Ascopiave Group

7th UTILITIES CONFERENCE

2nd February 2022

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Business Overview

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Ascopiave is a leading operator in the Italian natural gas distribution sector.
The Group also holds valuable assets in other business activities (power and energy retail, renewable energy production, energy services and water management services)

GAS DISTRIBUTION - CORE BUSINESS

Operation, maintenance and development of **local pipelines**, connecting the transport national pipelines to the end consumers.

Activity carried out by **controlled companies** on the basis of concessions awarded by municipalities. **Regulation** provided both by the local municipalities and by the National Energy Authority (ARERA).

OTHER ACTIVITIES

Gas and power retail

Supply of gas and power to the end customers (free market)
Activity carried out by **associated companies** (minority stakes):
- Estenergy (48%) / Hera Comm (3%)

Energy Services

District heating and energy efficency services

Activity carried out by the controlled **energy service company** (E.S.CO.) Asco Energy.

Water Management Service

The subsidiary Cart Acqua is shareholders and **technological partner** of Cogeide, company active in the integrated urban water management services.

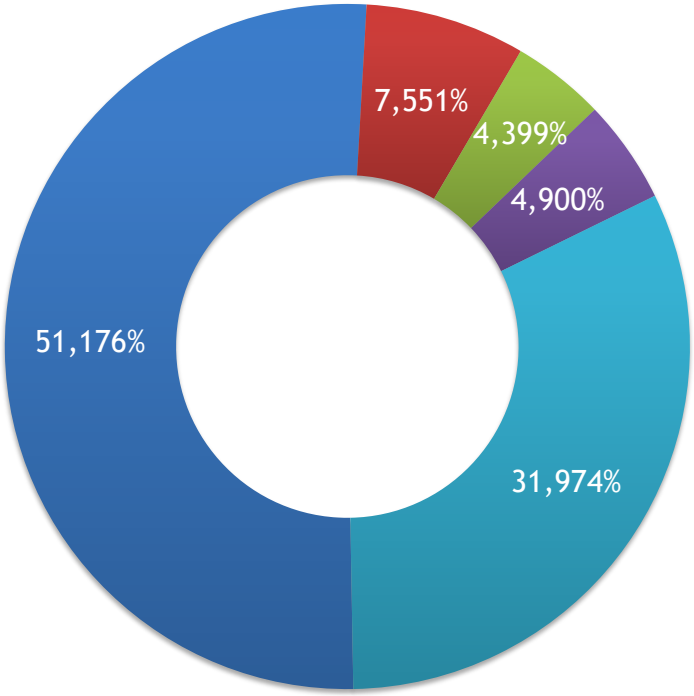
Renewable energy production

The subsidiary Asco Renewables operates in the **renewable energy** field, through 28 hydroelectric and wind power stations (62.5 MW).

Ascopiave Shareholders

Ascopiave is listed on the **STAR segment of Borsa Italiana's equity market**. The company complies with strict requirements concerning transparency, disclosure, liquidity and corporate governance, in line with international standards.

Increased voting right in general shareholders meeting pursuant to Art. 127-quinquies, paragraph 1, of the TUF (i.e. the main italian law governing the financial sector): two votes for each share held for a 24-month uninterrupted period.

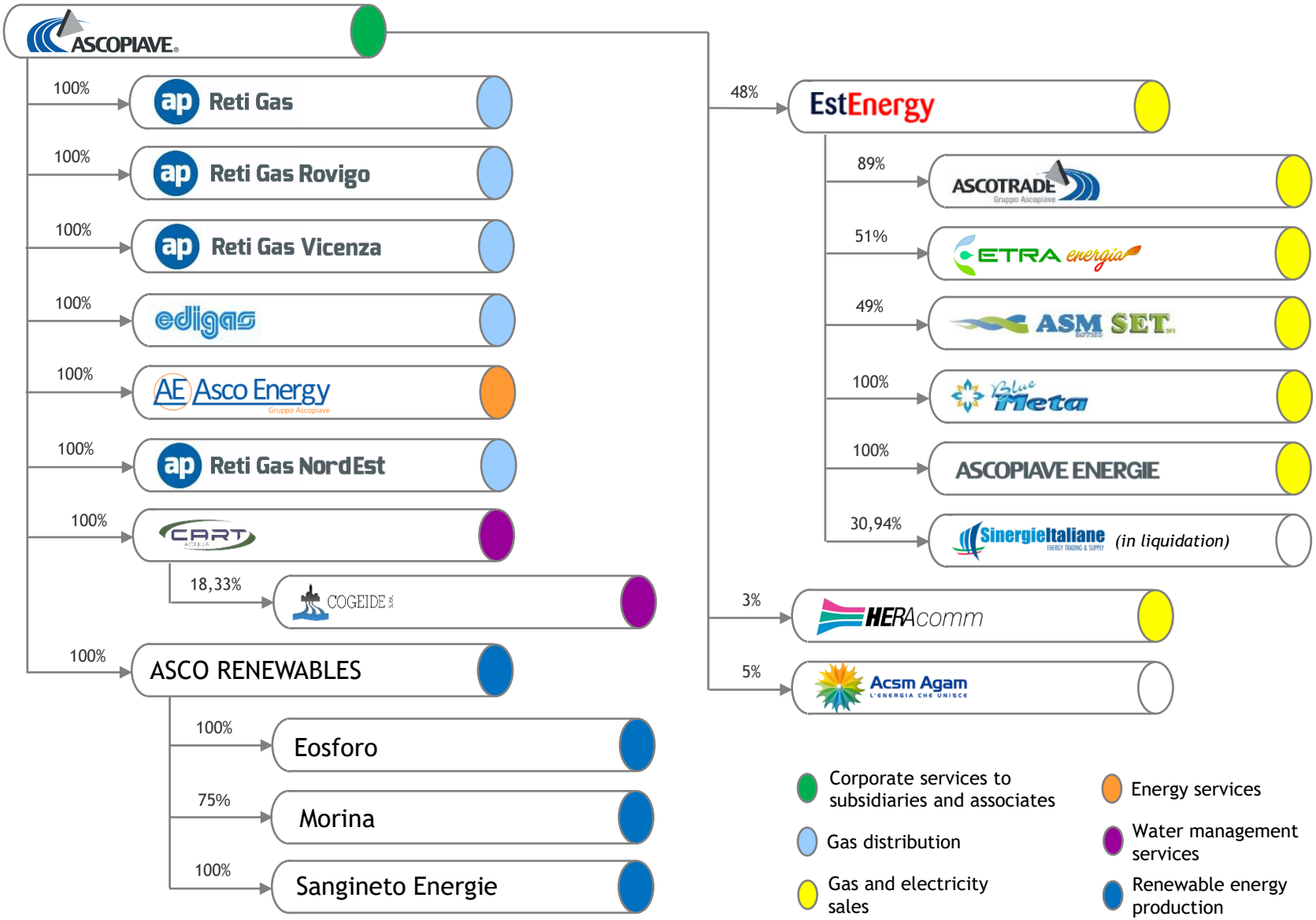


Ascopiave Shareholders as of 11th November 2021 (*)

Asco Holding S.p.A. directly controls the capital of Ascopiave S.p.A. (capital stake: 51,176%).
Asco Holding S.p.A. is owned by 78 municipalities mainly located in the province of Treviso (public shareholders) and 1 private company.

(*) Internal processing of information based on available company information.

Group structure as of 31st December 2021



CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS (*)

BALANCE SHEET	31/12/2020	31/12/2019
Tangible assets	33.443	34.694
Intangible assets	626.685	615.108
Investments in associates	515.729	449.945
Other fixed assets	34.276	22.687
Net working capital	(17.784)	(35.959)
TOTAL CAPITAL EMPLOYED	**1.192.350**	**1.086.474**
Shareholders equity	853.903	873.492
Net financial position	338.447	212.981
Financial leverage	*0,40*	*0,24*

Capital mainly invested in the gas distribution business and in associates active and in the power and gas retail business

Solid financial structure

BALANCE SHEET	31/12/2020
Goodwill	49.272
Assets under concession	564.554
Other intangible assets	12.859
Intangible assets	**626.685**

BALANCE SHEET	31/12/2020
Estenergy (48%)	428.998
Hera Comm (3%)	54.000
Other participations (**)	32.731
Investments in associates	**515.729**

(*) Thousands of Euros; (**) Other participations: Acsm-Agam (4.99%, Euro 24,9 mln) and Cogeide (18.33%, € 7.8 mln).

CONSOLIDATED INCOME STATEMENT ACCORDING TO IFRS (*)

INCOME STATEMENT	2020	2019
Revenues	163.896	124.911
EBITDA	**63.805**	**44.898**
EBITDA margin (%)	*38,9%*	*35,9%*
EBIT	**29.151**	**21.573**
EBIT margin (%)	*17,8%*	*17,3%*
Net financial income	20.157	(468)
Results discontinued operations (**)		478.737
Income taxes	9.394	(6.626)
Net income	**58.701**	**493.216**

Operating results referred mainly to the gas distribution regolated business

Significant contribution from the minority partecipation in Estenergy and Hera Comm

INCOME STATEMENT	2020
Estenergy	18.310
Dividends	3.489
Net financial charges	(1.643)
Net financial income	**20.157**

INCOME STATEMENT	2020
Ordinary income taxes	(6.254)
Substitutive tax	(1.568)
Step-up fiscal assets impact	17.216
Income taxes	**9.394**

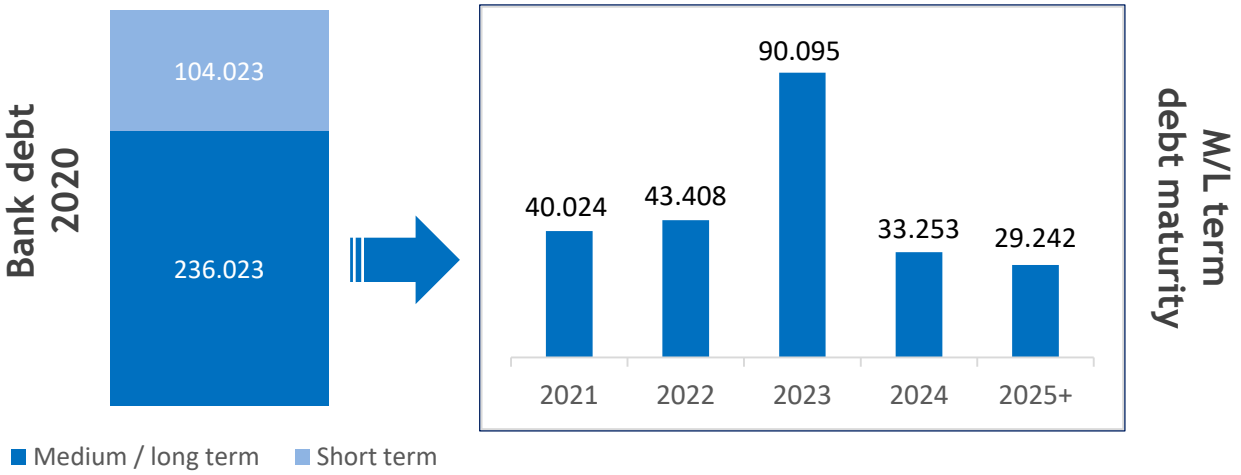
(*) Thousands of Euros; (**) Results of the companies sold to Estenergy and related capital gain.

Financial debt

	2020	2019	Chg	Chg %
Long term financial borrowings (>12 months)	195.999	135.083	60.916	45,1%
Current position of long term financial borrowings	40.024	30.778	9.246	30,0%
Short term financial borrowings (<12 months)	104.023	38.994	65.029	166,8%
Total financial debt	**340.046**	**204.855**	**135.191**	**66,0%**
Fixed rate borrowings	219.273	143.611	75.662	52,7%
Floating rate borrowings	120.773	61.244	59.529	97,2%

Short term credit lines available (31.12.2020): Euro 89,4 mln

FY 2020 average cost of debt: 0,34% (vs FY 2019 rate: 0,35%)



(*) Thousands of Euros; data refers to the companies consolidated with the full consolidation method.

Dividend policy and Group strategic guidelines

→ Dividend policy ..... Pag. 11

Dividend policy (1)

Dividend payment sustainable with high return to shareholders

Sustainability of the dividend policy:

- stable cash flow
- stable business profitability
- well-balanced financial structure

Dividend yield at the top of the listed italian utility companies

DIVIDEND	2020	2019	2018	2017	2016	2015	2014	2013
Dividend (Thousand of Euro)	34.663	47.442	75.163	40.016	40.016	33.347	33.332	26.666
Group Net Income (Thousand of Euro)	58.701	493.216	44.625	47.135	53.635	43.014	35.583	38.678
Payout ratio	59%	10%	168%	85%	75%	78%	94%	69%
Dividend per share (Euro)	0,1600	0,2133	0,3383	0,1800	0,1800	0,1500	0,1500	0,1200

DIVIDEND	2012	2011	2010	2009	2008	2007	2006
Dividend (Thousand of Euro)	24.484	0	22.557	20.349	19.442	19.890	19.833
Group Net Income (Thousand of Euro)	27.865	6.266	31.174	25.288	18.452	21.764	16.381
Payout ratio	88%	0%	72%	80%	105%	91%	121%
Dividend per share (Euro)	0,1100	0,0000	0,1000	0,0900	0,0850	0,0850	0,0850

TOTAL DIVIDENDS DISTRIBUTED FROM STOCK EXCHANGE LISTING TO DATE

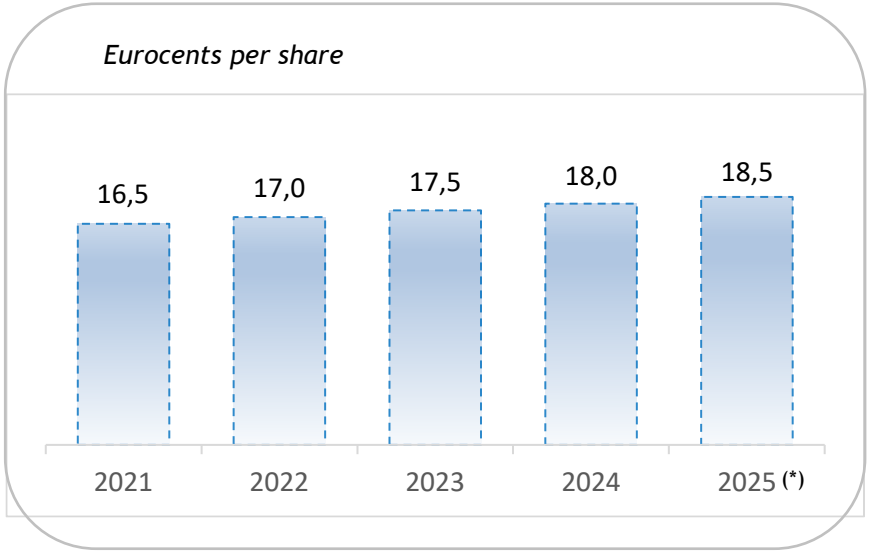
About Euro 457,2 mln

(*) Dividend yield = dividend per share / average price per share in the year.

2022-2025 expected dividend distribution

2022-2025 PROSPECTS

An attractive and sustainable dividend distribution is expected for the 2022-2025 period.
Dividend growing from 16,5 Eurocents per share in 2021 to 18,5 Eurocents per share in 2025 (+12%)



(*) Dividend approved and distributed during 2026 with reference to the year 2025.

Ascopiave gas distribution business

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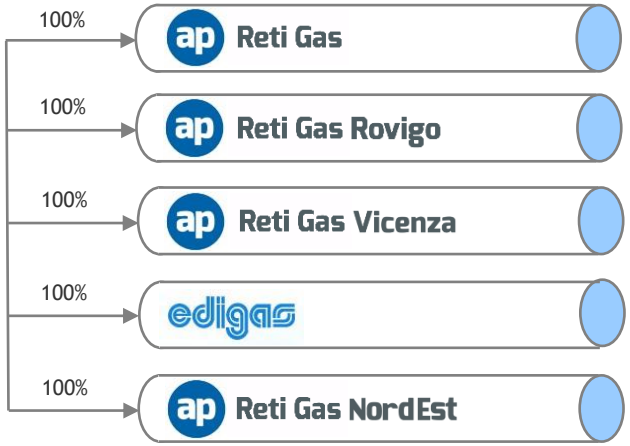
→ Group Allowed Tariff Revenues (VRT) and Regulatory Asset Base (RAB) ..... Pag. 20

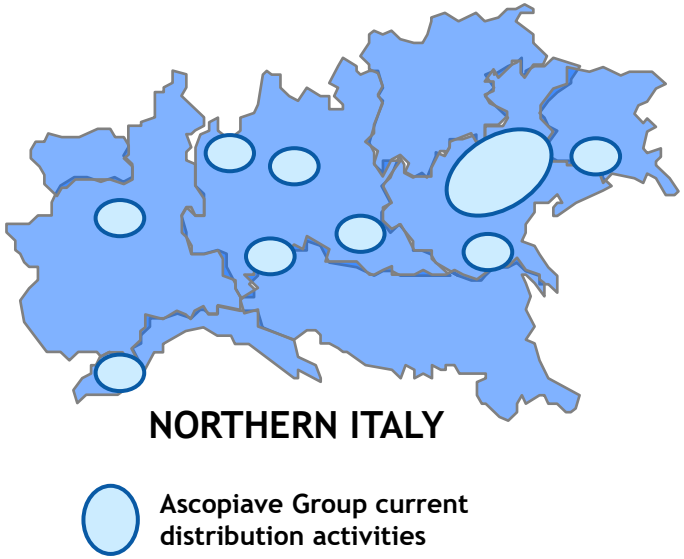
Market positioning (1)

The gas distribution is carried out by **subsidiary companies** totally controlled by Ascopiave

Ascopiave Gas Distribution Business 2020 key figures

No. of managed concessions	268
Length of the gas distribution network (km)	12.913
No. of Users (PDR)	777.062
Volume of gas distributed (scm/mln)	1.461
RAB (Euro/000)	646.094

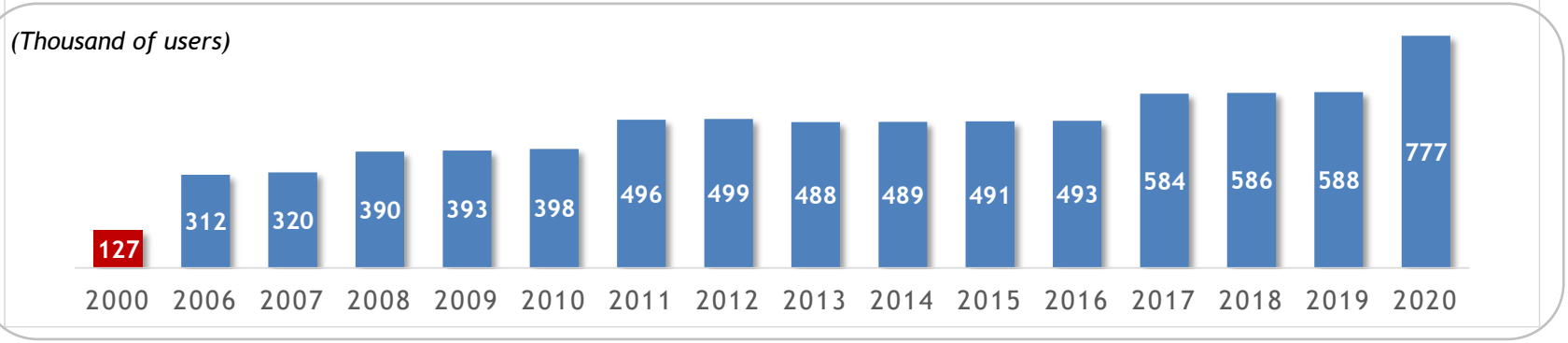




The operated networks are located in **Northern Italy**
(70% of the gas end users in Veneto, 15% in Lombardy, 15% in other Regions)

Market positioning (2)

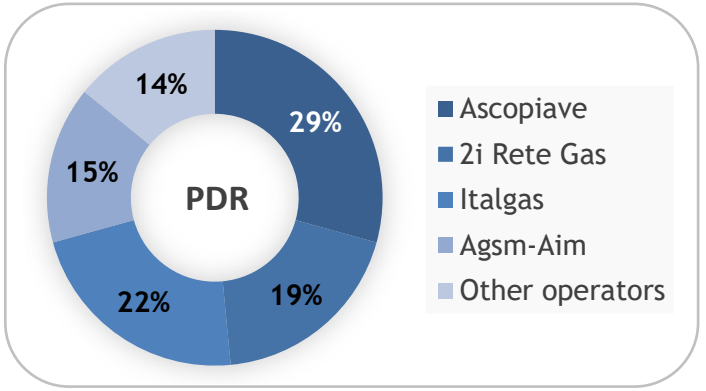
Ascopiave Group has been among the **protagonist of the consolidation of the sector**
Since 2000 Ascopiave has completed 12 company acquisitions



Currently **5th largest national operator** in the sector and **regional leader in Veneto**

	Group	Users (*)	%	Network (*)	%
1	Italgas	7.694.000	32,2%	71.761	27,2%
2	2i Rete Gas	4.342.719	18,2%	66.052	25,0%
3	A2A	1.502.645	6,3%	11.240	4,3%
4	Hera	1.406.639	5,9%	17.132	6,5%
5	Ascopiave	777.252	3,3%	12.873	4,9%
6	Iren	744.730	3,1%	8.099	3,1%
7	Estra	516.000	2,2%	6.984	2,6%
8	Erogasmet	277.326	1,2%	3.722	1,4%
9	Gelsia	207.496	0,9%	1.789	0,7%
	Others	6.411.193	26,8%	64.374	24,4%
	Total	**23.880.000**	**100,0%**	**264.026**	**100,0%**

Competitive context in Veneto



(*) 2019 data.

Stabilty of the economic results and low risk profile

Gas distribution is a **regulated business**, characterised by a **stable profitabilty and low risk profile**

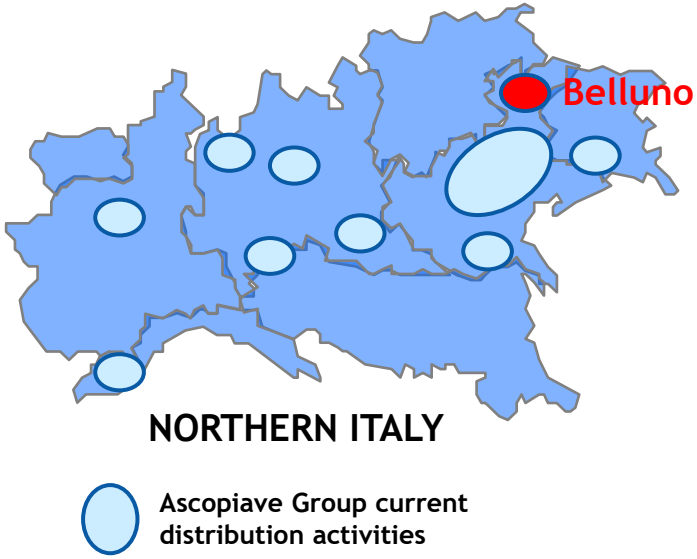
Economic results and investments 2014-2020

YEAR	EBITDA (Euro/mln)	EBITDA/user (Euro)	Investments (Euro/mln)
2020	69.8	90	41.9
2019	48.3	82	31.4
2018	48.6	99	27.8
2017	47.8	102	22.5
2016	35.0	88	19.7
2015	35.8	90	20.7
2014	35.4	90	19.7

- Constancy of economic results (EBITDA/end user) and cash flows guaranteed by the stability of regulation
- Increase in EBITDA supported by the growth in the customer base served over the years
- Ascopiave achieves excellent profitability on operational management

Recovery of the capital invested at the expiry of concessions
(compesation to be cash by the newcoming operators in case of exit)

ATEM – Belluno



ATEM (*)	Belluno
Area (km^2)	3.496
Population (k)	200
Length of the network (2015) (km)	983
Gas users (2015) (k)	48
Outgoing operators	BIM Belluno Italgas

- On 1st September 2017 AP Reti Gas S.p.A. submitted an offer to win the concession for the management of the gas distribution service in the ATEM of Belluno
- Bidding competitors: four
- Duration: 12 years. Compensation to be paid to the outgoing operators: about Euro 59 mlllion
- In June 2019 the contracting authority awarded the concession to Italgas
- AP Reti Gas challenged the decision before the regional administrative court (TAR Veneto)
- The regional administrative court rejected AP Reti Gas's appeal. The company appealed to the State Council

(*) ATEM (Ambito Territoriale Minimo): minimum geographical area, grouping neighbouring municipalities, based on which the new concession is awarded.

Partnership with Aemme Linea Distribuzione and NED Reti Distribuzione Gas

NORTHERN ITALY

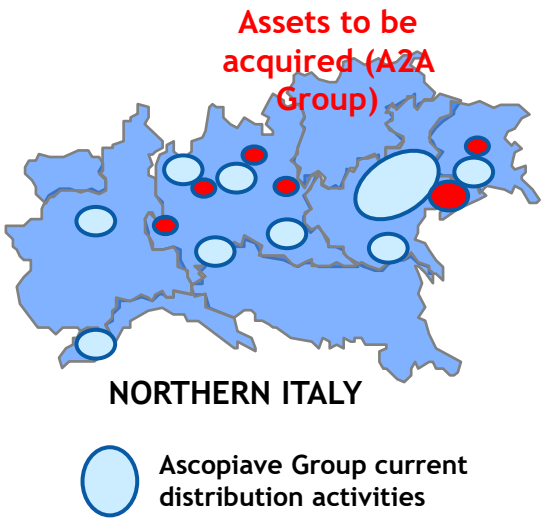
Ascopiave Group current distribution activities

ATEM	Milano 2	Milano 3
Area (km^2)	348	629
Population (k)	600	531
Length of the network (2012) (km)	2.500	2.100
Gas users (2012) (k)	277	245
Gas distributed (2012) (scm/mln)	520	500
Main outgoing operators	2i Rete Gas ALD & NED (*) Italgas	2i Rete Gas ALD & NED (*) Italgas Unareti

(*) ALD and NED currently serve about 160,000 gas users in both the ATEM.

- On 25th February 2020 Ascopiave has been selected by ALD and NED as the industrial partner for a joint participation in each of the future gas assignment service tenders Milano 2 and Milano 3
- In the event of winning one tender, a company will be established whose share capital will be held 49% by AP Reti Gas (Ascopiave Group) and 51% by ALD and NED.
- The governace of the newly established companies will allow the Ascopiave Group to wholly consolidate the book value of the equity investments
- Estimated Ascopiave equity investments in both companies: aproximately € 82 million.

Consortium to acquire A2A assets



ATEM	Total	Ascopiave
Length of the network (2021) (km)	2.800	1.555
Gas users (2021) (k)	157	114
RAB (2021) (Euro/000)		71.400

Strengthening of the presence of Ascopiave in Veneto, Friuli Venezia Giulia and Lombardy

- In line with the goal of consolidating its presence in the gas distribution sector, Ascopiave has been awarded the acquisition of assets from the A2A Group in consortium with ACEA and IREN
- July 2021: call for tender for the sale of minority stakes in the A2A gas network
- Establishment of a consortium formed by Ascopiave (58%), ACEA (28%) and Iren (14%) to participate in the tender
- December 2021: signing of an agreement with A2A for the acquisition of the related assets
- Expected closing: within the 1st half of 2022
- Within 12 months of closing: allocation of the assets among the consortium members is foreseen according to the respective perimeter of interest

2021 VRT (*) (Allowed tariff Revenues) and 2021 RAB (Regulatory Asset Base)

2021 VRT (*) = CO + AMM + CI x rd = Euro 109,3 mln

where:

CO: quota covering management operating costs

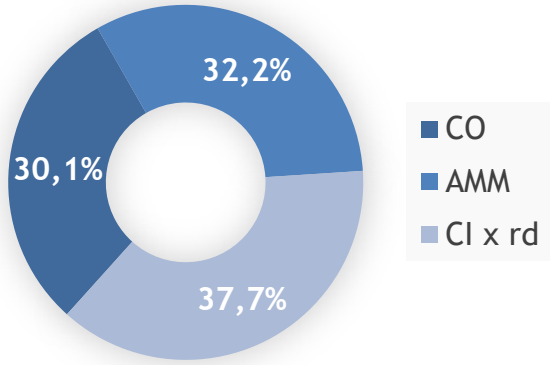
AMM: quota covering depreciation

CI (RAB): net capital invested in distribution

rd: real pre-tax rate of return on net invested capital (6.3%)

2021 RAB (*) = Euro 654,2 mln

VRT (Thousands of Euros)	2021
CO	32.871
AMM	35.238
CI x rd	41.218
VRT	**109.326**



(*) 2021 provisional VRT has been approved by Gas, Electricity and Water Authority (ARERA) with Resolution n. 122/2021/R/gas.

Estenergy

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The strategic repositioning of Ascopiave finalized on December 2019

On **19th December 2019** Ascopiave and Hera finalized a complex operation

- The two parties established a partnership in the energy sales business through the company Estenergy. Estenergy acquired:
  - ✓ the shareholdings held by the Ascopiave Group in the companies active in the natural gas and electricity sale business (except for Amgas Blu)
  - ✓ the sales activities operated by the Hera Group in Triveneto
- the purchase by Ascopiave from the Hera Group of a series of gas distribution concessions covering 188.000 users in Veneto and Friuli Venezia Giulia.

The operation was finalised on **19th December 2019**.

Primary **strategic goals** matched by Ascopiave:

- **reinforcing the gas distribution core business, consolidating the leadership position in the Veneto Region**
- **giving greater value to the sales activities, through the partnership with a valid player in the market**

Valuation of the assets involved in the transaction

Total Equity Value of the gas sales assets previously held by Ascopiave = Euro 616,2 mln
The **transaction was almost cash free.** The total amount of the disposed assets was completely invested:

1. Minority stake (48%) in Estenergy
2. Capital stake (3%) in Hera Comm
3. Gas distribution assets (currently held by a New Co: AP Reti Gas Nord-Est)

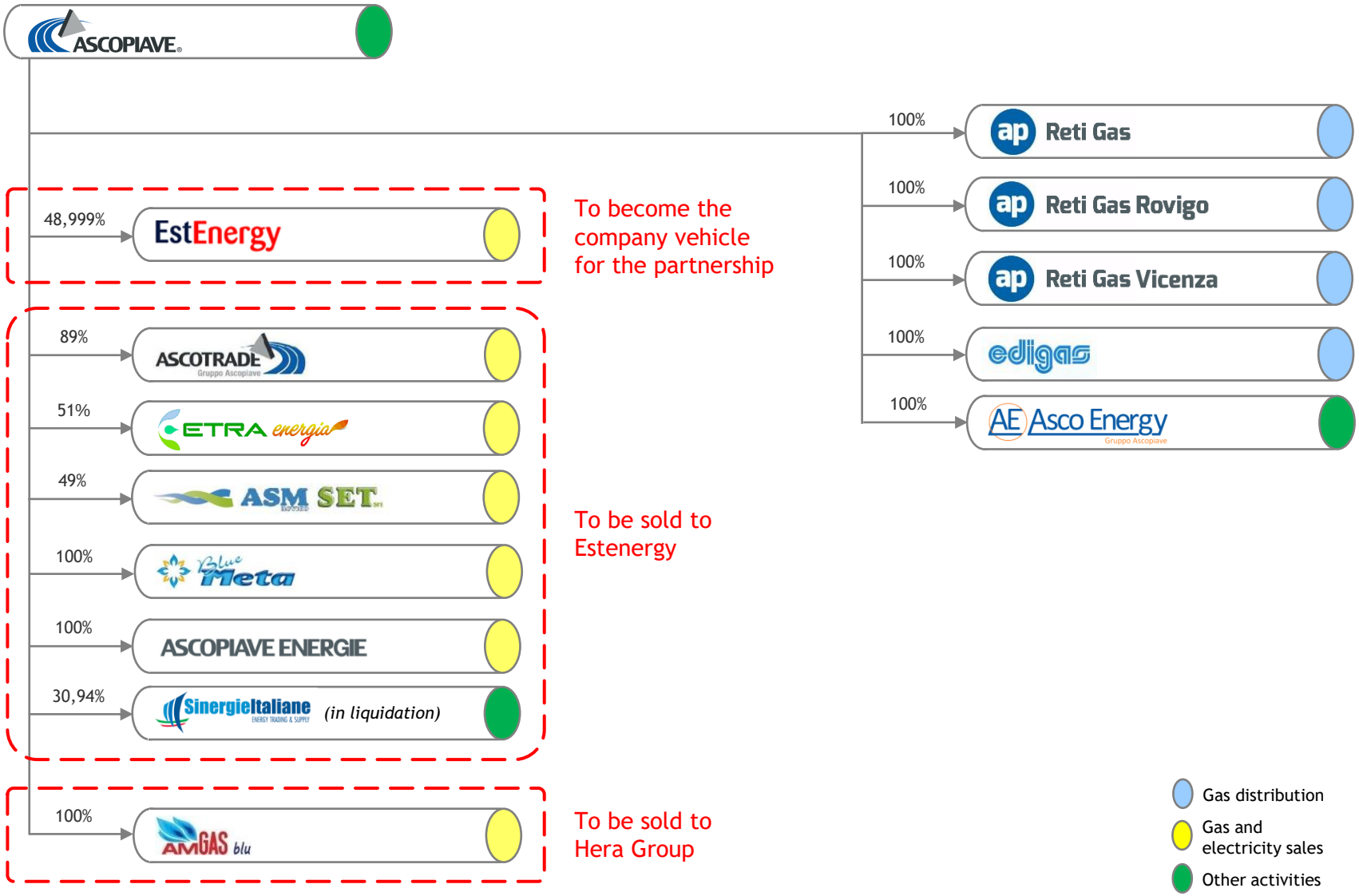
Steps of the Transaction and Equity Value of the Involved Companies / Assets

		CASH IN / OUT (Euro/mln)		
	Step	Ascopiave	Hera Group (*)	Estenergy
1	Ascopiave acquired AP Reti Gas Nord-Est from Hera Group	-168,0	168,0	
2	Hera Group acquired a 49% Estenergy stake from Ascopiave	99,5	-99,5	
3	Hera Group subscribed a capital increase in Estenergy by cash		-633,2	633,2
4	Estenergy acquired the Commercial Companies stakes from Ascopiave (**)	474,2		-474,2
5	Estenergy acquired Hera Comm Nord-Est from Hera Group		159,0	-159,0
6	Ascopiave acquired a 48% Estenergy stake from Hera Group	-395,9	395,9	
7	Hera Group acquired Amgas Blu from Ascopiave	42,5	-42,5	
8	Ascopiave acquired a 3% capital stake in Hera Comm	-54,0	54,0	
	Total balance	**-1,7**	**1,7**	**0,0**

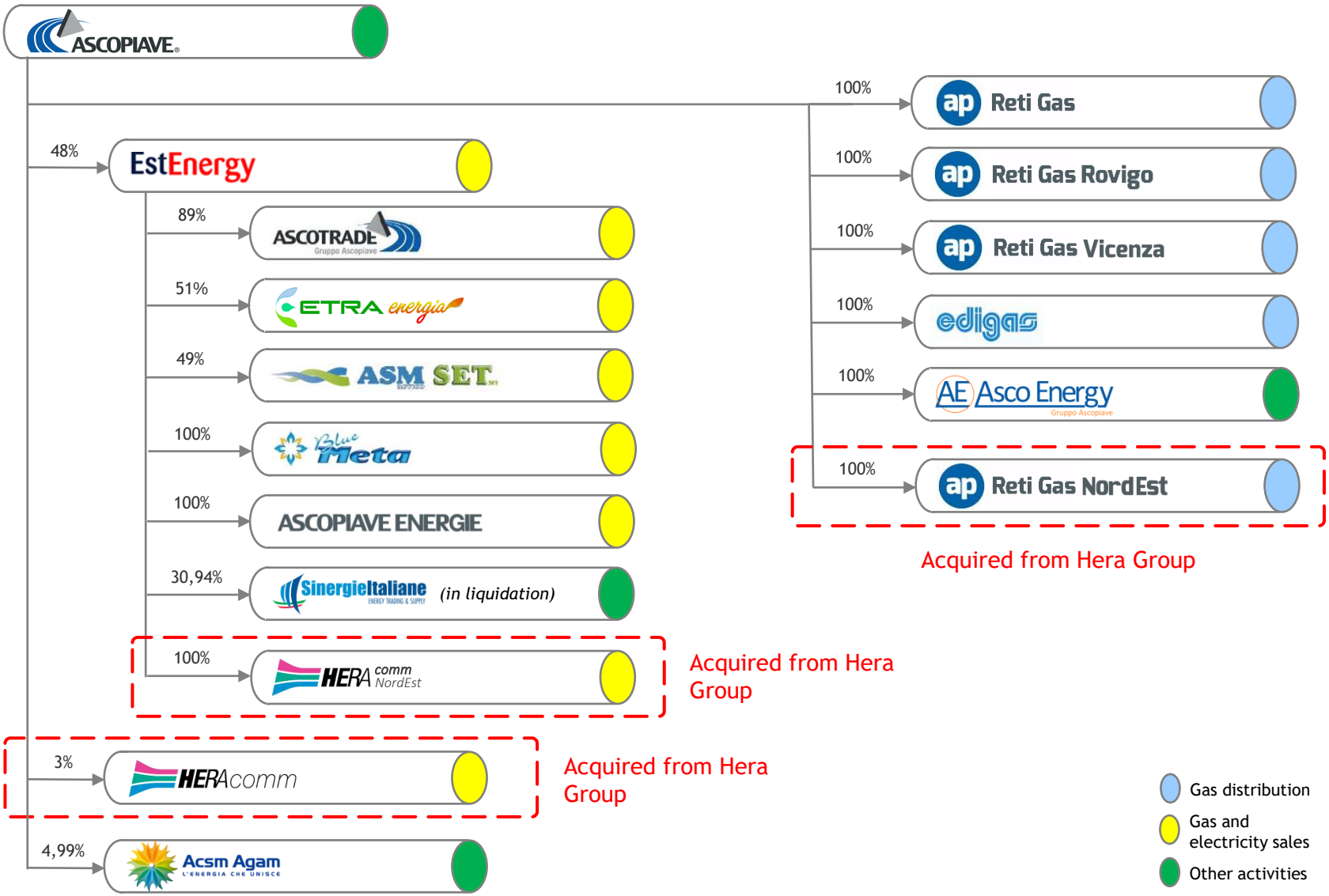
Net investment	Ascopiave	Hera Group (*)	Estenergy
Distribution business	**168,0**	**-168,0**	**0,0**
Sales business	**-166,3**	**166,3**	**0,0**
Total net investiment	**1,7**	**-1,7**	**0,0**

(*) Net of Estenergy (**) Commercial Companies Stakes: Ascotrade, Ascopiave Energie, Blue Meta, Etra Energia, Asm Set.

Group structure before 19th December 2019



Group structure as of 31st December 2019



Key figures related to Estenergy Group

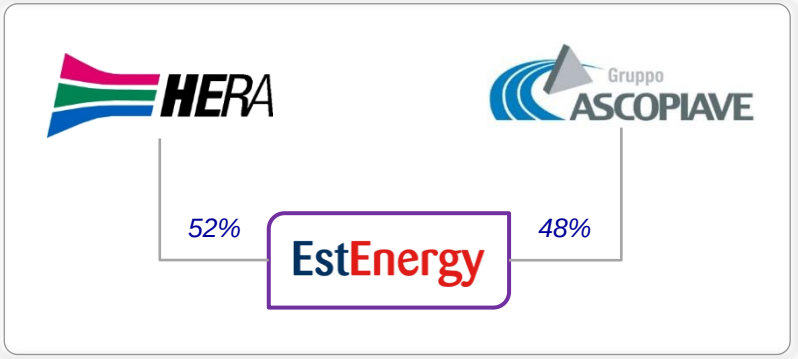
2020 key figures related to the sales business run by **Estenergy Group:**

Gas sales	2020
Volume of gas sold (scm/mln)	1.092
Number of customers	738.200

Electricity sales	2020
Volume of electricity sold (GWh)	1.435
Number of customers	309.100

Income statement (*)	2020
Revenues	756.476
EBITDA	81.380
EBIT	52.174
Net income	40.078
Net income consolidated by Ascopiave	18.310

(pro-rata)



Estenergy is **consolidated** by the Ascopiave Group with the **net equity method**. Consolidated results reported in Ascopiave financial statements takes into account the measure of the capital share and the pertaining consolidation rules.

(*) Thousands of Euros; data are considered at 100%.

EstEnergy

Governance of Estenergy

Board of Directors: composed of 5 directors.

- **Ascopiave** appoints 2 board members (with non executive powers). One is the **Chairman**
- **Hera Group** appoints the remaining members. One is the **CEO** of the company

Board of Statutory Auditors: composed of 3 members.

- **Ascopiave** appoints 1 member: the **chairman**
- **Hera Group** appoints the remaining 2 members

Certain matters are subject to **veto rights** of Ascopiave (or the directors appointed by it)

The corporate governance of the **controlled company** mirrors the corporate governance of Estenergy in terms of representation in the corporate bodies, veto rights, etc.

EstEnergy

Put Option of Ascopiave on Estenergy shares

Put option of Ascopiave exercisable

- in **all or in part**, by the latter on its entire **stake in Estenergy**, within **7 years** from the closing of the transaction
- at a **price** (strike price) that will be the highest of:

1 Fair Market Value, calculated on the basis of an evaluation method agreed between the parties

2 Purchase price at the entry, plus an annual return equal to 4%, minus all the distributed dividends from the closing date until the date of the exercise

3 Purchase price at entry

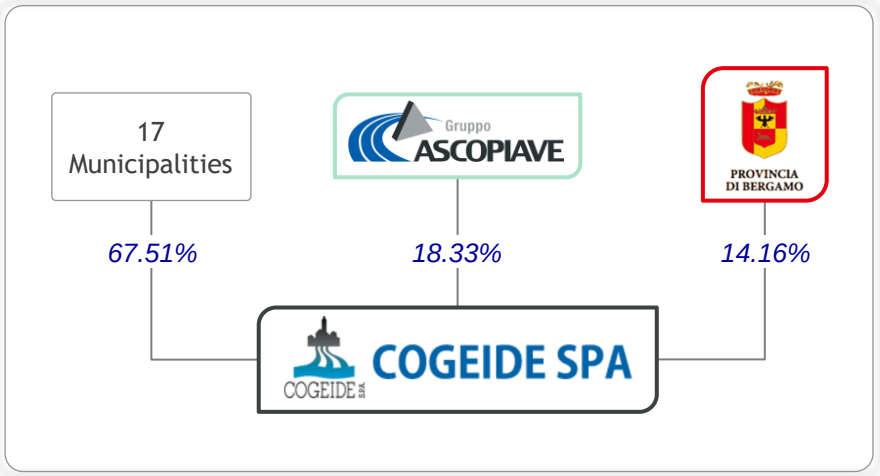
If exercised, the put option guarantees a **minimum rate of return** on the initial investment of Ascopiave in Estenergy (Euro 395,9 mln)(*) **equal to 4%**

(*) In 2020 Ascopiave subscribed an EstEnergy capital increase for 32.5m€ to service the tax relief of the higher value of the equity investments it acquired compared to the net book value. The benefits for Ascopiave will be represented by higher dividends in the years 2023-2032. If the put option is exercised, the benefits not yet obtained will be recognized as a supplement to the price.

Cogeide

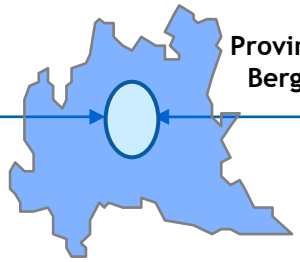
→ Cogeide ..... Pag. 30

Entry into the water management service through the acquisition of **Cart Acqua** in 2020, investor and technological partner of Cogeide, manager of the Integrated Water Service in 15 municipalities in the Province of Bergamo



Cogeide key figures	2020
Grid extension (km)	880
Customer served	101.000
Water sold (mc/mln)	8,1
EBITDA (Euro/mln)	4,2
Investments (Euro/mln)	2,3

Current grid of Cogeide Spa in the Province of Bergamo



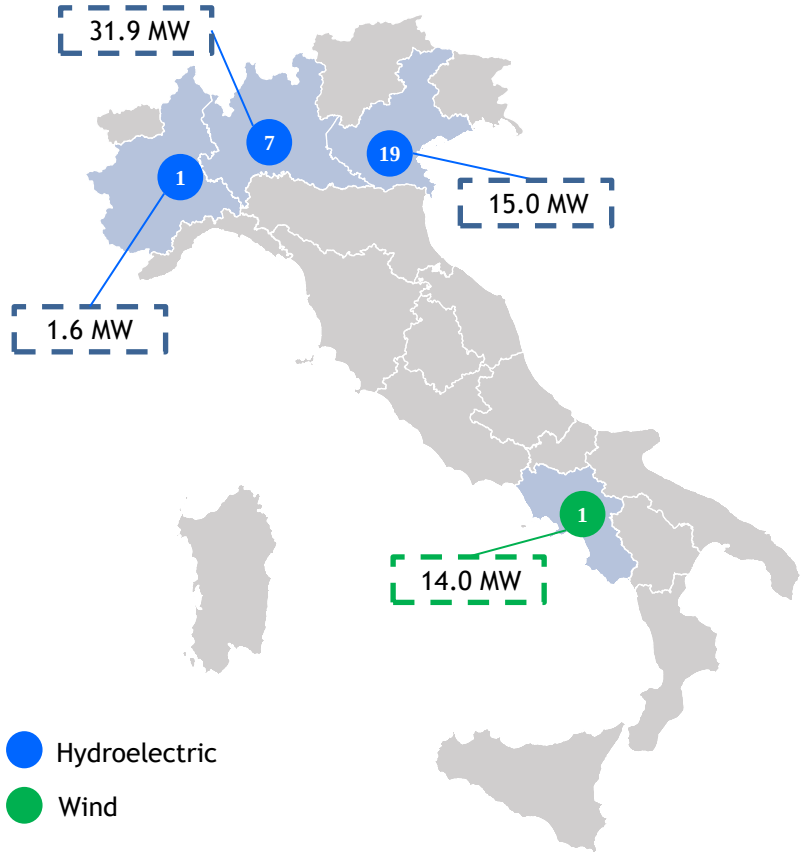
LOMBARDY

Current geographical coverage of Ascopiave Group in the gas distribution sector with over 60% of the population served by its subsidiary Edigas

Asco Renewables

→ Asco Renewables ..... Pag. 32

Entry into the field of renewable energy production through the acquisition of the portfolio of **6 hydroelectric plants** from EVA Group in Lombardy and Piedmont and of the 79.74% stake in Eusebio Energia, owner of a portfolio of **21 hydroelectric plants** in Lombardy and Veneto and **1 wind farm** in Campania



Asco Renewable key figures	2021
Number of plants	28
Installed capacity (MW)	62.5
Energy produced (GWh/y)	178
EBITDA (Euro/mln)	15.4

Strategy

→ Strategy ..... Pag. 34
→ Ascopiave's growth strategy in the gas distribution market ..... Pag. 35
→ Efficiency and innovation initiatives ..... Pag. 39
→ Diversification ..... Pag. 41
→ Economic and financial goals ..... Pag. 43
→ 2021-2025 Group planned investments (Scenario A) ..... Pag. 44
→ 2021-2025 Group planned investments (Scenario B) ..... Pag. 45
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Ascopiave Group's strategy is based on sustainable growth, developing resources and competences in order to seize the opportunities generated by new market trends

The 2021-2025 strategic plan envisages a growth path that will allow to increase company profitability, maintaining a balanced financial structure and a stable and profitable dividend distribution

GROWTH (core business)

Ascopiaves' current positioning and competences in the gas distribution sector constitute solid foundations to support the growth of the perimeter of the activities managed in a sector undergoing consolidation

- Awarding of a significant number of ATEM tenders
- M&A of small to medium sized companies operating in the gas distribution sector
- Establishment of partnerships aimed at joint participation in tenders

INNOVATION

Innnovation targets both short and medium-long term goals

- optimisation of operating costs
- competitive potential improvement in ATEM competition
- technological adaptation of networks and infrastructures as a contribution to the cometitiveness of the «gas system» vs. alternative energy carriers

DIVERSIFICATION

Entry into new activities with respect to the core business

- Biomethane
- Energy efficiency
- Green hydrogen
- Upsides (other network services, synthetic gas, hydrogen)
- Renewable energy sources
- Water management services

EFFICIENCY

Improving operating and economic efficency to follow up on the excellent results achieved over the last few years

STRATEGIC PILLARS

Ascopiave's growth strategy in the gas distribution market (1)

- **Gas distribution concession** must be awarded through public tenders.
- The future **tenders must be called to assign concessions for the management of the service in wide geographical areas, grouping neighbouring municipalities (ATEM).**
- Municipalities belonging to a single ATEM must appoint a local entity to act as unique contracting authority.

Ascopiave's positioning inside the ATEMs (*)

ATEM	Ascopiave Group gas users (*)	%	Ascopiave Group ATEM market share
Treviso 2	141.045	18%	88%
Treviso 1	75.664	10%	55%
Padova 1	169.125	22%	78%
Vicenza 3	80.175	10%	78%
Rovigo	35.593	5%	36%
Udine 3	33.036	4%	54%
Bergamo 1	31.593	4%	42%
Bergamo 5	30.886	4%	32%
Vicenza 4	29.192	4%	44%
Venezia 2	25.899	3%	13%
Other ATEM	119.699	16%	n.a.
Total	**771.907**	**100%**	

(*) 2012 data. Ascopiave processing on MISE data.

- **Ascopiave** is currently the **main operator in 5 ATEM** with more than 50% market share in terms of end users served. The current end users in these ATEM amount to over 60% of the total end users served by the Group
- Ascopiave has also a **significant market share in other ATEM** located in Veneto, Lombardy and Friuli Venezia-Giulia

Ascopiave's growth strategy in the gas distribution market (2)

Ascopiave has identified the ATEM to bid for, defining the different levels of priority with the aim of establishing a portfolio of territorially contiguous concessions.

The Group is also evaluating **potential partnerships** with other operators, in order to strengthen its position in some geographical areas.

Selection criteria

1. Valorisation of economies of scale and synergies
2. Competitive advantages over potential competitors
3. Targeted risk /return balance

ATEM of interest

Priority to development in the Veneto region, consolidating the current leadership position, and in other Regions located in Northern Italy

Participation in tenders in currently managed ATEM and in other contestable ATEM

The definition and implementation of the strategy depends on the **timing of publication of the tender notices** and any delays in the deadlines. This implies the need to establish an order of strategic priority and a continuous updating of decisions regarding participation in future tenders

Ascopiave's growth strategy in the gas distribution market (3)

Ascopiave has all the requirements to successfully act in the market:

- it has **strong financial capability** so it can finance the required investments, by further exploiting the financial leverage
- It is one of the main operators in Italy, with a **long-standing and excellent expertise** in the sector and it can assign significant **organisational and economic resources to compete** in the tender processes.

Group Ascopiave net financial needs due to ATEM gas distribution concessions

Cash out (-)

(A) Acquisition of new gas distribution plants from the outgoing operators

(B) Investments during the concessional period (maintenance and development)

Cash in (+)

(A) Self financing
- Disposals of gas distribution plants in areas in which Ascopiave does not intend to bid for (net of tax)
- Increase of EBITDA

(B) Other financing
- Bank financing

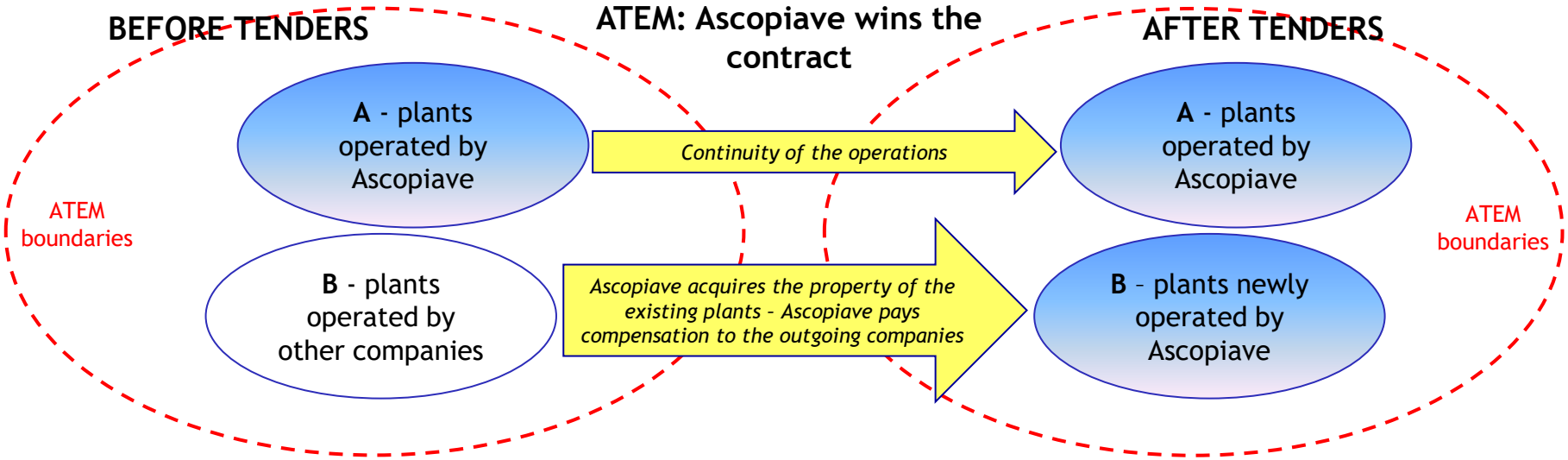
Ascopiave's growth strategy in the gas distribution market (4)

After the assignment of the new ATEM concessions, the **geographical areas served by Ascopiave are expected to change**. The **larger customer base** and the **increased territorial concentration** of the operated plants will allow economies of scale and cost optimisation.

In the target ATEM (Ascopiave wins the contract):

Ascopiave will continue to operate the service in the municipalities where it currently carries out the activity.

Ascopiave will operate the service in the municipalities where the activity is currently carried out by other operators (outgoing operators). Ascopiave will acquire the property of the plant and will pay to the outgoing operators a compensation, calculated in accordance with the law.



In the other ATEM (Ascopiave either does not bid in the competition or makes a bid and loses)

Ascopiave will cease the operation of the service in the municipalities where it currently carries out the activity. It will received from the ingoing operator (the winner of the contract) a compensation calculated in accordance with the law.

Efficiency and innovation initiatives (1)

Program to increase operational and economic efficiency through the digitisation of networks and processes: 2021-25 planned investments Euro 7,9 mln (*)

SMART METER INSTALLATION

- Ascopiave Group was **one of the first companies** to experiment with the installation of intelligent mass market meters and aims to achieve **100% of smart meters installed throughout its networks @ 2024**
- **Internalisation of installation activities** is envisaged, in compliance with the objectives set by the authority and in order to plan such interventions in the most opportune way
- The identification of the right mix between Radio Frequency and P2P1 meters, and the economies of scale generated by the coverage of large areas of the territory, will allow a significant **optimisation of operating costs**

DIGITISATION OF COMPANY PROCESSES

- The Group plans for process digitisation interventions, such as the evolution of **cartographic systems**, the efficiency of the Work Force Management system, **virtual and augmented reality** projects and **Robotic Process Automation** solutions
- This digitisation will allow the development of the execution of activities, achieving **greater efficiency and creating new opportunities** for using the data and information collected

NETWORK DIGITISATION

- The Group aims to install sensors capable of detecting, recording, transmitting and executing commands by creating a digital twin of the physical infrastructure in order to:
  - **Optimize network monitoring in** terms of pressure and odorisation
  - Acquire **data in real time and simulate plant conditions**
  - Adapt the network for the introduction of **biomethane** and in the future of other "**green**" **gases**

(*) Excluding investments for the replacement of smart meters.

Efficiency and innovation initiatives (2)

Organic program of innovative interventions aimed at the evolution of the infrastructure and the improvement of its safety and functional efficiency: 2021-25 planned investments Euro 12,4 mln

REMI Energy Efficiency

Optimisation of the pre-heating system with high-efficiency cogeneration, heat pumps, photovoltaic and solar thermal intended to reduce the energy consumption of REMI cabins

REMI Energy Recovery

Implementation of turbo expansion combined with high efficiency cogeneration (CAR)

Bi-directional distribution system

Bi-directional REMI cabins to ensure capacity and continuity in the injection of "green" gases into the distribution grid, in particular biomethane for which several connection requests have recently been received for the currently managed network

Innovative system for leak detection

Through the use of vehicles equipped with special equipment and sensors which, with the help of sophisticated analysis software, guarantee a sensitivity of detection of the presence of gas in the air three times higher than traditional methods

Diversification (1)

The diversification allows Ascopiave to maximise the value generated by the Group, exploiting and enhancing the internal competences: 2021-25 planned investments: Euro 258 mln

Expected EBITDA @ 2025 : + Euro 22 mln

STRATEGIC DRIVERS FOR DIVERSIFICATION

Risk profile	Sustanability	Expertise
▪ Focus on regulated and semi-regulated activities (i.e. concessions, incentives) ▪ Stability of economic results and cash flows in the medium-long term	▪ Substantial contribution to the energy transition (e.g. decarbonisation, emission reduction, RES) ▪ Business scalability	▪ Preference for infrastructure business and network services to enhance and integrate internal competencies ▪ Synergies with core business and corporate (e.g. economies of scale and scope)

Cumulated investments @ 2025

Euro 132 mln	Euro 83 mln	Euro 10 mln	Euro 10 mln	Euro 23 mln
Renewable Energy Sources	Green Hydrogen	Biomethane	Energy Efficiency	Water Management Services

Diversification (2)

RES plants

- Structuring of a plant portfolio, preferably under an incentive scheme, through M&A operations and greenfield developments
- Consolidation of management competences through external growth and/or partnership agreements with specialised operators

Green hydrogen

- Integrated construction of hydrogen production plants using electricity from renewable sorces
- Consolidation of technological and industrial skills through partnership agreements with specialized operators

Water management services

- Investments in partnerships with industry operators through M&A and participation in tenders for the award of the service
- Provision of technical services to sector operators
- Integration and consolidation of internal and external technical competences

Biomethane

- Focus on areas where the core business is located
- Investment in upgrading of existing agricultural biogas plants and exploitation of potential greenfield investments
- Structuring of partnerships with operators in the agricultural sector with a view to «revenue sharing», leveraging on internal management competences

Energy efficiency

- Focus on areas where the core business is located
- Supervision of energy services aimed at Business customers and Public Administration, both through ESCo contracts, Project Financing and public tenders
- Consolidation of internal competences and preparation for potential growth for external lines (through M&A) aimed at sharing know-how and achieving economies of scale

Uncertainty about the start of ATEM Tenders

- The uncertainty about the timing of tenders and subsequent award of concessions suggested the development of a scenario analysis based on various hypotheses:

SCENARIO A	increase in the perimeter of activities managed in gas distribution sector only through M&A and organic growth as by the end of the plan period no ATEM tender is able to complete its award process
SCENARIO B	in addition to the growth expected in scenario A, the launch and award of 2 ATEM tenders in the year 2025 is expected and, consequently, a significant increase in networks and served customers

Pursuit of rational goals in terms of efficiency and investments

- The projections reflect the goals reasonably achievable by the Group
- Operating and investment costs incorporate inflation dynamics (average annual inflation over the entire plan horizon: 1.2%) and economic-management efficiency targets

Implementation of M&A initiatives and diversification into other activities

- Achievement of reasonable growth targets through M&A and diversified asset investment initiatives

2021-2025 Group planned investments (Scenario A)

Planned investments, aimed both at the maintenance and development of the existing network and at the expansion of activities on new synergistic businesses

Cumulative net investments @ 2025 (Scenario A)

€ 599 mln

- Investments for the maintenance and development of the gas distribution infrustructures related to the current perimeter
- Investment in acquisition of companies active in gas distribution and subsequent development and maintenance of the network acquired
- Centralized investments (ICT systems, renewal of vehicle fleet, etc)
- Investment in diversification (biomethane, RES plants, energy efficiency, water management service, green hydrogen)
- Disinvestment of not fully consolidated subsidiaries

Group investments 2021-2025 (*)	Scenario A	%
Gas distribution current assets	269	45%
M&A gas distribution	155	26%
Gas distribution	**424**	**71%**
Diversification	258	43%
Corporate	6	1%
Total investments	**688**	**115%**
Equity investments (**)	-90	-15%
Total net investments	**599**	**100%**

(*) Data in Euro/mln; (**) Estenergy and Hera Comm.

2021-2025 Group planned investments (Scenario B)

Planned investments, aimed both at the maintenance and development of the existing network and at the expansion of activities on new synergistic businesses

Cumulative net investments @ 2025 (Scenario B)

€ 658 mln

Additional investment envisaged in case ATEM tenders are awared (payment of residual value of the plants to outgoing operators (Euro 129 mln) and investments to be executed under new concessions (Euro 36 mln)

Group investments 2021-2025 (*)	Scenario B	%
Total investments scenario A	688	105%
Gas distribution - tenders	165	25%
Total investments	**853**	**130%**
Equity investments (**)	-196	-30%
Total net investments	**658**	**100%**

(*) Data in Euro/mln; (**) Estenergy and Hera Comm.

Financial projections to 2025 (1)

In both scenario the Group's economic results and capital invested are expected to grow by 2025
Optimisation of the mix of funding sources

			SCENARIO A		SCENARIO B	
(Euro/mln)	2020A	2021E	2025E	cagr %	2025E	cagr %
EBITDA	64	66	102	11%	118	15%
EBIT	**29**	**31**	**39**	**6%**	**47**	**11%**
Net financial income (*)	21	23	23	0%	17	-7%
Net income (a)	**59**	**44**	**46**	**1%**	**46**	**1%**
Operating NIC	677	695	1.081	12%	1.244	16%
Associates	516	520	426	-5%	320	-11%
Net invested capital	**1.193**	**1.215**	**1.508**	**6%**	**1.564**	**7%**
Net equity	854	866	900	1%	904	1%
Net financial position	339	349	608	15%	661	17%
Financial leverage	0,40	0,40	0,68	14%	0,73	16%

(*) Income from equity investments net of financial charges on debt.

Financial projections to 2025 (2)

The growth prospects, both internally and externally, will determine further consolidation of the Group in the distribution sector and diversification into synergistic sectors

			SCENARIO A		SCENARIO B	
(Euro/mln)	2020A	2021E	2025E	cagr %	2025E	cagr %
Connected gas users (k)	777	776	955	5%	1.095	9%
RAB	641	654	886	8%	1.015	12%
NIC diversification	0	24	211	72%	211	72%

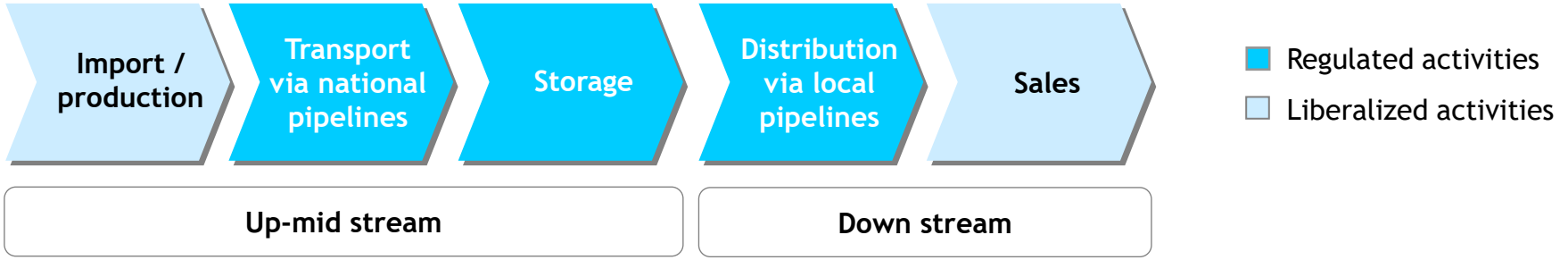
Annexes

Gas distribution - sector overview

→ Gas distribution: legal framework ..... Pag. 50
→ Gas distribution: sector key figures ..... Pag. 51
→ Public tenders for the assigning of concessions ..... Pag. 52
→ Regulation of the call of tenders ..... Pag. 53
→ Compensation to be paid to the outgoing distributor ..... Pag. 54
→ Tariff regulation ..... Pag. 55

Gas distribution: legal framework

- Gas distribution is currently a **local monopolistic activity managed under concessions** granted by municipalities.
- Italian gas distribution sector was liberalized in 2000 according to the European Union Rules
- The law established a mechanism of **competition for the market: concession must be awarded only through public tenders**.
- The distributor is responsible for the operation, the development and the maintenance of the distribution network (operational expenses and investments), according to the **concessional agreement** signed between the operator and the municipality
- The **National Energy Authority** (ARERA)
  - ✓ sets the **tariffs** to be applied to cover the cost of capital and for the operations of the service
  - ✓ provides rules regarding the **minimum standard service levels**.
- The distributor gives access to any requiring gas sales company that has the right to use the network to supply gas to its customers (**third party access**).



Gas distribution: sector key figures

Gas distribution key figures (*)	2020
No. of operators in Italy	194
Municipalities served	7.249
Volumes of gas distributed (bln/scm)	30,0
No. of users served (mln)	24,0
Length of the gas distribution network (km)	265.920
Regulatory asset base (RAB) (Euro/bln) (**)	18

(*) ARERA data; (**) Ascopiave estimate.

Since 2000 gas distribution operators have been reduced to less than a third.

Currently **gas distribution sector is strongly concentrated**:

- about 50% of RAB (**) is held by Italgas and F2i, the only operators with a national rank
- about 30% of RAB is held by 14 medium size operators (RAB > Euro 100 mln), with a regional relevance
- about 20% of RAB is held by small size operators

	Group	Users (*)	%
1	Italgas	7.694.000	32,2%
2	2i Rete Gas	4.342.719	18,2%
3	A2A	1.502.645	6,3%
4	Hera	1.406.639	5,9%
5	**Ascopiave**	**777.252**	**3,3%**
6	Iren	744.730	3,1%
7	Estra	516.000	2,2%
8	Erogasmet	277.326	1,2%
9	Gelsia	207.496	0,9%
	Others	6.411.193	26,8%
	Total	**23.880.000**	**100,0%**

(*) 2019 data.

Public tenders for the assigning of concessions

- In order to improve the economic efficiency of the sector, since 2007 the legislation has established that the **tenders must be called to assign concessions for the management of the service in wide geographical areas, grouping neighbouring municipalities (ATEM)**.
- The national government constituted 177 ATEM nationwide.
- Municipalities belonging to a single ATEM must appoint a local entity to act as contracting authority for the ATEM.
- The law established the deadline by which each ATEM contracting authority must call the tenders.
- In 2011 the national government issued some decrees establishing the general contents of the call for tenders, that must be fulfilled on the base of the local needs for investments to be defined by the local contracting authority. The standardization was aimed at encouraging competition and assuring transparency and effectiveness in the tender process.

The current rules governing the incoming tender processes will probably cause a further restructuring of the distribution sector.

A significant reduction in the number of operators is expected, as the participation to the public tenders requires from the potential competitors strong financial capability and important economic, organizational and technical skills.

Tenders process is currently slowed down by procedural difficulties. All the contracting stations failed in publishing the call for tenders respecting the deadlines provided by the law.

Standards to evaluate economic and technical offers

A - Economic offer *(maximum score: 28)*

- Discount on gas distribution tariffs
- Discount on prices for other services provided by the distributor to end users
- Fee to be paid to municipalities awarding the concession (cap on the fee level: 10% of the capital cost components of VRT (Total Revenues Constraint) = 10% x (CI x rd + AMM))
- Obligation to extend the distribution network (meters of pipes per end user that imply the obligation to connect new potential end-users)
- Investments to improve energy efficiency

B - Offer concerning safety and service quality *(maximum score: 27)*

- Network inspections in order to prevent gas leaks (percentage of gas network annually checked)
- Performance of the emergency service and of the gas odorization service
- Improving the level of other quality standards set by the Authority

C - Offer concerning the development and the maintenance of the network *(maximum score: 45)*

- Appropriateness of the network operation analysis
- Investment plan for the extension and the increase of the capacity of the distribution network; the evaluation concerns: the tangible benefits expected by the investment proposed, the accuracy of the technical projects as well as the quantities of new pipes to be made
- Investment plan for the maintenance
- Technological innovation

Compensation to be paid to the outgoing distributor

In the event that the public tender should not be awarded to Ascopiave, the winner must pay to the Group, as the current owner of the networks, a compensation:

(a) the compensation must be calculated in accordance with the terms of the agreement implementing the concession or direct award (as the case may be), provided that the agreement was signed before 11th February 2012

(b) or, if this is not provided for, the compensation must be calculated in accordance with the Guidelines set by the Ministry of Economic Development (Decree 22nd May 2014)

(c) contributions paid by private users in the past for the construction of part of the network must be deducted (valuation of these are in accordance with the tariff regulation) (*)

(d) whenever the compensation is higher than 110% of the net invested capital remunerated by the tariff system (RAB), the Energy National Authority (i.e. ARERA) must verify whether the compensation has been evaluated in accordance with the law

(e) the organizer of the tender bid must take into account the observations issued by the ARERA.

(*) In the evaluation of RAB contributions paid by private users are currently deducted.

Tariff regulation (1)

Tariff regulation 2020-2025

On 27th December 2019 ARERA issued the Resolution n. 570/2019/R/gas, approving the new tariff regulation that will be in force during the period 2020-2025 (fifth regulatory period).

Allowed opex

2020 unit allowed opex based on weighted average of 2018 actual / allowed opex.
X-factor aimed at reabsorbing the extra efficiency of the last regulatory period.

Unit allowed Opex (*)	2019 (**)	2020	2021	chg 21-19	chg 21-19 %
CO / end users - distribution	39,4	32,2	31,9	-7,5	-19%
CO / end users - metering & other	7,6	9,0	9,0	1,4	18%
Total CO / end users	**47,0**	**41,2**	**40,8**	**-6,2**	**-13%**

(*) Ascopiave estimate. Average unit opex allowed referred to Ascopiave Group (pro-forma)
(**) The 2019 CO / end users - distribution calculation is a pro forma in connection with the acquisition of AP Reti Gas Nordest assets from Hera Group in 2020

Real pre-tax rate of return on RAB (WACC)

With the Resolution n. 614/2021/R/com, the Gas, Electricity and Water Authority (ARERA) has established the criteria for determining and updating the remuneration rate of the capital invested for infrastructure services in the electricity and gas sectors for the period 2022-2027.

WACC	2019	2020	2021	2022
WACC - distribution	6,3%	6,3%	6,3%	5,6%
WACC - metering	6,8%	6,3%	6,3%	5,6%

Tariff regulation for the incoming ATEM concessions

Difference between Compensation and RAB

At the starting date of the new concession:

- if the winner of the public tender is the current incumbent operator, the new RAB is equal to the previous one;
- if the winner of the public tender is a newcomer, the new RAB is equal to the compensation paid by the newcomer to the outgoing operator.

Compensation at the end date of the ATEM concession

The compensation is calculated as the sum of (a) the value of the stock of capital existing at the start date of the concession, that is equal to the initial compensation properly updated to take into account the depreciation occurred during the concessional period, and (b) the value of the investments made during the concessional period, calculated as the average between the effective costs of the assets and the regulatory value of the assets.

Regulatory evolution

With the consultation document 615/2021/R/com, the ARERA has propose a gradual introduction of a tariff regulation for Expence and Service Objectives (ROSS), oriented to the total efficiency of the service (from 2026):

- **integrated recognition** of operational costs and efficient capital costs;
- standard capitalization coefficients;
- **revision** of the incentive mechanism;
- **selectivity of recognizable investments**, to be justified with cost-benefit analysis

The paradigm shift will support the rationalization of the sector:

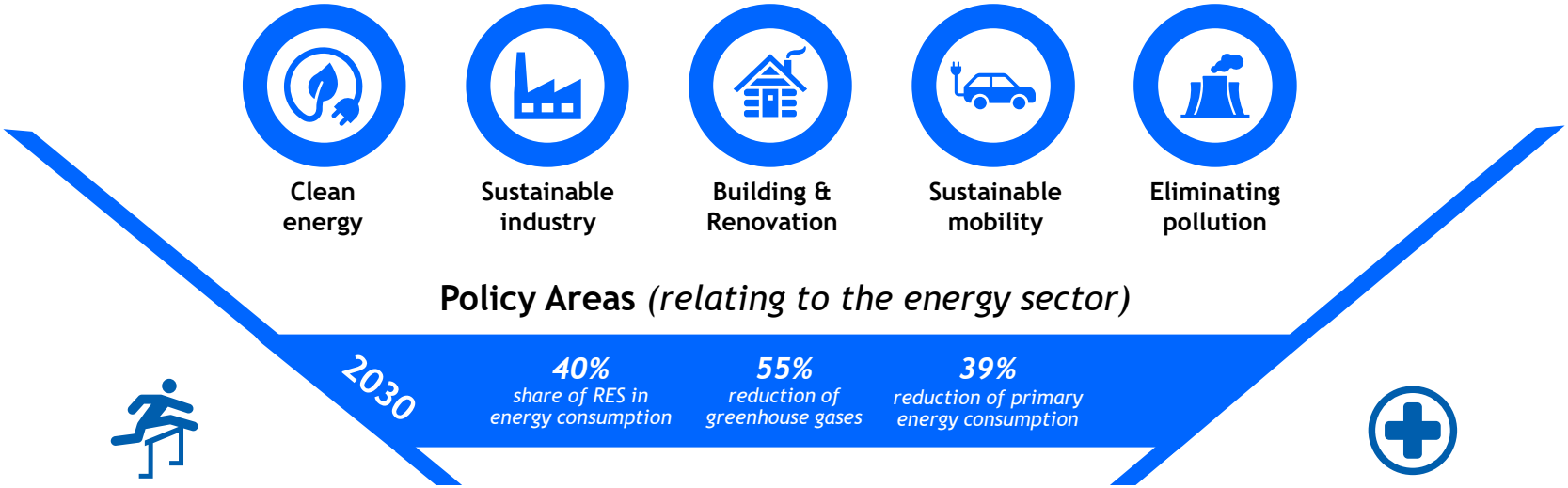
- **opportunity** for efficient companies to **improve their profitability**;
- **risk** of under-remuneration of capital for inefficient companies;
- **incentives for aggregations**

The energy transition

→ The European and Italian decarbonisation goals ..... Pag. 59
→ The role of the gas sector in the energy transition ..... Pag. 60
→ The new infrastructure grid ..... Pag. 61

Both the European Union and Italy have based their growth targets for the next decade on the transition to a sustainable economy model

European Green Deal



To face the challenges of climate change, the European Union has created the **European Green Deal**, a pact between countries, which aims to **achieve "carbon neutrality" by 2050.**

To this end, **the EU has allocated** at least € 1 trillion of **"sustainable investments"** for the next decade, creating **numerous support tools to facilitate the energy transition.**

2050

The pandemic situation has called upon the EU to **intervene in support of the members** of the Union with the creation of the **Recovery and Resilience Facility** (RRF), which has the **energy transition** among **its main pillars.**

To **revive the Italian economy**, the government has **allocated approx. € 235 billion in favor of the PNRR**, of which over **29% in towards the energy transition**, with initiatives linked, to green gases, energy efficiency, circular economy and renewable sources.

Gas is a key source for achieving sustainability goals through the evolution of infrastructure and new network management methods

Green Infrastructure adaptation

Integration with renewable electricity system

OPPORTUNITIES

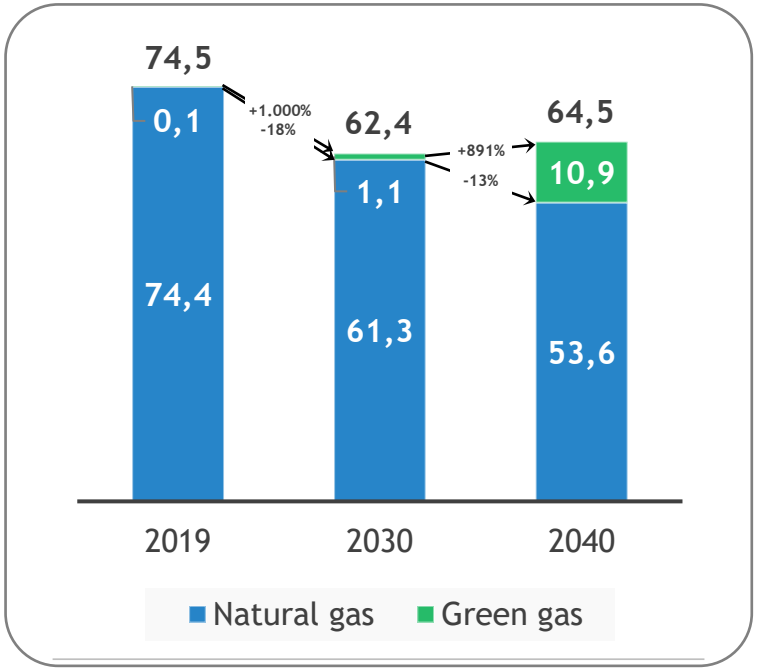
- *Green gas transportation and storage with existing infrastructure*
- *Non programmable renewable existing infrastructure*
- *New public sources of financing*

RISKS

- *Reduction in final gas consumption*
- *Reduction of use of existing infrastructure*
- *Potential need for reconversion of the gas network for the transport of green gases*

Expected gas consumption in Italy (*)

(bln/scm)



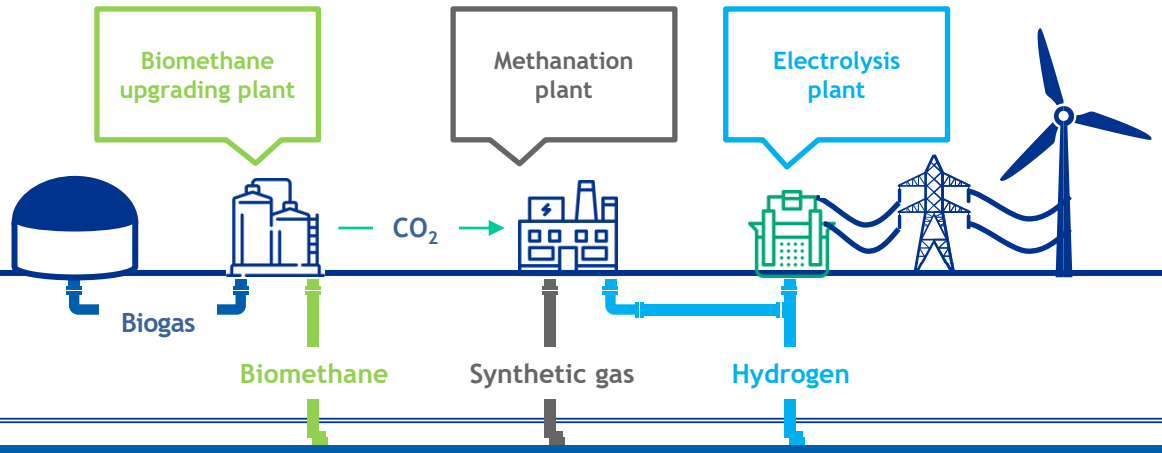
(*) Source: Snam-Terna Scenario 2021 – Scenario NT (based on the forecasts of the final version of the PNIEC 2019 taking into account the European Development Plan TYNDP 2022).

The gas network will require technological and infrastructural adjustments to facilitate the introduction and transport of "green" gases in order to decarbonise the system

"Green" gas production and injection

✓ *Starting with the significant production of biogas, a substantial increase in the production and injection of biomethane into the grid is expected*

✓ *Integration with the electricity system will allow the production and injection of both hydrogen and synthetic gas into existing networks, allowing for a reduction in emissions*



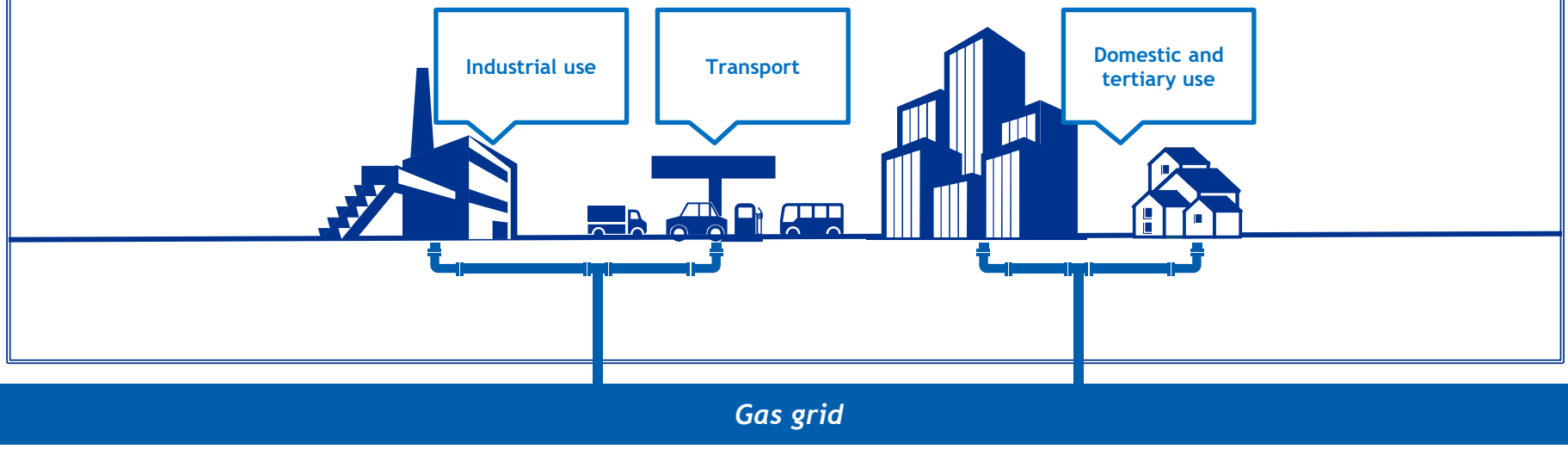
The new infrastructure grid (2)

The gas network will require technological and infrastructural adjustments to facilitate the introduction and transport of "green" gases in order to decarbonise the system

Withdrawal and final uses

✓ *Existing gas infrastructures can transport and store "green" gases and will be indispensable for supplying increasing quantities of gas to end users*

✓ *The final uses will be many: from industry to residential, from transport to the tertiary sector*



Annexes: Ascopiave financial data

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Annexes: Ascopiave financial data

2014-2020 financial comparison

→ Income statement ..... Pag. 65
→ Balance sheet ..... Pag. 66
→ Cash flows statement ..... Pag. 67

Income statement

(Thousands of Euros)	2020	2019	2018	2017	2016	2015	2014
Revenues	**163.896**	**124.911**	**581.652**	**532.792**	**497.689**	**581.655**	**585.300**
(Cost of raw materials and consumables)	(1.782)	(1.358)	(332.743)	(270.577)	(249.916)	(346.431)	(359.366)
(Cost of services)	(36.776)	(31.732)	(114.827)	(113.457)	(107.503)	(119.151)	(107.740)
(Cost of personnel)	(17.132)	(14.500)	(26.030)	(24.855)	(24.233)	(21.573)	(22.726)
(Other operating costs)	(44.511)	(33.902)	(28.372)	(40.224)	(21.377)	(14.106)	(15.914)
Other operating income	109	1.479	356	731	596	591	32
EBITDA	**63.805**	**44.898**	**80.036**	**84.409**	**95.255**	**80.983**	**79.585**
(Depreciations and amortizations)	(34.465)	(23.325)	(22.972)	(22.585)	(20.227)	(20.029)	(20.099)
(Provisions)	(189)	-	(1.964)	(1.885)	(2.891)	(4.004)	(6.819)
EBIT	**29.151**	**21.573**	**55.101**	**59.939**	**72.137**	**56.950**	**52.667**
Financial income / (expenses)	1.847	(1.117)	(778)	(468)	(544)	(518)	(1.593)
Evaluation of companies with equity method	18.310	648	8.553	7.398	7.750	7.449	4.453
EBT	**49.308**	**21.105**	**62.875**	**66.869**	**79.343**	**63.881**	**55.527**
(Income taxes)	9.394	(6.626)	(16.376)	(17.617)	(22.401)	(18.519)	(18.194)
Earnings after taxes	**58.701**	**14.479**	**46.499**	**49.252**	**56.942**	**45.362**	**37.333**
Net income (loss) from discontinued operations	-	478.737	-	-	-	-	-
Net income	**58.701**	**493.216**	**46.499**	**49.252**	**56.942**	**45.362**	**37.333**
(Net income of minorities)	-	-	(1.874)	(2.117)	(3.307)	(2.349)	(1.750)
Net income of the Group	**58.701**	**493.216**	**44.625**	**47.135**	**53.635**	**43.014**	**35.583**

Balance sheet

(Thousands of Euros)	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Tangible assets	33.443	34.694	32.724	32.334	32.364	34.987	36.614
Non tangible assets	626.685	615.108	432.637	427.692	397.664	397.418	394.530
Investments in associates	515.729	449.945	68.357	68.878	68.738	68.078	65.453
Other fixed assets	34.276	22.687	23.401	24.494	23.808	26.699	29.555
Fixed assets	**1.210.134**	**1.122.433**	**557.118**	**553.397**	**522.574**	**527.182**	**526.152**
Operating current assets	128.046	99.349	219.660	222.977	201.908	223.482	229.095
(Operating current liabilities)	(98.759)	(82.458)	(160.146)	(156.597)	(138.003)	(166.793)	(162.548)
(Operating non current liabilities)	(47.071)	(52.850)	(51.245)	(49.411)	(48.151)	(49.698)	(53.360)
Net working capital	**(17.784)**	**(35.959)**	**8.268**	**16.969**	**15.754**	**6.991**	**13.188**
Total capital employed	**1.192.350**	**1.086.474**	**565.386**	**570.367**	**538.328**	**534.173**	**539.340**
Group shareholders equity	**853.903**	**873.492**	**443.567**	**445.511**	**438.055**	**415.264**	**405.357**
Minorities	**-**	**-**	**4.303**	**4.989**	**6.154**	**4.873**	**4.310**
Net financial position	**338.447**	**212.981**	**117.517**	**119.867**	**94.119**	**114.037**	**129.673**
Total sources	**1.192.350**	**1.086.474**	**565.386**	**570.367**	**538.328**	**534.173**	**539.340**

Cash flows statement

(Thousands of Euros)	2020	2019	2018	2017	2016	2015	2014
Self financing	**94.294**	**37.318**	**71.435**	**73.722**	**80.060**	**69.396**	**64.251**
Change in net working capital (operating activities)	(30.136)	5.964	(5.282)	(4.934)	(15.833)	(43.853)	27.181
Change in net working capital (fiscal activities)	(21.553)	3.453	2.537	(18.240)	3.673	43.352	(38.191)
Change in net working capital	**(51.688)**	**9.417**	**(2.745)**	**(23.174)**	**(12.160)**	**(501)**	**(11.011)**
Capex in tangible and intangible assets	(44.431)	(34.440)	(28.306)	(22.976)	(19.262)	(21.892)	(20.903)
Capex in companies acquisitions	(68.598)	(25.115)	(3.778)	(17.421)	0	(0)	(15.374)
Capex	**(113.029)**	**(59.555)**	**(32.084)**	**(40.397)**	**(19.262)**	**(21.892)**	**(36.277)**
Change in shareholders' equity	**(55.042)**	**(82.645)**	**(34.256)**	**(35.899)**	**(28.721)**	**(31.366)**	**(22.826)**
Net financial position change	**(125.465)**	**(95.464)**	**2.350**	**(25.748)**	**19.917**	**15.637**	**(5.863)**

Annexes: Ascopiave financial data

FY 2020 financial results

Financial highlights

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→ Consolidated balance sheet as of 31st December 2020 ..... Pag. 71

Companies consolidated with full consolidation method

→ Number of gas distribution users and volumes of gas distributed ..... Pag. 72
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Estenergy Group

→ Estenergy Group financial highlights ..... Pag. 82

FY 2020 consolidated income statement

(Thousand of Euro)	12M 2020	12M 2019	Chg	Chg %
Revenues	**163.896**	**124.911**	**38.985**	**+31%**
(Cost of raw materials and consumables)	(1.782)	(1.358)	(423)	+31%
(Cost of services)	(36.776)	(31.732)	(5.044)	+16%
(Cost of personnel)	(17.132)	(14.500)	(2.632)	+18%
(Other operating costs)	(44.511)	(33.902)	(10.609)	+31%
Other operating income	109	1.479	(1.370)	-93%
EBITDA	**63.805**	**44.898**	**18.907**	**+42%**
(Depreciations and amortizations)	(34.465)	(23.325)	(11.140)	+48%
(Provisions)	(189)	-	(189)	n.a.
EBIT	**29.151**	**21.573**	**7.578**	**+35%**
Financial income / (expenses)	1.847	(1.117)	2.963	-265%
Evaluation of companies with net assets method (*)	18.310	648	17.662	+2724%
EBT	**49.308**	**21.105**	**28.203**	**+134%**
(Income taxes)	9.394	(6.626)	16.019	-242%
Earnings after taxes	**58.701**	**14.479**	**44.222**	**+305%**
Net result from discontinued operations	-	478.737	(478.737)	-100%
Net income	**58.701**	**493.216**	**(434.515)**	**-88%**
(Net income of minorities)	-	-	-	n.a.
Net income of the Group	**58.701**	**493.216**	**(434.515)**	**-88%**

(*) Result of the company consolidated with net equity consolidation method (pro-rata): Estenergy, Euro 18,3 mln (Euro 0,0 mln in FY 2019); Unigas Distribuzione Gas, Euro 0,0 mln (Euro 0,6 mln in FY 2019).

Step-up of the tax basis of capital assets

Effect of the revaluation of the tax basis of some capital assets (August Decree and 2021 Budget Law) on the 2020 Ascopiave Group consolidated financial statements

Companies involved: AP Reti Gas, Edigas Esercizio Distribuzione Gas, AP Reti Gas Rovigo.

INCOME STATEMENT:

(Thousand of Euro)	31/12/2020
EBT	**49.308**
(Income taxes)	(6.254)
Effect of step-up of the tax basis of capital assets	15.648
(Income taxes)	**9.394**
Earnings after taxes	**58.701**

Income taxes (income)	17.216
Substitutive tax	(1.568)
Net effect	**15.648**

BALANCE SHEET:

(Thousand of Euro)	31/12/2020	
(Deferred tax payables)	8.410	Decrease
Advance tax receivables	8.806	Increase

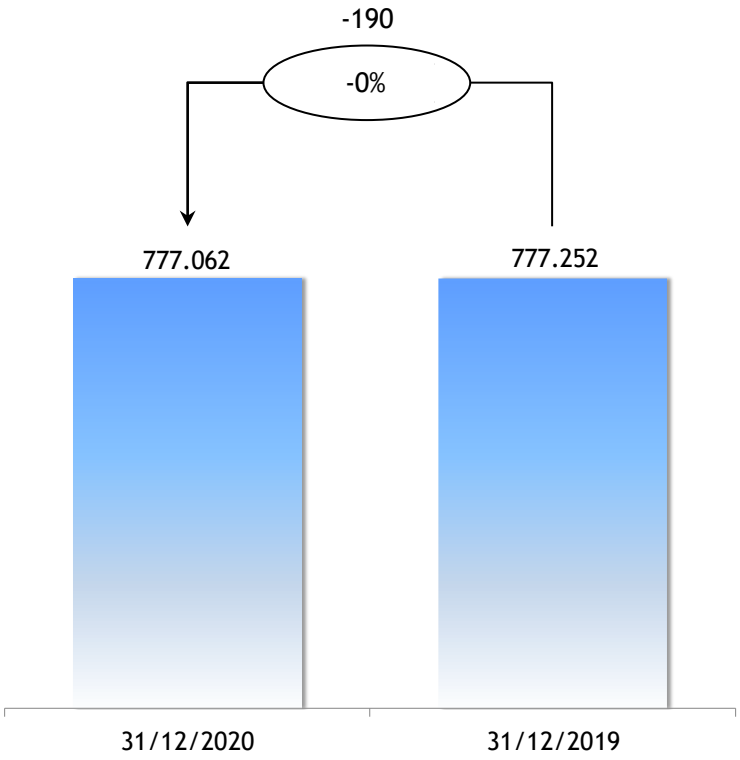
Consolidated balance sheet as of 31st December 2020

(Thousand of Euro)	31/12/2020	31/12/2019	Chg	Chg %
Tangible assets (*)	33.443	34.694	(1.251)	-4%
Non tangible assets (*)	626.685	615.108	11.577	+2%
Investments in associates (**)	515.729	449.945	65.785	+15%
Other fixed assets	34.276	22.687	11.590	+51%
Fixed assets	**1.210.134**	**1.122.433**	**87.701**	**+8%**
Operating current assets	128.046	99.349	28.697	+29%
(Operating current liabilities)	(98.759)	(82.458)	(16.301)	+20%
(Operating non current liabilities)	(47.071)	(52.850)	5.779	-11%
Net working capital	**(17.784)**	**(35.959)**	**18.175**	**-51%**
Total capital employed	**1.192.350**	**1.086.474**	**105.876**	**+10%**
Group shareholders equity	**853.903**	**873.492**	**(19.589)**	**-2%**
Minorities	**-**	**-**	**-**	**n.a.**
Net financial position	**338.447**	**212.981**	**125.465**	**+59%**
Total sources	**1.192.350**	**1.086.474**	**105.876**	**+10%**

(*) According to IFRIC 12, the infrastructures under concession are consedered intangible assets;

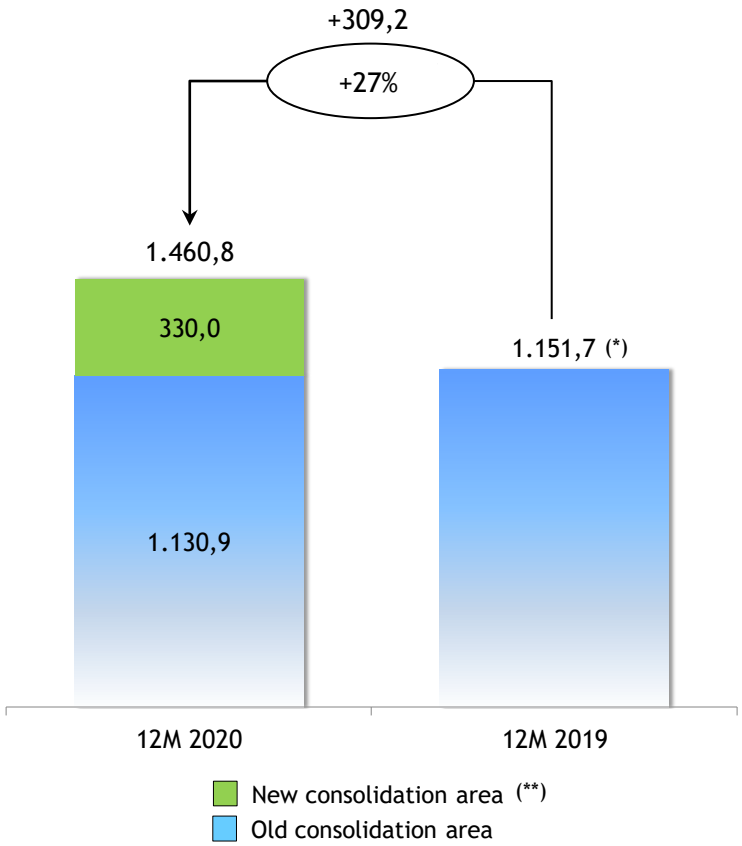
(**) Value of the associated companies consolidated with net equity consolidation method (pro-rata): Estenergy, Euro 429,0 mln (Euro 395,9 mln as of 31st December 2019); Hera Comm, Euro 54,0 mln (Euro 54,0 mln as of 31st December 2019); Acsm-Agam, Euro 26,7 mln (Euro 0,0 mln as of 31st December 2019); Cogeide, Euro 7,8 mln (Euro 0,0 mln as of 31st December 2019).

Number of gas distribution users



Volumes of gas distributed

(Million of standard cubic meters)

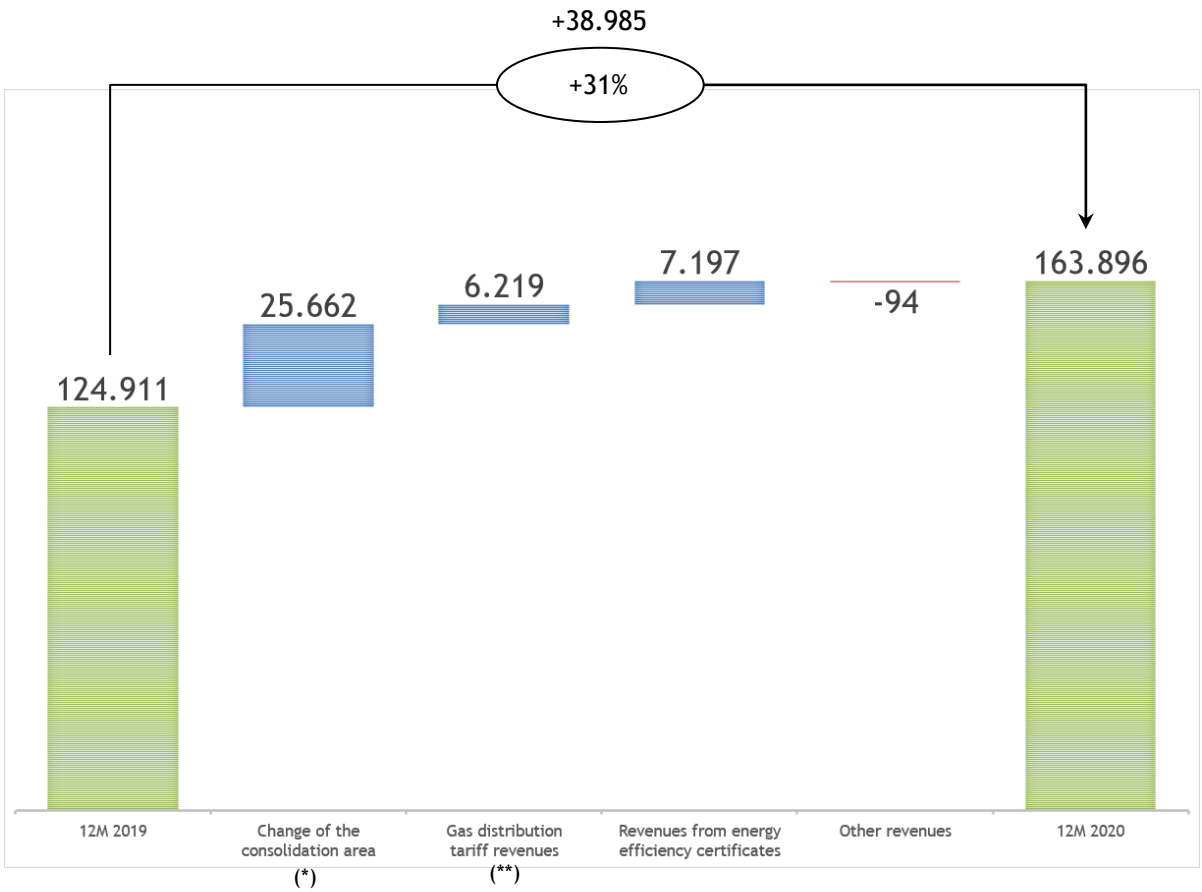


(*) Unigas Distribuzione Gas operating data are included. The company was merged by incorporation in Ascopiave from 1° July 2019. On the same date the operating activities in the gas distribution sector were transferred to Edigas Distribuzione Gas;

(**) AP Reti Gas Nord Est, consolidated as of 31st December 2019.

Revenues bridge

(Thousand of Euro)

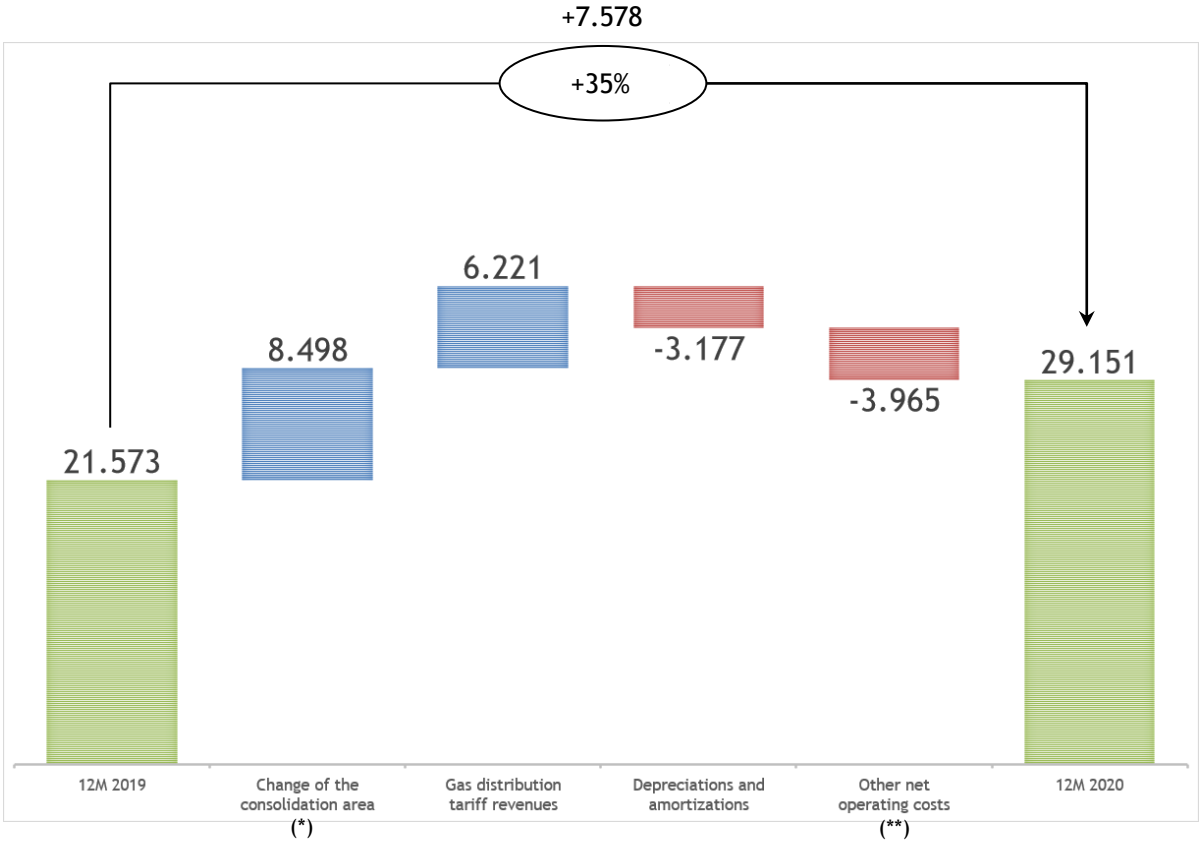


(*) Change of the consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas;

(**) Tariff revenues include the tariff component for the recovery of the fee paid to local entities according to art. 46-bis DL 159/2007.

EBIT bridge

(Thousand of Euro)



(*) Change of the consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas;

(**) Further details on page 15 of the current presentation.

Gas distribution tariff revenues

(Thousand of Euro) (*)	12M 2020	12M 2019	Chg	Chg %
Gas distribution tariff revenues	109.108	79.777	29.331	+37%
Gas distribution tariff revenues	**109.108**	**79.777**	**29.331**	**+37%**

The increase of the gas distribution tariff revenues of the companies consolidated with full consolidation method (+ Euro 29,3 mln) is due to:

1) new consolidation area (AP Reti Gas Nord Est): + Euro 23,1 mln;
2) gas distribution tariff revenues of the concession formerly held by Unigas Distribuzione Gas: + Euro 5,9 mln
3) other changes of the tariff revenues: + Euro 0,3 mln.

(*) Economic data before elisions

Other net operating costs

(Thousand of Euro)	12M 2020	12M 2019	Chg	Chg %
Other revenues	53.264	44.476	8.789	+20%
Other costs of raw materials and services	(81.436)	(64.854)	(16.581)	+26%
Cost of personnel	(17.132)	(14.500)	(2.632)	+18%
Other net operating costs	**(45.303)**	**(34.879)**	**(10.424)**	**+30%**

Other net operating costs due to the change of the consolidation area: - Euro 6,5 mln (*)

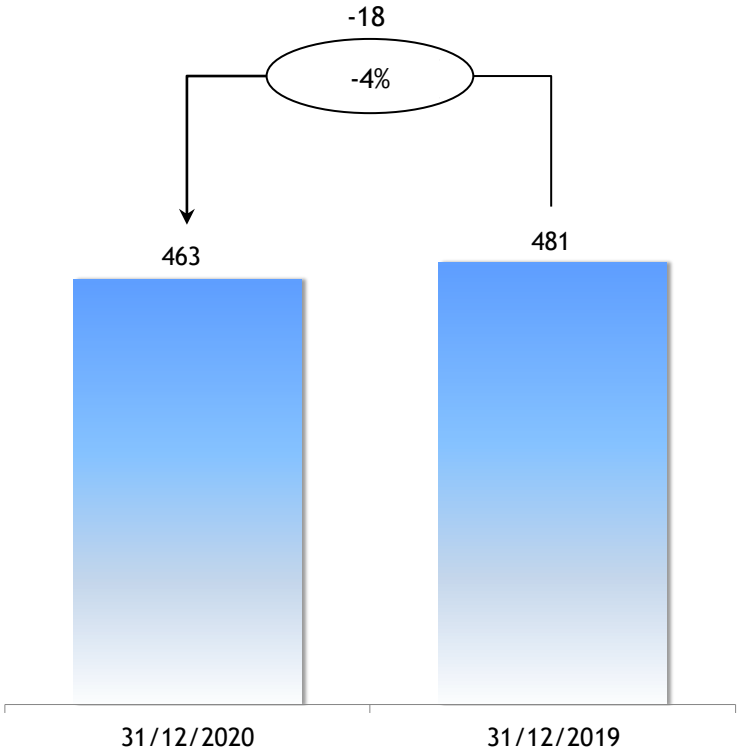
Increase of other net operating costs: - Euro 4,0 mln

of which:

- *increase of net operating costs due to consolidation of the activities of Unigas: - Euro 3,3 mln;*
- *decrease of cost of personnel: + Euro 1,6 mln;*
- *increase of margin on energy efficiency tasks management: + Euro 0,5 mln;*
- *decrease of gas distribution concession fees: + Euro 0,1 mln;*
- *increase of CSEA contributions for security incentives: + Euro 1,2 mln;*
- *decrease of capital gains on disposal of gas distribution plants: - Euro 1,4 mln;*
- *increase of non recurring costs: - Euro 2,2 mln;*
- *other variations: - Euro 0,5 mln.*

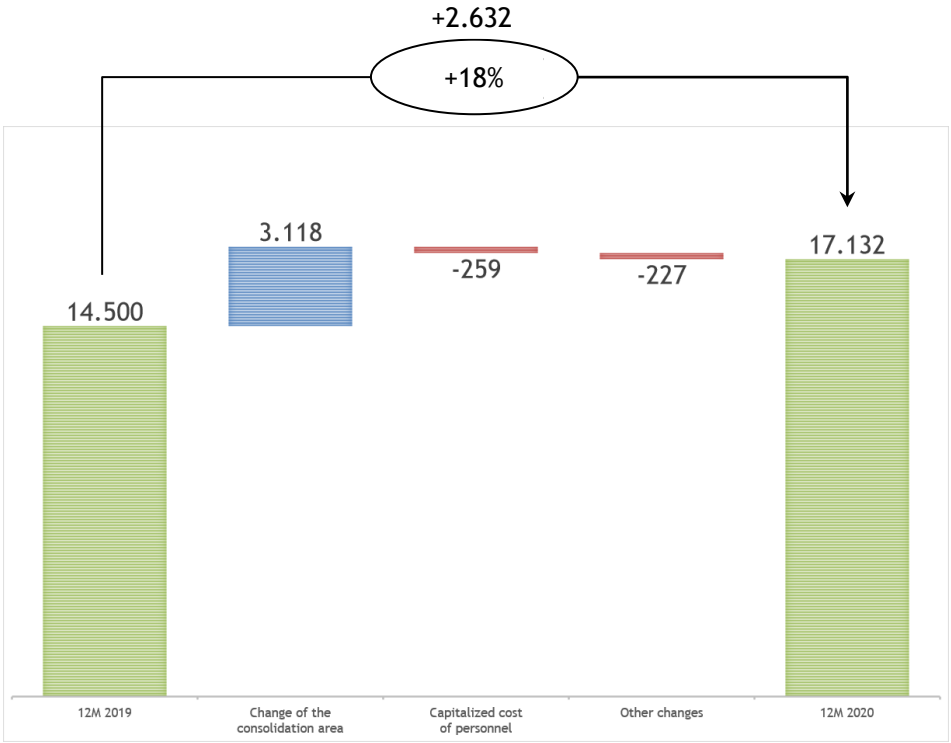
(*) Change of the consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas.

Number of employees



Cost of personnel

(Thousand of Euro)



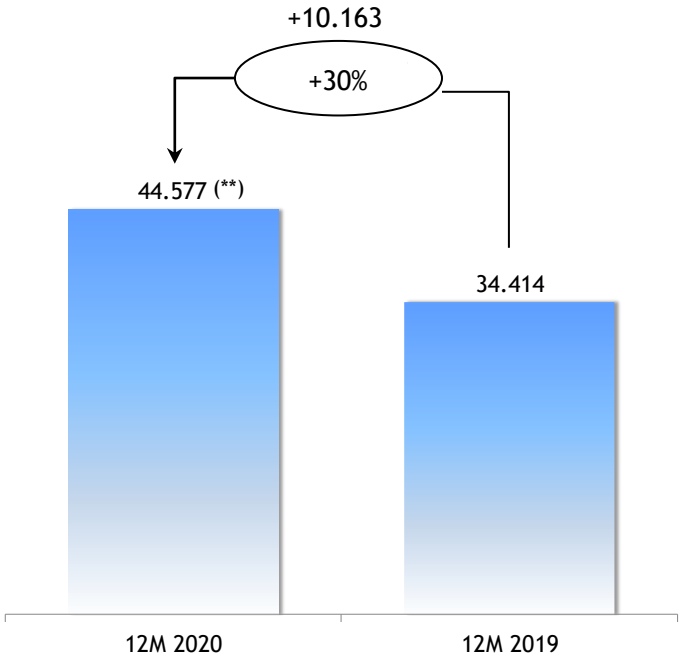
Cost of personnel changes:

- new consolidation area: + Euro 3,1 mln (*)
- capitalized cost of personnel: - Euro 0,3 mln
- other: - Euro 0,2 mln

(*) New consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas.

Capex (*)

(Thousand of Euro)



- New consolidation area: Euro 8,7 mln (***)
- Gas distribution systems: Euro 26,2 mln
- Gas meters: Euro 8,0 mln
- Investments in hardware and software: Euro 0,9 mln
- Other: Euro 0,8 mln

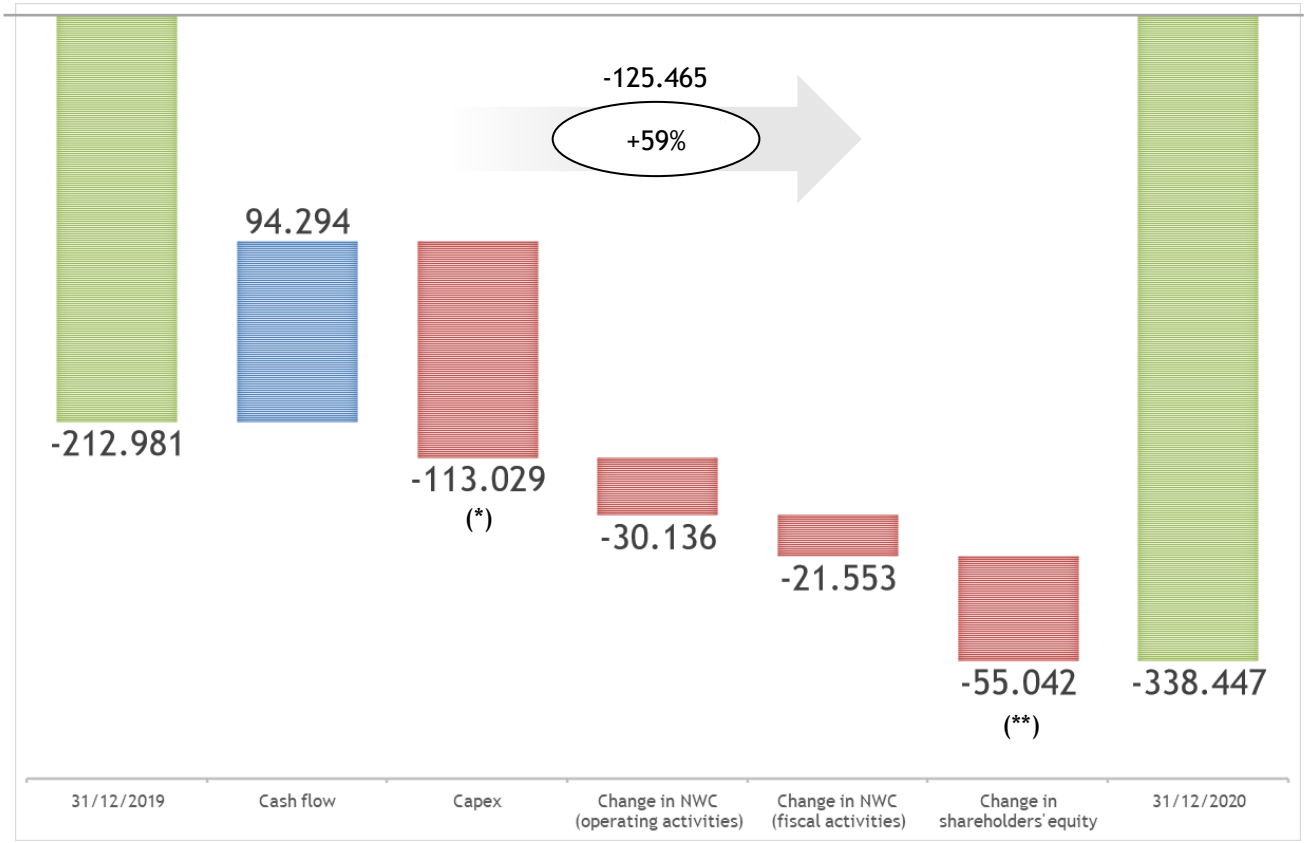
(*) Excluding network extension in new urbanized areas that according to IAS are considerated as operating costs and not capital expenditures;

(**) Investments in intangible assets and in tangible assets (excluded realizations, investments in associated and investments relative to the application of IFRS 16 accounting principle);

(***) New consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas.

Net financial position and cash flow

(Thousand of Euro)



(*) Net investments in tangible and intangible assets: Euro 44,4 mln; purchase of the 4,99% of the share capital of Acsm-Agam: Euro 26,7 mln; subscription of a capital increase in Estenergy: Euro 32,5 mln; purchase of the 100% of the share capital of Cart Acqua: Euro 8,0 mln; payment of the contracted price adjustment for the purchase of AP Reti Gas Nord Est: Euro 1,4 mln;

(**) Purchase of own shares: - Euro 28,9 mln; dividends distributed to Ascopiave shareholders: - Euro 47,4 mln; dividends received from associated companies: + Euro 21,3 mln.

Financial debt and cost of debt

(Thousand of Euro) (*)	31/12/2020	31/12/2019	Chg	Chg %
Long term financial borrowings (>12 months)	195.999	135.083	60.916	+45%
Current position of long term financial borrowings	40.024	30.778	9.246	+30%
Short term financial borrowings (<12 months)	104.023	38.994	65.029	+167%
Total financial debt	**340.046**	**204.855**	**135.191**	**+66%**
Fixed rate borrowings	219.273	143.611	75.662	+53%
Floating rate borrowings	120.773	61.244	59.529	+97%

FY 2020 average cost of debt: 0,34% (vs FY 2019 rate: 0,35%)

(*) Data refers to only companies consolidated with full consolidation method.

Estenergy Group financial highlights

Income statement (*)

(Thousand of Euro)	12M 2020
Revenues	**363.109**
(Cost of raw materials and consumables)	(178.821)
(Cost of services)	(136.770)
(Cost of personnel)	(7.578)
(Other operating costs)	(877)
Other operating income	-
EBITDA	**39.062**
(Depreciations and amortizations) + (provisions)	(14.019)
EBIT	**25.043**
Financial income / (expenses)	(167)
EBT	**24.877**
(Income taxes)	(5.639)
Net income	**19.237**

Balance sheet (*)

(Thousand of Euro)	31/12/2020
Tangible assets	1.812
Non tangible assets	314.141
Investments in associates	8.424
Other fixed assets	1.683
Fixed assets	**326.061**
Operating current assets	139.482
(Operating current liabilities)	(93.126)
(Operating non current liabilities)	(51.913)
Net working capital	**(5.557)**
Total capital employed	**320.504**
Shareholders equity	**348.864**
Net financial position	**(28.360)**
Total sources	**320.504**

(*) Pro-rata amounts, i.e. proportional to the Ascopiave's capital stake in Estenergy (48%).

Annexes: Ascopiave financial data

9M 2021 financial results

Financial highlights

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Companies consolidated with full consolidation method

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Estenergy Group

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9M 2021 consolidated income statement

(Thousand of Euro)	9M 2021	9M 2020	Chg	Chg %
Revenues	**99.686**	**129.347**	**(29.661)**	**-23%**
(Purchase costs for other raw materials)	(1.195)	(1.313)	118	-9%
(Costs for services)	(28.508)	(27.585)	(923)	+3%
(Costs for personnel)	(13.619)	(13.748)	129	-1%
(Other management costs)	(7.436)	(41.622)	34.186	-82%
Other income	527	39	488	+1250%
EBITDA	**49.455**	**45.118**	**4.337**	**+10%**
(Amortizations and depreciation)	(26.539)	(25.105)	(1.435)	+6%
EBIT	**22.916**	**20.014**	**2.902**	**+14%**
Financial income / (expenses)	2.048	2.298	(250)	-11%
Evaluation of companies with net equity method (*)	10.482	11.250	(768)	-7%
EBT	**35.445**	**33.562**	**1.884**	**+6%**
(Income taxes)	(5.747)	(4.756)	(991)	+21%
Net income	**29.698**	**28.805**	**893**	**+3%**

(*) Result of the company consolidated with net equity consolidation method (pro-rata): Estenergy, Euro 10,3 mln (Euro 11,2 mln in 9M 2020); Cogeide, Euro 0,2 mln (Euro 0,0 mln in 9M 2020).

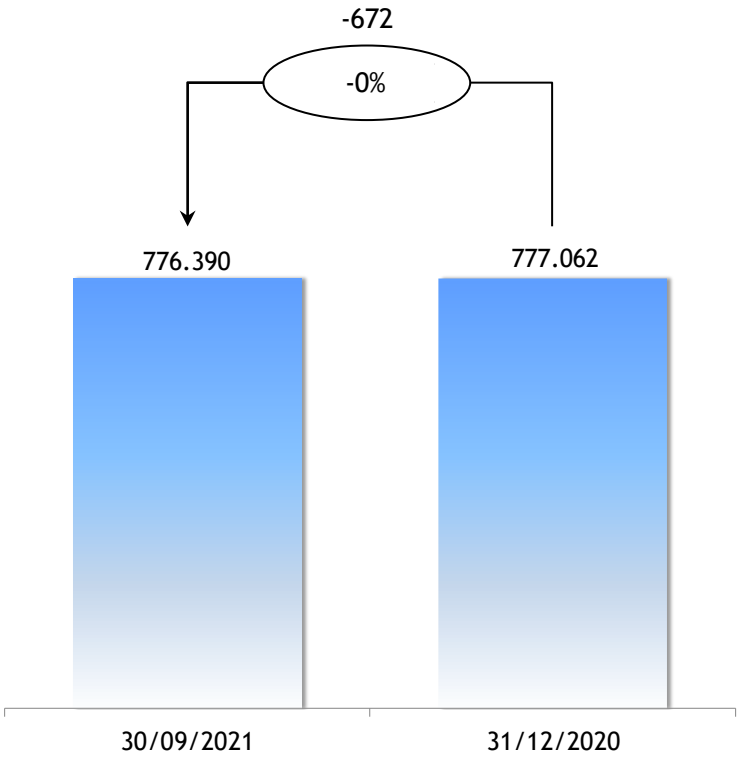
Consolidated balance sheet as of 30th September 2021

(Thousand of Euro)	30/09/2021	31/12/2020	Chg	Chg %
Tangible assets (*)	34.036	33.443	593	+2%
Non tangible assets (*)	634.295	626.685	7.610	+1%
Investments in associates (**)	511.022	515.729	(4.707)	-1%
Other fixed assets	34.396	34.276	119	+0%
Fixed assets	**1.213.748**	**1.210.134**	**3.615**	**+0%**
Operating current assets	86.841	128.046	(41.205)	-32%
(Operating current liabilities)	(68.046)	(98.759)	30.712	-31%
(Operating non current liabilities)	(46.955)	(47.071)	116	-0%
Net working capital	**(28.160)**	**(17.784)**	**(10.376)**	**+58%**
Total capital employed	**1.185.588**	**1.192.350**	**(6.761)**	**-1%**
Shareholders equity	**851.589**	**853.903**	**(2.314)**	**-0%**
Net financial position	**333.999**	**338.447**	**(4.447)**	**-1%**
Total sources	**1.185.588**	**1.192.350**	**(6.761)**	**-1%**

(*) According to IFRIC 12, the infrastructures under concession are consedered intangible assets;

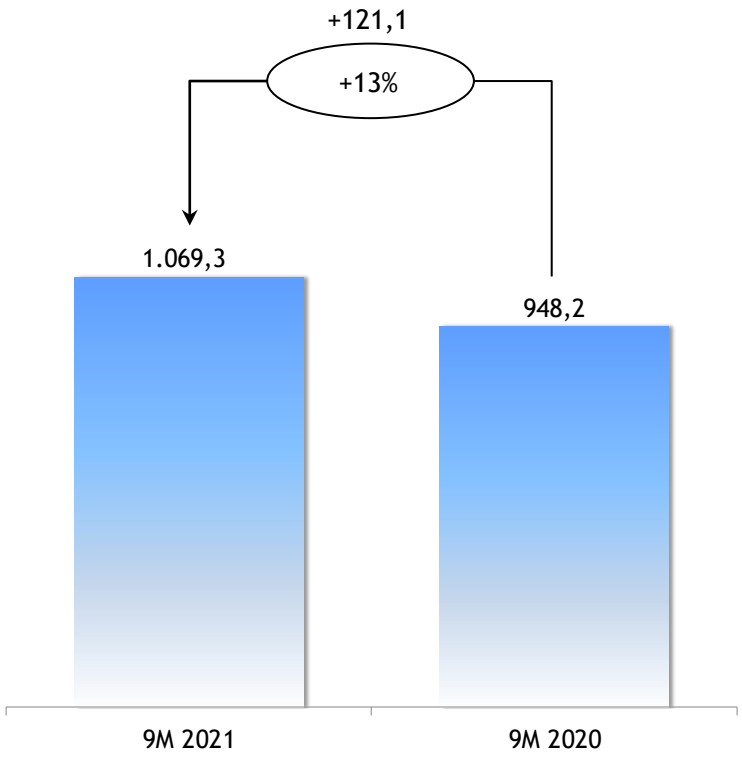
(**) Value of the associated companies consolidated with net equity consolidation method (pro-rata): Estenergy, Euro 424,2 mln (Euro 429,0 mln as of 31st December 2020); Hera Comm, Euro 54,0 mln (Euro 54,0 mln as of 31st December 2020); Acsm-Agam, Euro 24,9 mln (Euro 24,9 mln as of 31st December 2020); Cogeide, Euro 7,9 mln (Euro 7,8 mln as of 31st December 2020).

Number of gas distribution users



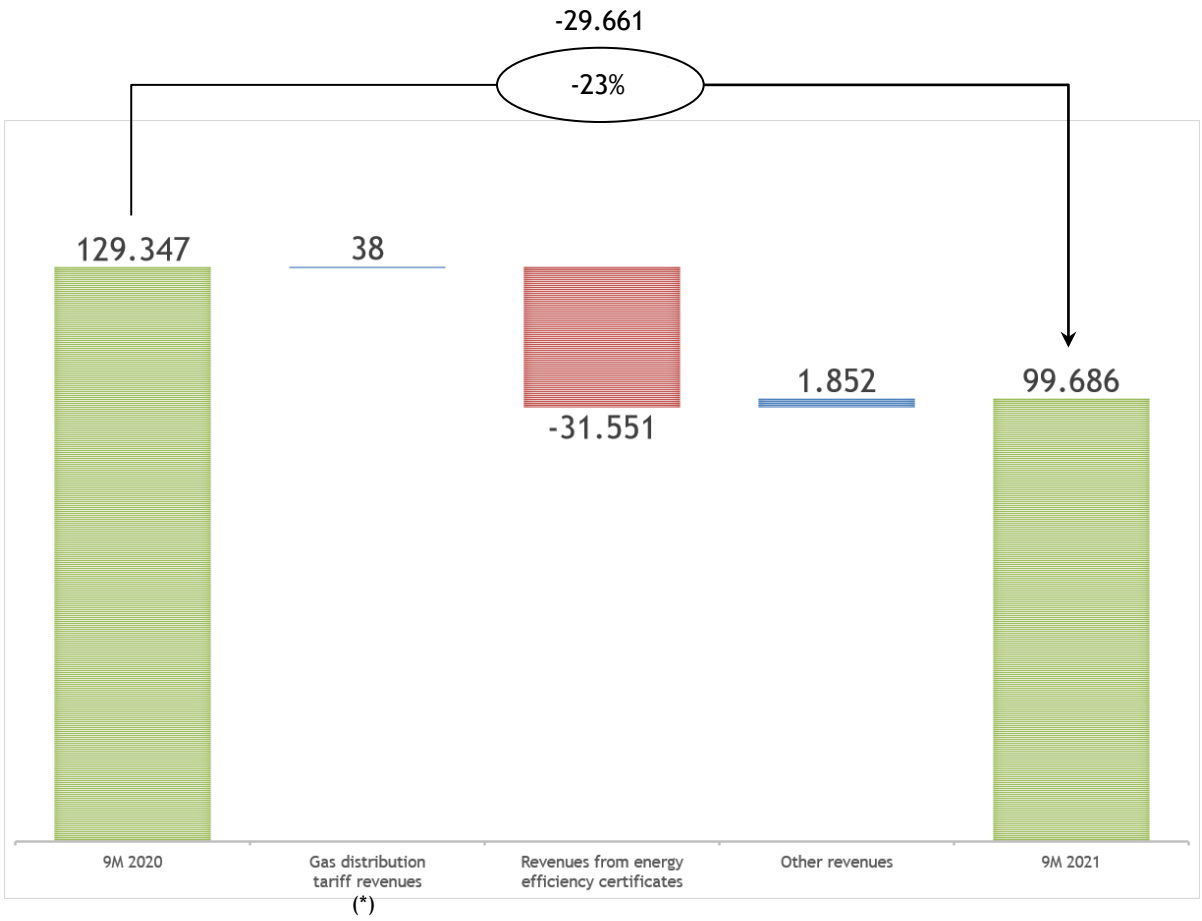
Volumes of gas distributed

(Million of standard cubic meters)



Revenues bridge

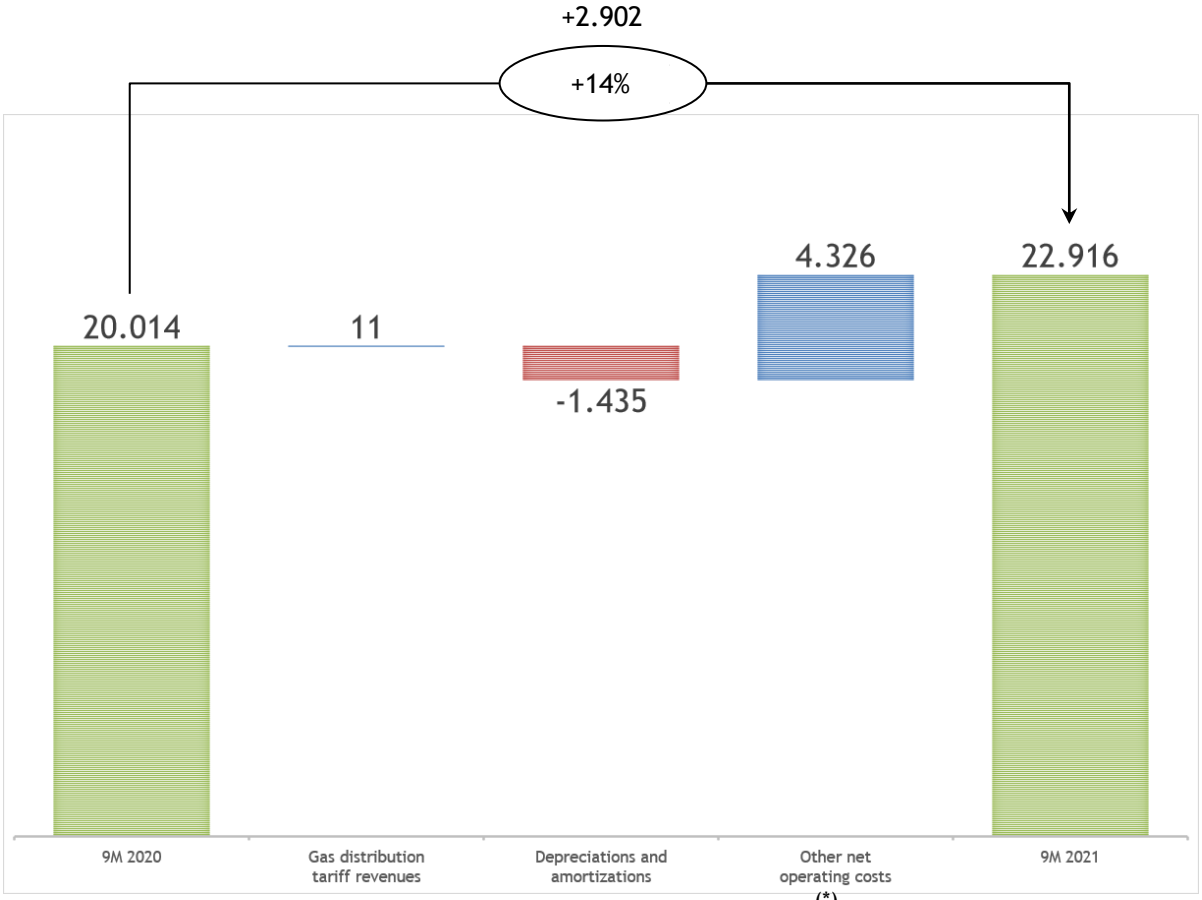
(Thousand of Euro)



(*) Tariff revenues include the tariff component for the recovery of the fee paid to local entities according to art. 46-bis DL 159/2007.

EBIT bridge

(Thousand of Euro)



(*)

(*) Further details on the next page of the current presentation.

Gas distribution tariff revenues and other net operating costs

(Thousand of Euro) (*)	9M 2021	9M 2020	Chg	Chg %
Gas distribution tariff revenues	81.565	81.555	11	+0%
Gas distribution tariff revenues	**81.565**	**81.555**	**11**	**+0%**

(Thousand of Euro)	9M 2021	9M 2020	Chg	Chg %
Other revenues	16.977	46.676	(29.699)	-64%
Other costs of raw materials and services	(35.468)	(69.364)	33.897	-49%
Cost of personnel	(13.619)	(13.748)	129	-1%
Other net operating costs	**(32.111)**	**(36.437)**	**4.326**	**-12%**

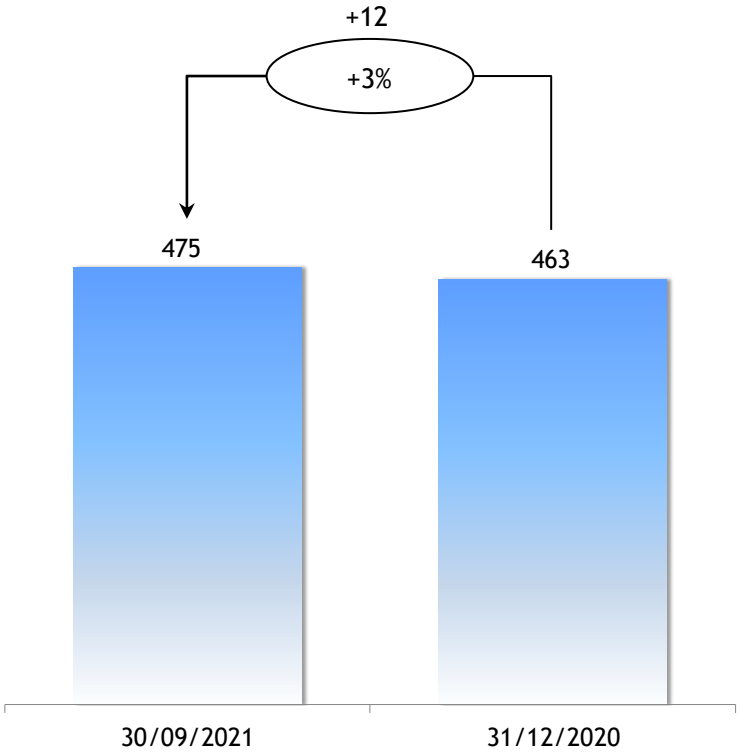
Decrease of other net operating costs: + Euro 4,3 mln

of which:

- *decrease of cost of personnel: + Euro 0,1 mln;*
- *increase of margin on energy efficiency tasks management: + Euro 2,1 mln;*
- *increase of gas distribution concession fees: - Euro 0,6 mln;*
- *decrease of CSEA contributions for security incentives: - Euro 0,4 mln;*
- *increase of costs for consultancy: - Euro 0,6 mln;*
- *decrease of provisions for risks: + Euro 0,4 mln;*
- *decrease of non recurring costs: + Euro 1,6 mln;*
- *decrease of charitable disbursements and donations: + Euro 0,2 mln;*
- *increase of margin on distributor services: + Euro 0,7 mln;*
- *other variations: + Euro 0,8 mln.*

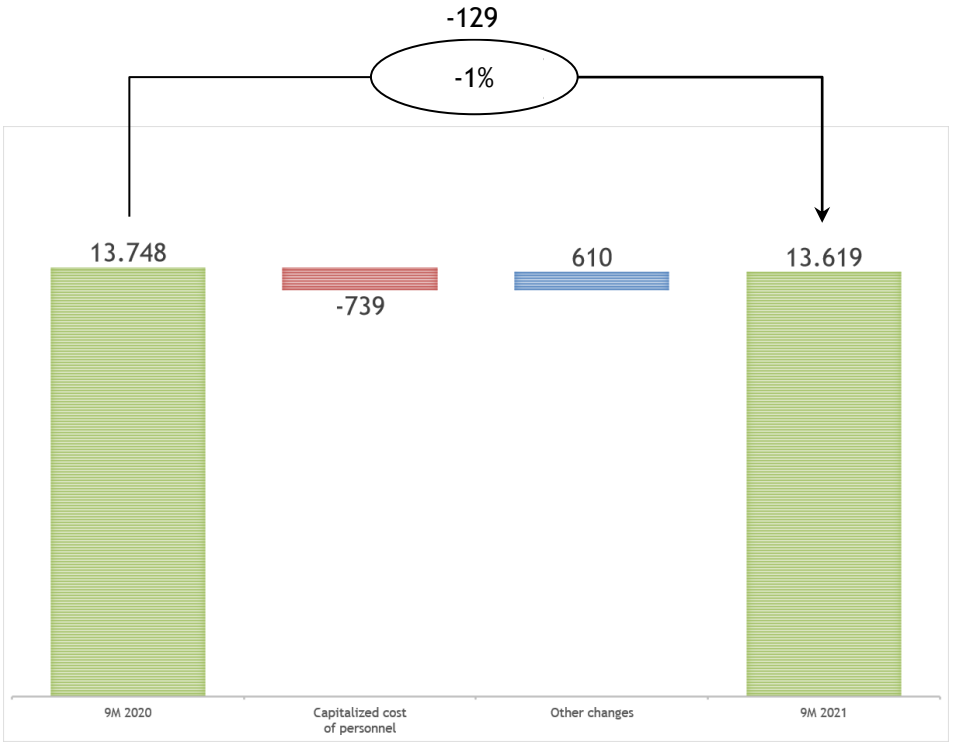
(*) Economic data before elisions

Number of employees



Cost of personnel

(Thousand of Euro)

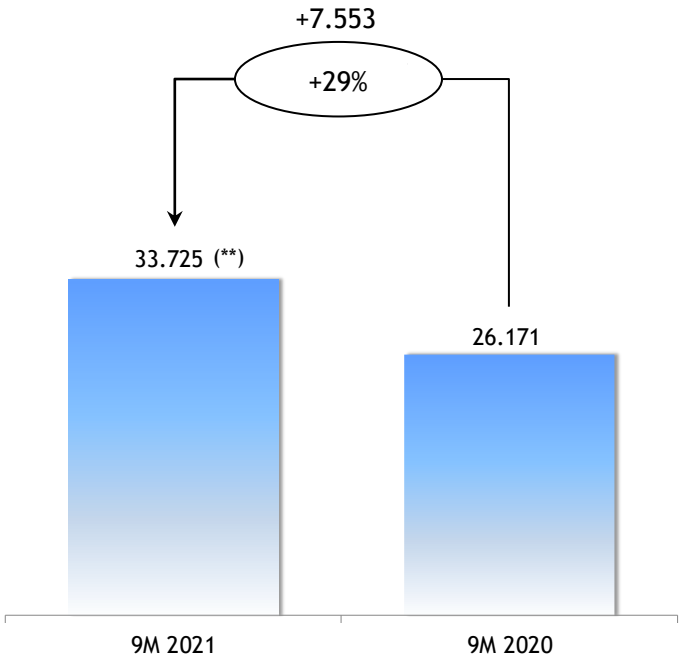


Cost of personnel changes:

- capitalized cost of personnel: - Euro 0,7 mln
- other: + Euro 0,6 mln

Capex (*)

(Thousand of Euro)



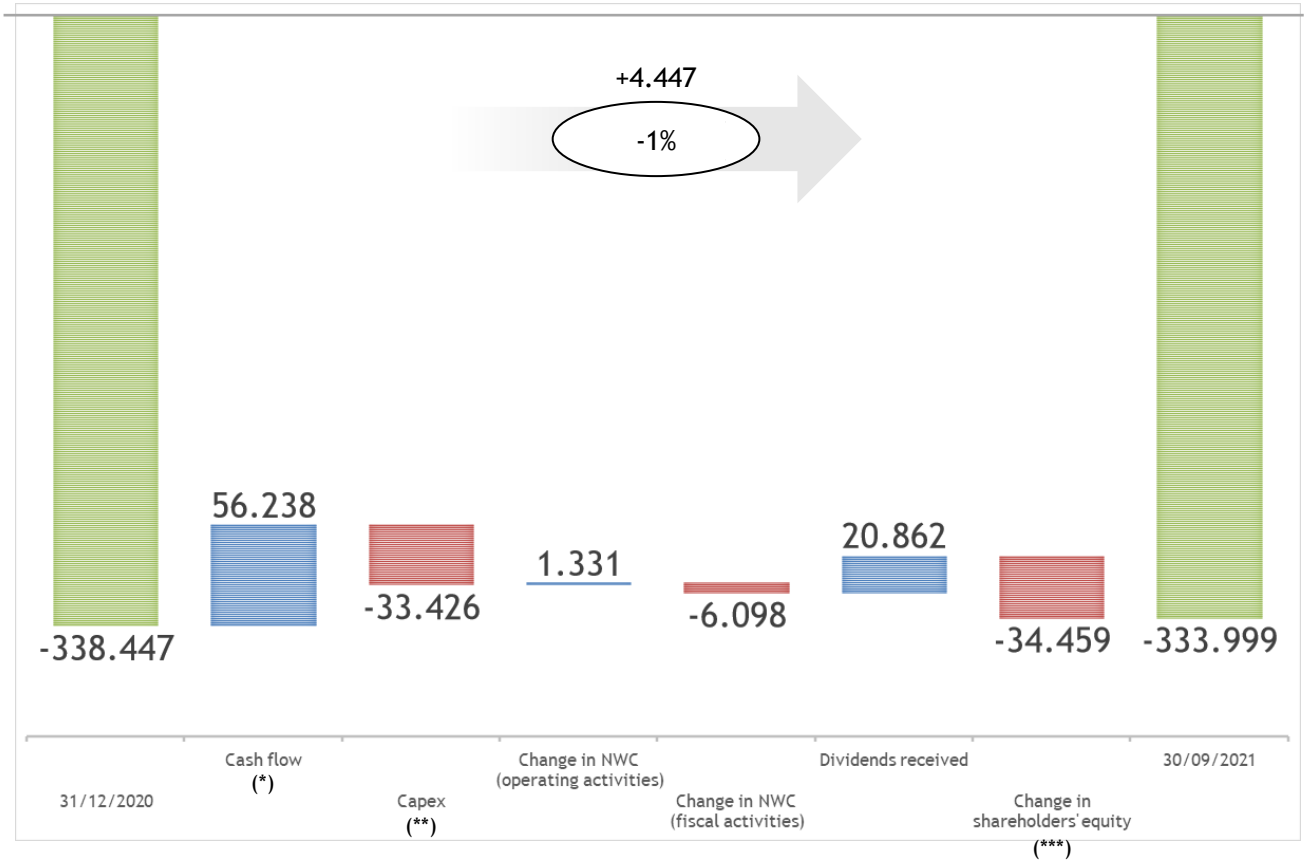
- Gas distribution systems: Euro 24,2 mln
- Gas meters: Euro 8,3 mln
- Investments in hardware and software: Euro 0,6 mln
- Other: Euro 0,6 mln

(*) Excluding network extension in new urbanized areas that according to IAS are considerated as operating costs and not capital expenditures;

(**) Investments in intangible assets and in tangible assets (excluded realizations, investments in associated and investments relative to the application of IFRS 16 accounting principle).

Net financial position and cash flow

(Thousand of Euro)



(*) Cash flow = net income + amortizations and depreciation;

(**) Net investments in tangible and intangible assets;

(***) Purchase of own shares: + Euro 0,2 mln; dividends distributed to Ascopiave shareholders: - Euro 34,7 mln.

Financial debt and cost of debt

(Thousand of Euro) (*)	30/09/2021	31/12/2020	Chg	Chg %
Long term financial borrowings (>12 months)	164.474	195.999	(31.525)	-16%
Current position of long term financial borrowings	43.386	40.024	3.362	+8%
Short term financial borrowings (<12 months)	126.920	104.023	22.897	+22%
Total financial debt	**334.780**	**340.046**	**(5.266)**	**-2%**
Fixed rate borrowings	195.860	219.273	(23.413)	-11%
Floating rate borrowings	138.920	120.773	18.147	+15%

9M 2021 average cost of debt: 0,27% (vs 12M 2020 rate: 0,34%)

(*) Data refers to only companies consolidated with full consolidation method.

Estenergy Group financial highlights

Income statement (*)

(Thousand of Euro)	9M 2021	9M 2020
Revenues	**279.866**	**249.910**
(Purchase costs for other raw materials)	(147.014)	(124.887)
(Costs for services)	(98.852)	(94.583)
(Costs for personnel)	(5.719)	(5.509)
(Other management costs)	(451)	(415)
EBITDA	**27.830**	**24.516**
(Depreciations and amortizations) + (provisions)	(12.968)	(10.099)
EBIT	**14.862**	**14.417**
Financial income / (expenses)	564	594
EBT	**15.426**	**15.011**
(Income taxes)	(4.273)	(2.960)
Net income	**11.153**	**12.050**

Balance sheet (*)

(Thousand of Euro)	30/09/2021	31/12/2020
Tangible assets	1.571	1.812
Non tangible assets	313.310	314.141
Investments in associates	8.299	8.424
Other fixed assets	166	1.683
Fixed assets	**323.346**	**326.061**
Operating current assets	97.565	139.482
(Operating current liabilities)	(103.821)	(93.126)
(Operating non current liabilities)	(26.406)	(51.913)
Net working capital	**(32.662)**	**(5.557)**
Total capital employed	**290.684**	**320.504**
Shareholders equity	**341.769**	**348.864**
Net financial position	**(51.085)**	**(28.360)**
Total sources	**290.684**	**320.504**

(*) Pro-rata amounts, i.e. proportional to the Ascopiave's capital stake in Estenergy (48%).

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