of EBITDA and net profit

The Group's EBITDA is expected to grow from Euro 66 million in the 2021 preliminary financial statements to Euro 102 million in 2025 (Scenario A), rising to Euro 118 million if the two territorial tenders are launched and won (scenario B).
EBITDA expected for 2025 and ascribable to the scope of the assets currently held is in line with the preliminary figure (Euro 66 million). The expected performance neutralises, over the duration of the plan, the negative impact of the tariff reductions introduced by the revision of the rate of return on invested capital recently approved by the sector authority (ARERA) (actual rate of return before tax 6.3% in 2021, 5.6% starting from the year 2022), with an estimated impact for the year 2022 of Euro 5 million.
The increase in EBITDA for M&A operations in the distribution sector is expected to be Euro 14 million, while the estimated EBITDA for diversification activities is Euro 22 million, of which Euro 12 million deriving from the renewable energy sector, Euro 7 million from the projects for the production of green hydrogen, Euro 2 million from the energy efficiency industry and Euro 2 million from the water sector.
Finally, if the Group wins the territorial tenders (Scenario B), EBITDA would further increase by Euro 16 million.

The projections relating to the net profit include income from minority stakes (Euro 23 million in scenario A, Euro 17 million in scenario B), costs for financial charges and taxes.
In both scenarios, the net profit is estimated at Euro 46 million (+Euro 2 million compared to 2021 preliminary financial statements).

Evolution of invested capital and net financial debt

The net invested capital during the plan increases from Euro 1,215 million (2021 preliminary financial statements) to Euro 1,508 million (2025 forecast for scenario A). If the Group wins the tenders assumed in scenario B, the invested capital would further grow, reaching Euro 1,564 million.
In both scenarios, growth-induced net requirements are assumed to be financed through the use of financial leverage. As a result, financial debt in 2025 is expected to grow to Euro 608 million in scenario A and Euro 661 million in scenario B, respectively.
The resulting financial structure is considered efficient and sustainable in relation to the risk profile of the assets held and which are expected to be acquired.

Likelihood of scenarios

At present, the Group believes that the scenario which assumes that the new territorial concessions will commence by 2025 is to be considered less likely, also in view of the timeframe of the tender procedures currently in progress. Furthermore, the outcomes of the second scenario (Scenario B) are more uncertain because their evaluation is based on assumptions which, although reasonable, may not find exact confirmation in reality.

Dividend

The plan envisages attractive and sustainable remuneration for shareholders.
In both scenarios, the plan assumes the distribution of a dividend of 16.5 cents for the year 2021, with an increase of 0.5 cents per share in the subsequent years until 2025.

Summary of forecast economic-financial data and main operational indicators

The following tables show the prospective economic and financial data and the main operational indicators in the gas distribution sector envisaged in the two plan scenarios.
The amounts are expressed in millions of Euros.

Scenario A

Economic and financial highlights	**2021 Preliminary figures**	**Projections for 2025**
Revenues	131	228
EBITDA	66	102
EBIT	31	39
Net profit	44	46
Net invested capital	1,215	1,508
Net equity	866	900
Net financial position	349	608
Gas distribution KPIs	**2021 Preliminary figures**	**Projections for 2025**
RAB	654	886
Users served / 1,000	776	955
Km of network / 1,000	13.0	15.4
Electricity production KPIs	**2021 Preliminary figures**	**Projections for 2025**
Installed power (MW)	4.6	80.5
Energy produced (GWh)	0.0	204

Scenario B

Economic and financial highlights	**2021 Preliminary figures**	**Projections for 2025**
Revenues	131	256
EBITDA	66	118
EBIT	31	47
Net profit	44	46
Net invested capital	1,215	1,564
Net equity	866	904
Net financial position	349	661
Gas distribution KPIs	**2021 Preliminary figures**	**Projections for 2025**
RAB	654	1,015
Users served / 1,000	776	1,095
Km of network / 1,000	13.0	17.4
Electricity production KPIs	**2021 Preliminary figures**	**Projections for 2025**
Installed power (MW)	4.6	80.5
Energy produced (GWh)	0.0	204

The Ascopiave Group is one of the leading operators in natural gas distribution in the country.

The Group owns concessions and direct assignments for the management of activities in 268 towns, supplying services to about 775,000 inhabitants, through a network which spreads over 12,000 kilometres. Ascopiave is also a partner of the Hera Group in the sale of gas and electricity, through a 48% stake in Estenergy, a leading operator in the field holding a portfolio of over 1 million sales contracts to end users, mainly in Veneto, Friuli Venezia-Giulia and Lombardy regions.

Furthermore, Ascopiave operates in the renewable energy field, through 28 hydroelectric and wind power stations, with a rated capacity of 62.5 MW. Through its subsidiary Salinella Eolico S.r.l., Ascopiave is about to undertake the erection of a wind power plant.

Finally, in the water sector, the Group is a shareholder and technological partner of Cogeide, which manages the integrated water service in 15 Towns within the Bergamo Province, serving a population of over 100 thousand with a network of 880 km.

Ascopiave has been listed under the Euronext Star Milan segment of Borsa Italiana since 12th December 2006.

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