2i Rete Gas

INTERIM CONSOLIDATED FINANCIAL REPORT

as at 30 June 2024

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I. Corporate Boards

Board of Directors	Board of Statutory Auditors	Independent Auditors
Chair Ugo de Carolis	Chair Giovanna Conca	Ernst & Young S.p.A.
Deputy Chair Carlo Michelini	Regular auditors Giovanni Cappa Marco Giuliani	
Chief Executive Officer Francesco Forleo	Alternate auditors Walter Bonardi Ercole Fano	
Directors Rosaria Calabrese Alessandra Polerà Stefano Gatti Federica Rita Vasquez Carlo Maddalena		

II. Directors' Report

1 Background

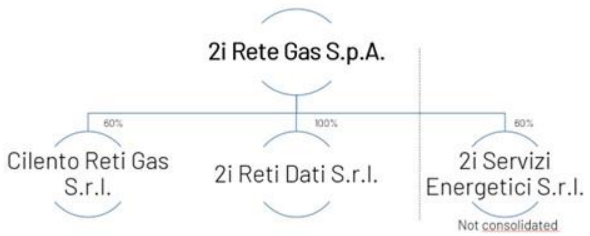
Economic Bulletin No. 3 published by the Bank of Italy in July 2024 noted that in Italy, following the moderate expansion recorded in the first quarter, according to the Bank's estimates GDP continued to grow at a modest rate in spring; again, supported by services and tourism in particular. On the other hand, economic activity decreased in construction and manufacturing.

According to the latest forecasts, GDP is expected to grow by 0.6% in 2024, 0.9% in 2025 and 1.1% in 2026.
In recent months, overall inflation remained low and underlying inflation declined slightly. Disinflation proved to be slower for services, both due to components whose price lists adjust with a delay compared to the trend of the general index, and to items connected to tourism, for which demand remains high. Businesses expect consumer inflation to remain below 2 percent in the short and medium term. The Bank of Italy's forecasts show that consumer inflation will remain low, at 1.1 percent in 2024 and just over 1.5 on average for the 2025-26 two-year period.
The macroeconomic scenario published in June assumes, in line with the hypotheses adopted by the main forecasters, that international trade will gradually accelerate over the three-year period; it also predicts that, despite a context of global instability, no particular strains will arise on the financial and raw materials markets. In line with the expectations embedded in futures contracts, energy commodity prices are expected to gradually fall, reaching a level slightly lower than the current one by the end of 2026. The cost of financing for businesses and families is expected to remain high in 2024, before gradually decreasing over the following two years.

In the first half of the year, the Group's business management showed a significant improvement in the revenue component thanks to the effects of the update of the regulatory rate of return and the update of the gross fixed capital formation deflator and the positive effects of Resolution 1/2023 on the recognition of capital losses on first generation smart meters. Investments remained steady and were slightly higher than in the same period of the previous year.

2 Group structure and highlights

The following chart shows the situation of the Group as at 30 June 2024:



Regarding the Group's operating and financial highlights, the following table shows the key operating, economic and financial indicators of the Group as at 30 June 2024 compared to the entire previous year and to the first half of 2023:

	30.06.2024	31.12.2023	30.06.2023	2024 - 2023	
Served municipalities:	2,225	2,226	2,225	(1)	*(1)*
Active redelivery points:	4,859,130	4,863,979	4,860,306	(4,849)	*(1)*
Distributed Gas (Natural gas and LPG) in millions of cubic metres:	3,023	5,313	3,132	(109)	*(2)*
EBITDA in millions of euro:	307.1	551.0	249.6	58	*(2)*
Net income in millions of euro:	112.7	182.1	74.2	39	*(2)*
Managed networks in kilometres:	71,992	71,939	71,811	53	*(1)*

	30.06.2024	31.12.2023	30.06.2023	2024 - 2023	
Net financial position in millions of euro:	3,267.0	3,255.3	3,363.7	12	*(1)*
Net invested capital in millions of euro:	4,611.3	4,616.0	4,620.8	(5)	*(1)*

(1) Delta vs 31.12.2023 (2) Delta vs 30.06.2023

3 Significant events during the six-month period

The Company was notified that on 12 May 2024, F2i SGR and Finavias shareholders received a non-binding offer from Italgas S.p.A. for the purchase of 2i Rete Gas; Italgas was granted a period of exclusivity, in order to complete due diligence prior to a possible binding purchase offer.
Consequently, on 14 May the Company issued its own communication to the market in line with the declaration made by the shareholders, also in compliance with the obligations imposed by the Market Abuse Regulation (MAR).

4 Scope of consolidation

The scope of consolidation of the 2i Rete Gas Group comprises 2i Rete Dati S.r.l. and Cilento Reti Gas S.r.l. only, unchanged from 31 December 2023.

5 Results of the 2i Rete Gas Group

When commenting on its profit or loss and financial data, the Group consistently and constantly relies on certain widely used non-IAS/IFRS measures. More specifically, the profit and loss account reflects intermediate measures, such as EBITDA and EBIT, which result from the algebraic sum of the items preceding them. As for statement of financial position data, similar considerations apply to net invested capital, net financial position, adjusted financial position, and accounting net financial debt, which are broken down in the following tables.
As the measures used by the Group are not defined in the reference accounting standards, their definitions may not match those adopted by other companies/groups, and therefore they may not be comparable.

Millions of euro	30.06.2024	30.06.2023	Change
Revenue	**626.6**	**554.3**	**72.2**
Transport and sale of methane gas and LPG	420.8	350.2	70.6
Connection fees and accessory rights	7.9	8.0	(0.1)
Other sales and services	13.8	12.1	1.7
Revenue from intangible assets / assets under development	170.7	167.1	3.6
Other revenue	13.4	16.9	(3.6)
Operating costs	**(319.5)**	**(304.8)**	**(14.7)**
Labour cost	(72.1)	(73.3)	1.2
Raw materials and inventories	(27.5)	(26.3)	(1.2)
Services	(182.2)	(182.6)	0.4
Other costs	(16.2)	(15.2)	(1.1)
Net allocations to provisions for risks and charges	(22.0)	(7.9)	(14.1)
Increase in fixed assets not subject to IFRIC 12	0.6	0.5	0.0
EBITDA	**307.1**	**249.6**	**57.5**
Amortisation, depreciation and write-downs	**(117.8)**	**(114.2)**	**(3.6)**
Amortisation, depreciation and impairment losses	(117.8)	(114.2)	(3.6)
EBIT	**189.3**	**135.3**	**53.9**
Net financial income/(expenses) and income/(expenses) from e	(28.5)	(31.2)	2.8
Profit/(loss) before tax	**160.8**	**104.1**	**56.7**
Income taxes for the year	(48.1)	(29.9)	(18.2)
Profit/(loss) from continuing operations	**112.7**	**74.2**	**38.5**
Profit/(loss) from discontinued operations	**-**	**-**	**-**
Net profit/(loss) for the period	**112.7**	**74.2**	**38.5**

The table above provides a view of the operating performance for the period. This view was obtained by reclassifying profit and loss account figures, according to management criteria consistent with international practice and in compliance with IFRIC 12.

It should be stressed that the application of IFRIC 12 Interpretation, based on which figures are reflected in the condensed interim consolidated financial statements, has no impact on profitability as it only entails equal recognition of revenue and costs related to the construction of distribution network infrastructure. To provide deeper insights into operating changes, here below is a summary table that shows consolidated revenue and costs excluding the impact of IFRIC 12.

Millions of euro	**30.06.2024 without IFRIC 12**	**30.06.2023 without IFRIC 12**	**Change**
Revenue	**455.9**	**387.2**	**68.7**
Transport and sale of methane gas and LPG	420.8	350.2	70.6
Connection fees and accessory rights	7.9	8.0	(0.1)
Other sales and services	13.8	12.1	1.7
Other revenue	13.4	16.9	(3.6)
Operating costs	**(150.6)**	**(139.3)**	**(11.3)**
Labour cost	(35.1)	(38.5)	3.3
Raw materials and inventories	(3.7)	(6.4)	2.7
Services	(74.5)	(72.2)	(2.3)
Other costs	(15.8)	(14.8)	(1.0)
Allocations to provisions for risks and charges	(22.0)	(7.9)	(14.1)
Increase in fixed assets not subject to IFRIC 12	0.6	0.5	0.0
EBITDA	**305.3**	**247.9**	**57.4**
Amortisation, depreciation and write-downs	**(116.0)**	**(112.6)**	**(3.4)**
Amortisation, depreciation and impairment losses	(116.0)	(112.6)	(3.4)
EBIT	**189.3**	**135.3**	**53.9**

Looking at the above tables, it is noted that revenue, totalling 626.6 million euro including the impact of IFRIC 12, increased significantly by approximately 72.2 million euro, of which 70.6 million euro related to revenue from gas transport and 3.6 million euro to an increase in revenue from intangible assets (representing investments in gas distribution concessions in the reporting period).
Revenue from gas transport rose by 70.6 million euro compared to the first half of last year. This result was influenced by both the increase in the rate of return recognised for distribution and metering activities—equal to 6.5% in 2024, up from the previous 5.6%—in order to incorporate the inflationary pressure component recorded in the last interim period, and the implementation of certain tariff innovations which allowed a total of approximately 23.1 million euro relating to ARERA Resolution 1/23 to be recognised under revenue.
Connection and ancillary fees are in line with the same period of 2023.

Revenue from "Other sales and services", totalling 13.8 million euro, were up 1.7 million euro compared to the result in the previous year, mainly due to gas supply disconnections and reconnections (0.7 million euro) as well as meter readings (0.4 million euro).

Other revenue totalled 13.4 million euro, down 3.6 million euro compared to the same period of the previous year, which included revenue for 2.2 million euro due to the enforcement of a surety bond against a supplier for failure to fulfil contractual obligations. Revenue for technical quality, included in this item, decreased by 0.7 million euro.
With reference to the table reporting amounts including the impact of IFRIC 12, the increased investments in the half year led to the recognition of income (in accordance with IFRIC 12) totalling 170.7 million euro under "Revenue from intangible assets/assets under development", which is 3.6 million euro higher than last period's figure. It should be noted that this increase has a neutral impact in terms of profitability.

Operating costs, totalling 319.5 million euro including the impact of IFRIC 12, showed an increase of 14.7 million euro, due to a 22 million euro provision for risks and charges, 14.1 million euro higher than the provision made in the first half of 2023.

In detail, gross labour costs, totalling 72.1 million euro, recorded a slight decrease of 1.2 million euro due to the net decrease in the average number of personnel compared to 2023. Net of the impact of investment activities, the cost decreased by 3.3 million euro.

The cost of raw materials increased by 1.2 million euro as a result of normal investment activities and the higher level of market prices of goods of interest to the Group; once the impact of capitalisations is factored in, the item decreased by 2.7 million euro.

Costs for services, in particular those for ordinary and extraordinary maintenance, remained substantially in line with the previous year at a consolidated level, amounting to 182.2 million euro in the first half of the year. The most significant item in costs for services was that relating to ordinary and extraordinary maintenance, which decreased by 5.5 million euro, mainly offset by costs for IT services and higher concession fees. The analysis carried out net of the impact of capitalisations showed a slight overall increase in the item for 2.3 million euro, largely due to the aforementioned concession fees.

Other costs increased by 1.1 million euro, while net capital losses on asset disposals decreased (-4.8 million euro) and net costs for the management of energy efficiency certificates (*Titoli di Efficienza Energetica* – TEEs) decreased by 2.2 million euro. Finally, compensation to customers had a significant negative impact on the item to the extent of 9.5 million euro compared to 1.4 million euro in the first half of the previous year, following the implementation, as of 1 April 2023, of Resolution 269/2022/R/gas on the service level performance of redelivery points equipped with smart meters, as well as the new penalties on the so-called "Delta in-out" and city gate metering KPIs, totalling 5.7 million euro.

Net provisions for risks, equal to 22 million euro in the period, showed a marked increase compared to 30 June 2023 and in particular included provisions for the risk of malfunctioning meters and concentrators for 20.2 million euro.

EBITDA amounted to 307.1 million euro, up by 57.5 million euro compared to the previous six-month period (249.6 million euro) mainly due to the combined effect of higher transport revenue of 70.6 million euro and higher revenue from intangible assets of 3.6 million euro, offset by higher operating costs of 14.7 million euro.

Amortisation, depreciation and write-downs totalled 117.8 million euro, slightly up by approximately 3.6 million euro compared to the first half of 2023, as a result of the investments made.

Therefore, EBIT totalled 189.3 million euro, a marked improvement over the first six months of 2023 (135.3 million euro). The same considerations for EBIT also apply to EBITDA, with the addition of the slight increase in amortisation and depreciation commented on above.

The balance of Net financial income/(expenses) and Income/(expenses) from equity investments was negative to the tune of 28.5 million euro, lower than in the previous period, which reflected the impact of costs relating to the tranche of the debenture loan issued in June 2023 and the increase in interest rates. In June 2024, however, no debenture loan was issued.

The Group reported 160.8 million euro in profit before tax, up 56.7 million euro on the first half of 2023.

The negative impact from income tax expense for the period on the Group's accounts totalled 48.1 million euro, a rise of 18.2 million euro reflecting the higher profit before tax in 2024.

Therefore, profit from continuing operations stood at 112.7 million euro, up 38.5 million euro.
Discontinued operations showed no results as at 30 June 2024.

The result for the period is therefore positive by 112.7 million euro, up 38,5 million euro compared to the previous period.

The financial position for the period, compared to the 2023 year-end figure, is shown in the table below. This was obtained by reclassifying the data from the statement of financial position in accordance with operational criteria.

Millions of euro	30.06.2024	31.12.2023	Change
	A	B	A-B
Net fixed assets	**4,525.1**	**4,440.1**	**85.0**
Property, plant and equipment	34.1	37.1	(2.9)
IFRS 16 right-of-use assets	22.5	24.1	(1.5)
Intangible assets	4,758.4	4,706.6	51.8
Equity investments	3.8	3.8	(0.0)
Other non-current assets	65.4	23.9	41.5
Other non-current liabilities	(359.2)	(355.4)	(3.9)
Net working capital:	**85.3**	**168.5**	**(83.2)**
Inventories	29.4	23.8	5.6
Trade receivables from third parties	176.9	197.4	(20.4)
Net receivables/(payables) for income taxes	(66.8)	(13.4)	(53.4)
Other current assets	309.0	313.6	(4.5)
Trade payables to third parties	(205.1)	(222.8)	17.7
Other current liabilities	(158.1)	(130.1)	(28.1)
Gross invested capital	**4,610.4**	**4,608.6**	**1.8**
Other provisions	**(0.9)**	**(7.4)**	**6.5**
Post-employment and other employee benefits	27.1	28.6	(1.5)
Provisions for risks and charges	108.3	92.3	16.0
Net deferred taxes	(136.3)	(128.3)	(8.0)
Net invested capital	**4,611.3**	**4,616.0**	**(4.7)**
Assets held for sale	**0.6**	**0.0**	**0.6**
Liabilities held for sale	**0.0**	**-**	**0.0**
Equity	**1,344.9**	**1,360.7**	**(15.8)**
Net Financial Position	**3,267.0**	**3,255.3**	**11.7**

Net fixed assets, which mainly consist of intangible assets related to gas distribution concessions, totalled 4,525.1 million euro, up 85 million euro overall compared to 31 December 2023. This increase is attributable to the balance of intangible assets, which increased by 51.8 million euro thanks to the normal growth of fixed assets relating to gas distribution plants, and to the balance of Other non-current assets, which recorded an increase of 41.5 million euro thanks to the Group's receivables from CSEA also as a result of the aforementioned Resolution 1/2023.

The item "Property, plant and equipment", amounting to 34.1 million euro, recorded investments made during the year (1.1 million euro), disposals (0.5 million euro) and depreciation (2.8 million euro), as well as a reclassification of certain properties under "available for sale".

"Right-of-use assets" include the rights of use of leased or rented assets that meet the requirements established by IFRS 16. The resulting balance was 22.5 million euro, with increases of 2.6 million euro and disposals of 0.2 million euro. The relevant depreciation in the six-month period totalled 3.9 million euro.

The item "Intangible assets" (4,758.4 million euro) is the sum of new investments (177 million euro) and decreases (14.2 million euro), plus amortisation for the period of 110.8 million euro.

Investments remained unchanged, while "Other non-current assets" varied by 41.5 million euro thanks to the accounting of receivables from CSEA relating to the aforementioned Resolution 1/2023 and "Other non-current liabilities", which mainly include accrued income for grants exceeding 12 months, recorded a slight increase of 3.9 million euro.

Bearing in mind that the comparison between the figures as at 30 June and those at the end of the year are affected by the impact of seasonal factors on working capital, which are implicit in the gas distribution business, it should be noted that the net working capital (85.3 million euro) decreased by 83.2 million euro compared to 31 December 2023. Overall, last year this item was heavily impacted by the Government's measures on gas market prices, which generated negative customer balances and significant movements both on the VAT credit and on the credit and debit position with CSEA – *Cassa per i servizi energetici e ambientali* (the Fund for energy and environmental services). In 2024, the situation is returning to normal, with trade receivables decreasing by 20.4 million euro with respect to December of the previous year, and trade payables down 17.7 million euro due to normal seasonality. Other current assets recorded an increase in receivables from CSEA compared to 31 December 2023, for 36.1 million euro due to seasonality which largely influences the balance of receivables for energy efficiency certificates (*Titoli di Efficienza Energetica*), offset by a decrease in VAT receivables requested for approximately 34.6 million euro; Other current liabilities in turn showed an increase of approximately 28.1 million euro mainly due to an increase in payables to CSEA for 14.6 million euro and payables for connections not yet completed for 6.9 million euro.

Therefore, due to the combined effect of the changes in net fixed assets and net working capital, the gross invested capital increased from 4,608.6 million euro in the previous year to 4,610.4 million euro as at 30 June 2024, an overall increase of 1.8 million euro.

Sundry provisions, totalling 0.9 million euro, rose by 6.5 million euro overall, due both to changes in net deferred taxes—which recorded an increase in net receivables from 128.3 million euro to 136.3 million euro—and in the provision for risks and charges (up by 16 million euro). On the other hand, Provisions for employee severance indemnities and other employee benefits increased by 1.5 million euro due to the actuarial valuation, which reflects current forecasts about the macroeconomic scenario.

Therefore, net invested capital decreased by 4.7 million euro, from 4,616 million euro in the previous period to 4,611.3 million euro.
Property that will be disposed of in the next 12 months was reclassified under Assets held for sale for 0.6 million euro.

Equity fell by 15.8 million euro, from 1,360.7 million euro as at 31 December 2023 to 1,344.9 million euro as at 30 June 2024, chiefly due to the net impact of the following changes:

- 125.0 million euro decrease following the ordinary dividend payout;
- Negative change of 4.1 million euro as a change in IAS reserves on the derivative. This reflects the half-yearly redirection to the profit and loss account of the amount related to the derivative closed in 2018 and the derivative closed in 2023;
- 112.7 million euro increase following the recognition of the profit as at 30 June 2024.

Non-controlling interests amounted to 0.1 million euro.

The net financial position was up from 3,255.3 million euro in December 2023 to 3,267 million euro as at 30 June 2024, following payment of the dividend for 2023 and in light of the operating result in the first half of the year.

The following table shows the reconciliation of the carrying amount of net financial debt and the net financial position, as well as the breakdown of the two:

Millions of euro	Notes	30.06.2024	31.12.2023	Changes
Medium/long-term bank loans	27	(325.0)	(334.1)	9.1
Medium/long-term debenture loans	27	(2,715.0)	(2,715.0)	-
Medium/long-term debenture loans maturing within 12 months	33-34	(489.7)	(489.7)	-
Cash and cash equivalents with third parties	22	310.3	324.9	(14.6)
Short-term financial receivables	20	2.4	2.9	(0.4)
Other current financial assets	21	6.2	4.2	1.9
Current portion of medium/long-term loans	34	(18.2)	(18.2)	-
Current financial liabilities	38	(41.0)	(32.7)	(8.4)
Non-current IFRS 16 financial liabilities	31	(15.1)	(16.4)	1.2
Current IFRS 16 financial liabilities	39	(6.9)	(7.3)	0.4
ESMA Net Financial Position		**(3,292.1)**	**(3,281.3)**	**(10.8)**
Non-current financial assets	16	12.6	12.5	0.0
Adjusted Net Financial Position		**(3,279.5)**	**(3,268.8)**	**(10.8)**
Non-current financial assets - costs on loan	16	0.9	0.2	0.6
Debt adjustment due to costs on ST loan (IAS 39)	38	0.1	0.5	(0.4)
Debt adjustment due to costs on MLT loan (IAS 39)	27	11.6	12.8	(1.2)
Net Financial Position		**(3,267.0)**	**(3,255.3)**	**(11.7)**
Positive fair value of derivatives	16	-	-	-
Accounting net financial debt		**(3,267.0)**	**(3,255.3)**	**(11.7)**

The ESMA Net Financial Position follows the ESMA 32-382-1138 Guidelines of 4 March 2021.

6 Regulatory and tariff framework

6.1 Regulation

As for the activities concerning the Group, during the first half of 2024 the interventions of ARERA – *Autorità di Regolazione per Energia, Reti e Ambiente* (the regulatory authority for energy, networks and the environment)—in addition to the directions and objectives already outlined in the Authority's Strategic Framework for the 2022-2025 four-year period—continued to be developed especially in connection with the adoption of measures in view of the end of the protection regime (*regime di tutela*) in the electricity market.

In the gas distribution sector, activities in the first half of the year were also impacted by the procedure initiated by ARERA for the possible recognition to distribution companies of the effects deriving from the ISTAT review of the historical series of data used to calculate the rate of change for the gross fixed capital formation (GFCF) deflator. The procedure was concluded at the beginning of May with the recalculation of the rate of change for the GFCF deflator.

Activities also continued following the numerous disputes brought by various operators against Resolution 570/2019/R/gas (concerning the tariff regulation for the 2020-2025 period), which prompted the Authority's Offices to adopt measures which, first of all, redetermined the reference tariffs for the 2020-2022 period to take into account the correction of the calculation error detected by the TAR (Regional Administrative Court) regarding the methods for determining the recognised operating costs and the X-factor in the context of the appeals against Resolution 570/2019/R/gas and, secondly, initiated a proceeding for the enforcement of the Council of State rulings relating to the determination of operating costs of the distribution service for the entire 2020-2025 regulatory period.

At the end of April, a procedure was also initiated for the implementation of the provisions of Article 22 of Italian Law Decree 69/23 (aka the "Infringement Preventing" Law Decree) on the tariff recognition of investments made in specific areas of the country (municipalities belonging to Climate Area F, classified as mountain territories, and municipalities participating in the completion of the programme to provide methane gas service in the South of Italy).

With regard to the regulation aimed at incentivising pilot projects on the innovative use of gas infrastructures (regulated by Resolution 404/2022/R/gas), after publishing—in December 2023—the final ranking of projects submitted by operators (which saw the admission to incentives and grants of all the projects submitted by 2i Rete Gas S.p.A.), ARERA defined the amount of the advance payment to be disbursed to the operators running the aforementioned projects admitted to the experimentation phase, and postponed the deadline for sending the first interim technical report on the experiments until 31 July.

During the period under review, ARERA nevertheless enacted several measures of interest to the Group concerning the gas sector. These include some measures concerning tariffs, the quality of the distribution service, the regulation of information flows, access to gas distribution and settlement services, regulation of last-resort services, as well as disaster-related subsidies, the application of regulations implementing the tenders for the gas distribution service for ATEMs, the connection of biomethane production plants to natural gas networks, innovative pilot projects in the gas sector, and, finally, inspections to be conducted on operators.

Tariffs for the gas distribution and metering service:

In March 2024, ARERA initiated proceedings to recognise the effects of the ISTAT review of the historical data used to calculate the rate of change of the gross fixed capital formation (GFCF) deflator. After consultation, ARERA decided to recognise a rate of change of the GFGC deflator equal to 5.3% for the determination of the 2024 tariffs and will evaluate the extension of this method to 2025 after further analysis planned for September 2024.

During the period, ARERA also recalculated the reference gas tariffs for the 2017-2022 period for certain operators, taking into account new accounting documentation and corrections to physical and financial data. It also corrected the calculation errors detected by the TAR (Regional Administrative Court) regarding the recognised operating costs and the X-factor, following the appeals against Resolution 570/2019/R/gas. The Council of State issued decisions on these appeals, and ARERA initiated proceedings to comply with these rulings.

In April, ARERA approved the final tariffs for 2023 and in May the provisional tariffs for 2024, correcting the material errors and recalculating the rate of change of the gross fixed capital formation deflator. It also provided guidance for recognising the capital costs of the distribution service in new locations and for other specific tariff aspects.

In order to implement the new provisions of Article 23(4-bis) of Italian Legislative Decree 164/00, ARERA initiated a procedure to recognise capital costs in start-up locations and to remunerate interventions to feed gas from renewable sources into the network in certain areas of the country.

In the first half of 2024, ARERA updated certain tariff components relating to general system charges for natural gas, changing the value of certain components such as UG2 and UG3.

Further details on tariffs are available in Section 6.2 “Tariffs”.

Incentives/penalties for service security levels:

In March, amendments to the RQDG 2020-2025 were introduced (Resolution 85/2024/R/gas), providing for the activation, in 2024 and 2025, of data collection to acquire potentially critical pressure values at operating pressure detection points.
Also in March, the terms and conditions for the renewal and implementation of insurance to protect end customers against the risks arising from the use of gas downstream of the redelivery points for the 2025-2028 four-year period were laid down (Resolution 85/2024/R/gas) and procedures for the stipulation of the related insurance contract by the Italian Gas Committee (CIG) were regulated.

Information flows

In April, a procedure was initiated (Resolution 158/2024/R/gas) for the adoption of measures to allow the provision of meter data relating to the feeding and withdrawal of electricity and the withdrawal of gas by end customers to third parties specifically designated by such end customers, via the Consumption Portal and in compliance with legislation on the protection of personal data.

Access to the gas distribution and gas settlement services

In March, a procedure was initiated (Resolution 69/2024/R/gas and the related DCO 70/2024/R/gas) aimed at formulating the proposal regarding the List of gas sellers for end customers referred to in Article 9 of Law 214/23 (2022 Competition Law). Following the consultation (Resolution 157/2024/R/gas), a proposal was drawn up and sent to MASE regarding the methods and conditions for end customer access to the List of gas sellers, in particular identifying conditions, criteria, methods and requirements (of a technical, financial and good repute nature) for the registration, permanence and exclusion of operators from the list.
Also in March, ARERA adopted the first provisions (Resolution 94/2024/R/gas) regarding the review of the regulation of the standard network code for the gas distribution service (*Codice di Rete tipo per il servizio di Distribuzione Gas* – CRDG); these provisions, concerning the guarantees for access to the gas distribution service, the inclusion of the non-interest-bearing security deposit in the list of guarantees permitted by the CRDG was made clear.
In May, in the context of the procedure initiated at the end of 2023 (Resolution 604/2023/R/gas), ARERA published a consultation document (DCO 221/2024/R/gas) on the amendments and additions to the gas balancing and settlement regulations, also updating the incentive mechanism of the Entity in charge of Balancing. The main guidelines of interest for distribution companies concern the methods for switching from annual to monthly processing—for settlement purposes—of metering data for redelivery points equipped with G4÷G6 smart meters, the profiling of natural gas withdrawals, as well as certain changes to the accounting methods for the alternative transport service by tank trucks, used in the event of network maintenance.

Regulations governing last-resort services

With regard to last-resort services, in June the Authority simplified (Resolution 255/2024/R/gas) the methods for assessing the verification of requests submitted by distribution companies to pay part or none of the penalties assessed on distribution companies in case of failure to discontinue the service to redelivery points under the default distribution service, simultaneously initiating a procedure (DCO 257/2024/R/gas) to review the scope of the obligation for distribution companies, provided for by the TIMG, to undertake legal action to discontinue the service to redelivery points under this Service.

Disaster-related subsidies

With reference to the subsidies related to the earthquakes occurred in 2016 and 2017, in January the provisions of the 2024 Budget Law were implemented (Resolution 11/2024/R/com), extending, until 31 December 2024, the tariff subsidies granted (through Resolutions 252/2017/R/com and 429/2020/R/com) to certain categories of users affected by the above-mentioned seismic events of 2016 and 2017 (users located in the so-called "red zones" and connections to uninhabitable properties).
With regard to the measures adopted in favour of the people impacted by the exceptional flood events that occurred in the months of May and November 2023, ARERA respectively integrated (Resolution 10/2024/R/com) the rules for the recognition of tariff subsidies for the flood events of May 2023 in Emilia-Romagna, in order to reduce—with a view to administrative simplification—the burdens placed on operators, and adopted, for the people impacted by the flood events of November 2023 (Resolution 50/2024/R/com), further provisions regarding, in particular, the identification of the terms of validity of the payment suspension period and the non-application of rules on service disconnection for late payment.

Measures for the implementation of the rules governing tenders for the award of gas distribution services

With regard to activities related to ATEM tenders, taking into account the update of the values of the WACC for the year 2024, in January ARERA updated (Resolution 19/2024/R/gas) the interest rate for the year (setting it at 4.38%) to be applied for the reimbursement of the amounts paid in advance by the outgoing operators, to cover the tender expenses pursuant to Ministerial Decree 226/11.
Then, in February, the Authority initiated proceedings (Resolution 35/2024/R/gas) aimed at simplifying and accelerating the procedures for carrying out tenders, in particular by proposing the introduction of an innovative system that consolidates and simplifies the verification procedures—currently separate—carried out by ARERA concerning RIV-RAB deviations of the portions of the network transferred against consideration to the ownership of outgoing operators and local authorities, as well as the assessment of tender notices.
During the first half of the year and insofar as they relate to its own area of responsibility, ARERA also approved the observations regarding the value of the reimbursement to be

recognised to the holders of the natural gas distribution service concessions for the municipalities of ATEMs Perugia 2 – South-East (Resolution 24/2024/R/gas), Benevento (Resolution 240/2024/R/gas), Potenza 2 – South (Resolution 241/2024/R/gas) and Pescara (Resolution 242/2024/R/gas) and the value of the reimbursement to be recognised to local authorities for the ownership of portions of the network for the municipalities of ATEM Rome 4 – South Coast and Castelli Romani (Resolution 196/2024/R/gas).

Finally, provisions on the acquisition of documentation relating to the verification procedures of RIV-RAB deviations for municipalities adhering to the aggregated regime pursuant to Law 118/22 (Resolution 1/2024 – DSME) were introduced, following the activation of the new specific IT platform designed for this purpose.

Regulation concerning connections of biomethane plants to natural gas networks

At the start of April (Resolution 131/2024/R/gas), the Authority approved—with certain amendments-the procedures drawn up by Snam Rete Gas pursuant to Resolution 220/2023/R/gas, on the integration and updating of the information necessary for mapping the transport capacity and estimating the biomethane production capacity, as well as for identifying solutions to optimise the connections of biomethane plants to natural gas networks, in order to identify, for each request to connect biomethane plants to the natural gas network, the connection configuration with the lowest infrastructure cost of the various options, on the basis of predefined criteria and reference costs for the connection.

Regulation on enhancement of operations and innovative uses of gas capabilities

With regard to the pilot projects to optimise the operation and use of infrastructure in the natural gas sector pursuant to Resolution 404/2022/R/gas, in April, as mentioned above, the quantification of the advance payment to be disbursed to the operators running the aforementioned projects admitted to the experimentation phase was approved (Resolution 147/2024/R/gas) and the deadline by which these entities must send ARERA the first interim reporting on the projects was also postponed.

On the topic of energy transition, ARERA also established until 30 June 2025 (Resolution 2/2024 – ENERGIA) the coordination of activities related to the issues of decarbonisation of consumption/electric mobility, as well as the development of the hydrogen and renewable gas supply chain, with the involvement of all relevant departments of the Authority's Energy Division.

Regulation on the safeguarding of end customers

At the end of May, the Authority initiated a consultation (DCO 190/2024/R/com) to adapt the services provided by the energy and environment helpdesk (*Sportello per il consumatore Energia e Ambiente*) established by ARERA to the new dynamics of the energy markets, also envisaging changes to the methods and timing for managing settlements, which may also involve distribution companies providing technical assistance to the sales company or, more occasionally, as a direct counter-party of the end customer.

Inspections to be conducted on operators

In March (Resolution 63/2024/E/gas), the Authority approved a programme of 5 inspections regarding safety recoveries in the natural gas distribution service, to be carried out by 30 June 2025. The Authority will conduct inspections on natural gas distribution companies selected from among those that have never been audited in the field of safety recoveries or that have not been audited in this regard in the last 10 years, also taking into account the size of the plants operated and their location in Italy.
April (Resolution 130/2024/E/gas) saw the launch of the usual annual campaign of telephone checks and audits involving gas distributors to ensure compliance with the regulations governing gas emergency first response. As far as this campaign is concerned, checks will involve 30 gas distribution companies and will be implemented by 31 December 2025 with the help of the *Guardia di Finanza* (tax police) personnel, to assess the proper functioning of the emergency call centre in the first instance, and with subsequent inspections being conducted based on the results of telephone checks.
Finally, ARERA strengthened (Resolution 164/2024/A) its collaboration with *Arma dei Carabinieri* (Military Police), for the support of the latter in carrying out enforcement activities and specific project activities in the Authority's sectors of competence, also with reference to sectors relating to the Environment Division.

Other significant events and/or aspects

In March, sanctioning proceedings were started against 2i Rete Gas S.p.A. due to the unavailability of voice recordings of some emergency response calls (Resolution 6/2024/gas – DSAI), with the option to terminate such proceedings through a simplified procedure. These were started following a report, filed spontaneously by the company in 2023, on IT anomalies concerning the emergency switchboard on specific days in the first half of the year, as a result of which it was not possible to recover the voice recordings of some of the emergency response calls received, even though such calls were properly managed, also with regards to the activation and timely intervention of operational personnel. The report was followed by a subsequent request from the ARERA offices for further information and confirmation of the absence, in the second half of 2023, of similar technical problems regarding the guaranteed voice recording and/or management of emergency response calls.
Following the response provided by 2i Rete Gas S.p.A., which documented the proper management of the individual calls without voice recordings, with the activation—where required—of operational personnel, and highlighted the absence of further voice recording issues in the rest of the year, the Authority nevertheless decided to start sanctioning proceedings against the Company for emergency response violations, providing for the option to terminate the same through a simplified procedure—evidently also in light of the Company's proactive and transparent conduct—assessing the sanction resulting from the proceedings at 54 thousand euro. In this regard, 2i Rete Gas

paid the reduced amount (equal to 1/3 of the sanction assessed, i.e. 18 thousand euro) and notified ARERA for the purpose of terminating the proceedings.

Measures and/or other events occurred after 30 June 2024

After 30 June 2024, the Authority adopted:

- A measure (Resolution 283/2024/E/efr) establishing the tariff-based contribution to be paid to obligated distributors under the energy efficiency certificate (TEE) mechanism, for the 2023 mandatory year (contribution set at €248.99/TEE);
- a measure establishing the filing of a judicial appeal against the communication adopted by the AGCM with Measure 31190 of 2024 relating to the application of Article 1(5) of Italian Law Decree 104/23 (aka the "Asset Decree")—as converted by Law 136/23—regarding the powers of the AGCM, following its own review, to impose any structural or conduct measures on the companies concerned considered necessary and proportionate to eliminate biased competition;
- the new Consolidated Act containing the Authority's provisions regarding tenders for the natural gas distribution sector (Resolution 296/2024/R/gas);
- a measure (Resolution 297/2024/R/gas) to approve the observations regarding the value of the reimbursement to be recognised to the holders of contracts and concessions for the natural gas distribution service for the municipalities of ATEM Enna;
- a measure (Resolution 298/2024/R/gas) to approve the observations regarding the value of the reimbursement to be recognised to local authorities for the ownership of portions of the natural gas distribution network, for the municipalities of ATEM Biella.

After 30 June 2024, Directive 2024/1788 and Regulation 2024/1789, which make up the hydrogen and gas decarbonisation package as part of "Fit for 55", were approved and published in the Official Journal of the European Union, in addition to the new Regulation 2024/1787 for the reduction of methane emissions in the energy sector, amending the previous Regulation 2019/942.

6.2 Tariffs

In 2024, distribution and metering tariffs continued to be applied in accordance with the principles introduced by Resolution 570/2019/R/gas for the fifth regulatory period (2020-2025), the duration of which was confirmed to be six years. This period was broken down into two half-periods lasting three years each. Therefore, as in the previous regulatory period, distribution and metering tariffs continue to be applied according to the basic principles whereby the revenue components related to remuneration and amortisation are determined based on the annual update of the net invested capital (RAB), considering the investments made up until the previous year.

The invested capital of distribution companies continues to be broken down into location-based and centralised invested capital. The invested capital also takes into account the contributions received, in relation to which the Authority, with Resolution 570/2019/R/gas, completed the regulation for the treatment of public and private contributions as at 31 December 2011, expecting complete amortisation thereof based on a 40-year useful life. The recognition of centralised invested capital is based on a parametric valuation criterion. As a result of the interim update of the Rules on the tariffs of gas distribution and metering services (known as RTDG) for the 2023-2025 three-year period, pursuant to Resolution 737/2022/R/gas, a parametric recognition was also defined for the costs of remote management/remote metering systems and concentrators. The valuation criterion for location-based invested capital in distribution and metering is based essentially on the revised historical cost method, except for new investments in smart meters, whose cost continues to be determined as the weighted average between actual cost and the standard cost set by the Authority, with variable weights over the years. The rate of return on net invested capital (WACC) of natural gas distribution and metering activity for 2024 was updated to 6.5% by Resolution 556/2023/R/COM.

With Resolution 570/2019/R/gas, the initial levels of operating costs and X-factors for the fifth regulatory period have also been set. More specifically, as regards operating costs, the initial level was established on the basis of the separate annual accounts of the Unbundling Financial Statements of the operators, broken down by company size and user density. In compliance with rulings Nos. 407/2023, 630/2023, 1236/2023, 1689/2023, 1826/2023 of the Lombardy TAR (Regional Administrative Court), Resolution 409/2023/R/gas revised ARERA's basis for determining operating costs and the X-factor for the 2020-2025 period. Operating costs are updated on an annual basis according to inflation and the X-factor provided by the RTDG, differentiated for the distribution service based on the size class of companies, large 3.39%, medium 4.62% and small 6.46%, respectively (as updated by Resolution 409/2023/R/gas), corresponding to 0% for the metering service and 1.57% for the sales service.

In relation to start-up locations, covered under Resolution 704/2016/R/gas, the application of a cap on the recognition of investments was also confirmed for the fifth regulatory period, starting with the 2018 tariffs, for all locations with a year of first supply after 2017, performing audits in several stages, up to the sixth year, to assess whether such cap has been exceeded. With Resolution 525/2022/R/gas the Authority approved the operating procedures for the application of the aforementioned cap. Furthermore, in light of the changes introduced by Article 22 of Italian Law Decree 69/23 on the tariff recognition of investments in the expansion/upgrading and new construction of networks and plants in specific areas of the country, with Resolution 155/2024/R/gas, the Authority initiated proceedings, to be concluded by 30 November 2024, for the implementation of the provisions of the aforementioned Law Decree. In particular, the procedure focuses on tariff aspects, evaluating intervention proposals starting from the possible remodulation of the limit for the recognition of capital costs for the distribution service in the start-up locations, provided by Article 33 of the RTDG, to take into account the higher investment costs in municipalities in Climate Area F and municipalities involved in the gasification programme in Southern Italy, pursuant to Resolution CIPE 5/2015, and the need to remunerate interventions in these municipalities to help guarantee the feeding of gas from renewable sources into the network.

The annual "final" recognition of investments for the purposes of determining the net invested capital (RAB) for distribution and metering for 2024 will take place in November, taking into account the changes in net investments in the previous year.

In terms of decision-making activity, during the first half of 2024, the Authority issued Resolution 146/2024/R/gas to determine the "final" reference tariffs for gas distribution and metering services for 2023 and Resolution 186/2024/R/gas to set the "provisional" reference tariffs for natural gas distribution and metering services for 2024, for both municipal and ATEM operations. In addition, with Resolution 134/2024/R/gas, the Authority redetermined the reference tariffs for gas distribution and metering services for the years 2017-2022 on the basis of requests for data rectification sent by companies and took the opportunity to redetermine the reference tariffs for the gas distribution service for the years 2020-2022, limited to the portion relating to the coverage of operating costs, for the correction of the calculation error pursuant to Resolution 409/2023/R/gas relating to the TAR's acceptance of the appeals lodged by operators. Furthermore, with Resolution 231/2024/R/gas, ARERA applied proceedings, to be concluded by 31 December 2024, without prejudice to the need for further investigation, for the enforcement of the Council of State decisions 10185/2023, 10293/2023, 10294/2023, 10295/2023 and 1450/2024 on the determination of operating costs for the distribution service for the 2020-2025 regulatory period, in particular in order to fill the gaps in the investigation and reasoning identified by the administrative judge and examine the issues covered by the specific rulings.

Finally, with Resolution 173/2024/R/gas, ARERA concluded the procedure initiated with Resolution 66/2024/R/gas for the extraordinary recognition of the effects resulting from the review of the ISTAT data used to determine the rate of change for the GFCF deflator for gas distribution and metering services. ARERA accepted the proposal received for consultation to redetermine the rate of change for the deflator between its average value in the period 2022Q2 – 2023Q1 and its average value in the four previous quarters, taken as a reference for the update to the 2023 tariff year. The deflator rate for the 2024 tariffs therefore rose from 3.8% (as published in the RAB Gas Guidelines of October 2023 and in Resolution 631/2023/R/gas) to 5.3%, and applies to the publication of the provisional 2024 tariffs and the definitive 2024 tariffs.

It should be noted that, during the first half of 2024, on the basis of the relevant resolutions, the tariff components intended to cover the system charges of the gas sector (RE, RS, GS, UG1, UG2, UG3) and the fees for arrears (CMOR) were updated.

7 Concession development and business operations

The delay in carrying out ATEM tenders already reported in previous reports continued to build up, despite the regulatory interventions in 2017 aimed at streamlining the process and also given the lack of intervention by both the Regional Authorities and the Ministry for the Environment and Energy Security (Law Decree 69/2013, Article 4(2)).
In accordance with Article 6(4) of the "Annual Law for the Market and Competition 2021" (Law 118/22), the Ministry for the Environment and Energy Security, in conjunction with the Ministry for Regional Affairs and Autonomies and further having consulted ARERA, in February 2023 began the process of amending Ministerial Decree 226/11 (the "Criteria Regulation"), starting a public consultation process regarding its proposed amendment, which to date has not been followed up.
During the first half of 2024 no new ATEM tenders were launched.

As at 30 June 2024, in relation to the 33 ATEM tenders on the ARERA dashboard—the instrument that gives out information on the findings of the analysis of tender documentation sent by the Contracting Authorities as set out in Article 9(2) of Ministerial Decree 226 of 12 November 2011—the situation was as follows:

- 7 tenders completed for which management operations were under way: Belluno, Milan 1, Naples 1, Turin 1, Turin 2, Udine 2 and Valle d'Aosta;
- 2 tenders completed with final assignment: La Spezia and Rimini;
- 1 tender at the stage of checking the irregularity of the bid: Catanzaro-Crotone;
- 1 tender for which the deadline for submission of bids had not yet expired: Trento;
- 1 tender for which inconsistencies were found in the documents that led to its suspension: Biella;
- 1 tender in respect of which bid assessment by the tender board was still ongoing: Turin 5;
- 11 tenders in respect of which ARERA temporarily postponed the review of the call for tenders with a request for additional documentation or in respect of which ARERA was still reviewing the call for tenders: Cuneo 1, Como 3, Florence 1-Florence 2, Genoa 1, Lucca, Modena 2, Massa-Carrara, Pordenone, Rome 2, Verona 2 and Vicenza 3;
- 6 tenders for which ARERA has completed the analysis of the tender documentation sent by the contracting authorities and, thus, the related announcements could be published: Forlì-Cesena, Modena 1, Rome 1, Rome 4 Venice 1and Vicenza 2;
- 4 tenders in respect of which notices were called off or cancelled after their publication: Genoa 2, Prato and Trieste.

7.1 Activities on ATEM tenders

In the first half of the year, 2i Rete Gas submitted a bid for the Turin 5 ATEM tender on 29 May 2024.
On 29 December 2023, the Trento ATEM tender was called with an open procedure (approximately 192,000 active end users, contract value 410.7 million euro for the management of 167 municipalities) with the deadline for submitting bids set for 19 July 2024.
2i Rete Gas S.p.A. filed an appeal with the Piedmont Regional Administrative Court (TAR) against this procedure, which was rejected by the latter in a public hearing on 18 April 2024 (RG24/2024).

2i Rete Gas S.p.A. filed appeal against this decision with the Council of State on 10 June 2024.

On 15 September 2023, the Company submitted a bid for the Catanzaro-Crotone ATEM tender (approximately 110,000 active end users, contract value of 249.4 million euro for the management of 107 municipalities), then, on 20 September 2023, the first public session was held, during which the Tender Board verified that the participants in the procedure, 2i Rete Gas S.p.A. and Italgas S.p.A., had submitted suitable administrative documentation.
Subsequently, on 13 February 2024, 27 February 2024 and 4 March 2024, public sessions were held, during which the technical bids of the two competitors were verified, and then a review of the bids by the Tender Board began in private sessions.
On 20 June 2024, the last public session was held, during which the scores awarded to the two technical bids were announced. Then, the bidders' prices were disclosed and the relevant scores were assigned. At the end of the session, the final ranking was drawn up, with 2i Rete Gas S.p.A. in second place, while the tender board began verification of the anomaly in the offer of the first ranked bidder, i.e. Italgas Reti S.p.A.

On 29 May 2024, 2i Rete Gas S.p.A. submitted a bid for the Turin 5 ATEM tender (approximately 59,000 active end users, contract value of 105.1 million euro for the management of 76 municipalities). To date, the first call from the selection board is still pending.
The Company filed an appeal with the Piedmont TAR against this procedure on 23 October 2023. On 1 February 2024, the Piedmont TAR rejected the aforementioned appeal with decision 107/2024. 2i Rete Gas S.p.A. filed an appeal with the Council of State against this decision on 7 March 2024.
The precautionary measures were rejected in the Council Chamber held on 11 April 2024, and the case was adjourned to the hearing on the merits scheduled for 3 October 2024.

Also during the first half of 2023, the Group continued the activity of preparing and transmitting to the Municipal Administrations and/or Contracting Authorities that requested it all the necessary documentation pursuant to Article 4 (Disclosure obligations for operators) and Article 5 (Compensation to the outgoing operator) of Italian Ministerial Decree 226/2011 in order to draft and subsequently issue the call for tenders. This information, should it be necessary, will have to be updated.

After 30 June 2024, and precisely on 22 August 2024, the Province of Biella (the Contracting Authority for the Biella ATEM) published a notice reopening the deadlines for submitting the tender documentation, which had been suspended by the Contracting Authority on 28 May 2023, following the partial annulment of the procedure by the Piedmont TAR with decision 284/2023, adopted on 29 March 2023. The submission of the tender documentation is scheduled with different deadlines for the individual envelopes, starting from 30 September 2024.

7.2 Participation in non-ATEM tenders

With regard to "non-ATEM" tenders, in the first half of 2024 two tenders were called for the municipal natural gas distribution service in the municipalities of Falvaterra (FR) and Casirate d'Adda (BG), for which 2i Rete Gas S.p.A. decided not to submit an offer.

7.3 Participation in tenders for the acquisition of companies

In the first half of 2024, the Company did not participate in any tenders for the acquisition of companies.

7.4 Concessions awarded

In the first six months of 2024 no concessions were awarded through gas distribution tenders.

7.5 Concessions lost

No concessions were given up during the six-month period.

7.6 Company acquisitions

No activity to report.

7.7 Management of the remote metering service for smart meters

The 2i Rete Gas Group, through 2i Rete Dati S.r.l., operates in the telecommunications sector and, specifically, deals with the installation and operation of connectivity infrastructure for the transmission of remote metering and remote management data of gas smart meters and other types of smart devices. The Company is also developing its business through certain contracts to manage the communication of data packages of third parties operating in the water sector in Northern Italy.

7.8 Project to provide natural gas service in Cilento

Cilento Reti Gas S.r.l. is engaged in the realisation of the natural gas distribution network in the municipalities that adhere to the agreement signed in 2010 in the areas of Bussento, Lambro and Mingardo, Gelbison and Cervati, Alento and Monte Stella.

Municipalities currently reached by gas supplies include: Sapri, Camerota, Vibonati, Torraca, Tortorella, Morigerati, Ispani, Caselle in Pittari, Casaletto Spartano and Torre Orsaia.

The completion of the variant to the supply system which, by crossing the territory of the municipalities of Torre Orsaia and Morigerati, allows the networks of Torre Orsaia, Roccagloriosa, San Giovanni a Piro and Camerota (the latter currently in operation and fed by tank trucks) to be connected in a short time, made it possible to continue work on the supply networks in the municipality of Roccagloriosa in the first half of 2024.

Cilento Reti Gas is also currently completing the network in the municipality of San Giovanni a Piro.

In all territories with newly commissioned plants, a communication plan has been implemented with the aim of raising awareness among citizens and speeding up connection operations to the distribution network, which adds to the existing subsidies—relating to the subsidised connection fee, the construction of the meter housing and the supply of a pressure reducer free of charge—subsidies relating to free service activation and documentary review (Resolution 40/2014 ARERA), resulting in further savings for the citizen. At the end of 2023, the Company launched a commercial campaign involving installation companies to further stimulate the activation of new users in these municipalities.

8 Support for gas transport activities

8.1 Main regulatory changes

The main changes in the regulatory and legislative landscape have already been illustrated in the relevant sections covering Regulation.
All processes and the related upgrading of the company's information systems pertaining to legislation coming into force in the first half of 2024 were successfully implemented. Finally, IT and process adjustments are underway to ensure compliance with the regulatory changes that will come into force in the following period.

8.2 Requirements of the Integrated Information System

In the first half of 2024, developments continued to expand and update the information and data in the official central register (RCU – *Registro Centrale Ufficiale*) made available to the Integrated Information System (IIS).

With the publication of Resolution 334/2023/R/gas regarding the reform of the capacity allocation processes at the redelivery points of the transmission network, ARERA provided guidelines to the Single Buyer for improving the calculation of the sterilisation of "inconsistent withdrawals" starting from March 2024.
With the publication of Resolution 158/2024/R/com, ARERA initiated a procedure (to be concluded by 30 November 2024, for which specific consultations will be carried out) for the adoption of measures to allow the provision of meter data relating to the feeding and withdrawal of electricity and the withdrawal of gas by end customers to third parties specifically designated by the end customers, via the Consumption Portal and in compliance with legislation on the protection of personal data.
Specifically, ARERA requires the Single Buyer, as Manager of the Integrated Information System, to:

- draw up a list of third parties that may be designated by end customers to access the aforementioned feeding and/or withdrawal data;
- implement an electronic register containing the list of third parties with access to the customer's withdrawal/feeding data and information on any access to such data by the delegated third parties.

For this purpose, the Single Buyer shall identify:
- the methods by which entities already accredited in the Integrated Information System as commercial counterparties may request to be

included in the list of third parties that can be designated by end customers to access withdrawal/feeding data;
- the operating model of the electronic register for recording information on access to data, according to methods that allow such information to be made available to the end customers.

8.3 Relations with Traders and Customer Care

Commercial quality

The index of "non-standard" services, for the purposes of the service's quality parameters envisaged by ARERA with Resolution 569/2019/R/gas, achieved during the first half of 2024 by Group companies was 0.04% for specific quality levels, while for general quality levels the overall result was 0.08%.

Major customers

In the first half of 2024, the Group continued to manage the gas distribution business, undertaking normal commercial relations with its customers (gas sale companies or traders).
The Group's main customers include Italian companies of primary standing in the gas market.
Notably, during the six-month period, Enel Energia was the only customer whose invoiced volumes accounted for more than 10% of the total.

8.4 Front Office

The Group manages complaints received from end customers in accordance with the rules of ARERA and in the time and manner as set out in its own internal procedures and guidelines.
The main issues for which requests for information and/or complaints were received from end customers concern the verification of the meter reading and the reconstruction of consumption—with particular reference to the replacement of traditional meters with smart meters as provided for by ARERA Resolution 631/2013/R/gas of 27 December 2013, in line with the previous year, as well as work required to replace faulty smart meters and complaints related to the execution of the work.
In the first half of 2024, the Group received and handled 2,661 written requests (2,296 in the first half of 2023), including:

- 1,895 complaints/requests for information subject to compliance with the general commercial quality standard set out in Article 50 of ARERA Resolution 569/2019/R/gas; and
- 701 classified as miscellaneous.
- 65 requests from the Consumer Helpdesk related only to the issue of the gas bonus.

The goal for 2024 is to maintain the corporate standards with regard to the handling of written complaints and requests for information in line with 2023 trend.

In the first half of 2024, the Group handled 290 settlements (258 in the first half of 2023), including 275 as technical support (indirect settlements, 247 in the first half of 2023), and 15 as party to the settlement (direct settlements, 11 in the first half of 2023). These increased over the previous year, thus confirming the upward trend of using settlement as a tool to resolve disputes between end customers and electricity and gas operators.
Finally, the number of requests handled totalled 1,631 requests for technical data that can be collected by reading the meter (known as M01, compared to 907 in the same period in 2023) and 6,698 requests regarding other technical data (known as M02, compared to 5,108 in the first half of 2023).

8.5 Commercial Call Centre

The Group provides a call centre service free of charge, available on working days, through two toll-free numbers for the network end customers.
This service, which is an addition to what is envisaged by the law in force, is a plus for the network end customers and allows to request more information on:

- commercial aspects, with a toll-free number dedicated to activation requests pursuant to Resolution 40/2014 as amended, as well as to commercial offers, reconnection of supplies following suspension due to Emergency Response / leakage of the internal system, last-resort services, the portal for end customers and existing commercial campaigns;
- smart meters, with a toll-free number dedicated to requests for information and for setting a personal appointment for the replacement of the meter;

During the first half of 2024, 2i Rete Gas's commercial call centre received 187,515 calls (144,701 in the first half of 2023), of which 164,625 were handled (138,424 in the first half of 2023). The service standard requires compliance with a minimum monthly percentage of calls handled set at 92%: in the first half of 2024 the overall percentage was lower, standing at 88%.
The goal for 2024 is to maintain the previous year's service level, keeping percentages above the contractually stipulated service standard. In line with the efforts made in 2023, this goal will be pursued by carrying on constant dialogue and extensive training delivered to call centre operators.

8.6 Invoicing and gas balances

Invoicing of transport and services

Routine activities involving invoicing of transport service, commercial services and compensation disbursement were carried out regularly on a monthly basis during 2024.
It should be noted that the publication of Resolution 4/2023/R/gas introduced an important regulatory change, which started the process of standardising the regulatory accounting documents for the natural gas distribution service.
The Authority approved the Operating Instructions that define the structure of the regulatory accounting documents for the gas distribution service and the functional and detailed content of each individual type of document, and the document containing the xml path.

In the first half of the year, as defined by ARERA, the distribution companies and the distribution users carried out joint tests, checks and trials on the new standards (activity concluded on 31 May 2024) and started the experimental phase of the new standards as of 1 June 2024, for which the distribution companies have provided adequate information and evidence;

Following publication of ARERA Resolution 11/2024/R/com, a new extension (until 31 December 2024) was put in place regarding the application of tariff-related subsidies to the people impacted by the earthquakes in 2016 and 2017. Therefore, the process for granting such subsidies continued.
ARERA also extended the planned regime of subsidies envisaged for the people impacted by the earthquakes in 2016 and 2017 to the people impacted by the flood events that occurred starting from 1 May 2023, with the publication of Resolutions 10/2024/R/com and 50/2024/R/com.
By means of Resolution 622/2023/R/com, ARERA amended the methods for updating and quantifying social bonuses, referred to in annexes A, B, C and D to Resolution 63/2021/R/com, and in order to safeguard end customers, reviewed some of the operating methods for recognising said subsidies.

In particular:

- the gas bonus is calculated in advance once a year, based on the best available estimates of the average expenditure that will be incurred in the 4 subsequent quarters by the domestic customers under a regulated tariff scheme for vulnerable customers, for each of the consumption profiles envisaged;
- the payment of gas social bonuses, also relating to heating use, is structured on a quarterly basis in order to achieve greater consistency between the expenditure actually incurred by the beneficiaries and the associated compensation;

- in calculating the gas bonus, the average percentage distribution of beneficiaries between the tariff areas is considered (since the forecast annual expenditure varies on the basis of said parameter).

By means of Resolutions 633/2023/R/com, 45/2024/R/com, 112/2024/R/gas and 113/2024/R/com, ARERA updated, for the quarters running from January to March and from April to June, the financial conditions for the supply of natural gas under a regulated tariff scheme and the components intended to cover general system charges and additional components.
More specifically, the Authority:
- updated the rates for UG1, UG3 and RE components;
- restructured the UG2c element of the UG2 distribution tariff component, by applying a component carrying a minus sign;
- the fixed quota of this component was reduced from a value of -26.13€/redelivery point/year for the 1st quarter of 2024 to a value of -23.13€/redelivery point/year starting from the 2nd quarter of 2024.

Gas balances

By 28 February 2024, activities for the production of data relating to the "Multi-year Adjustment Session" for 2019 ("previous gas settlement period") were completed, with delivery thereof to National/Regional Transporters and Interconnected Distributors.
Under the new regulatory framework—whereby effective 1 January 2020 the Single Buyer, with the Integrated Information System, is responsible for calculating balancing and settlement sessions, as there was no parallel run during the handover between the distribution company and the Single Buyer, for the purpose of assessing the results of said sessions, reporting any inconsistencies, and preventing any complaints from network users—2i Rete Gas continued the calculation in accordance with regulatory deadlines also in 2024.
This made it possible to continue the fruitful and constructive discussions started in 2021, which also involved the Entity in charge of Balancing (RdB), i.e. Snam Rete Gas.

With the publication of Resolution 386/2022/R/gas, subsequently amended and supplemented by Resolution 494/2023/R/gas, ARERA laid down, specifically:
- The introduction of an accountability mechanism for distribution companies (as part of the management of the delta in-out) confirming, for the time being, the adoption of a simplified approach with a view to designing a more thorough accountability system that also takes into account additional factors as well as the need to promote the improvement of the performance of businesses as a whole;

- that the simplified mechanism be applied as of the 2020-2022 period. The mechanism will, therefore, first be applied by taking account, for all 3 years, of the outcomes of the multi-year adjustment session that will be carried out in 2024;
- in the subsequent reference three-year period (2021-2022-2023), any penalty associated with the mechanism will be calculated on the basis of the annual adjustment session relating to 2023 and the outcomes of the multi-year adjustment session relating to the years 2022 and 2021;
- The possibility for distribution companies to submit a statement regarding reconciled volumes related to localised leaks and fraudulent withdrawals, so that the RdB can take them into account when determining the delta in-out and related amounts, pending the definition of unambiguous methods for the reconciliation of fraudulent withdrawals/localised leaks;
- The option for distribution companies to withhold, in lieu of recognition of legal costs for the recovery of the value of gas in the event of localised leaks and/or fraudulent withdrawals, a portion of the value of the recovered gas, up to a maximum of 600 euro, in addition to 10% of the delta between the value of recovered gas (if the recovery is worth more than 600 euro) and the aforementioned limit of 600 euro.

Still on the subject of settlement, attention is drawn to the publication of Resolution 555/2022/R/gas, setting forth further provisions on the reform of capacity allocation at redelivery points of the transmission network and amendments to the TISG (Gas Settlement Consolidated Act) and TIVG (Consolidated Act of provisions governing activities connected with the retail sale of natural gas). With this measure, the Authority approved some provisions on gas settlement. Specifically, it:

- Confirmed, as part of the balancing sessions, the implementation of the inconsistency criterion based on the maximum flow rate of the metering unit, with subsequent sterilisation of abnormal withdrawals by replacing the withdrawal exceeding the maximum flow rate with a value defined on the basis of the CA parameter and withdrawal profile assigned to the redelivery point;
- Complemented the regulation governing adjustment sessions with provisions on inconsistency checks and subsequent sterilisation of abnormal withdrawals, adopting procedures similar to those applicable to balancing sessions and in line with the layout established in the network codes;
- Introduced a mechanism to encourage distributors to correct anomalous data in a timely manner (starting in 2024, without prejudice to the infliction of penalties following the outcome of adjustment sessions, while confirming penalty amounts equal to the automatic compensation set for non-compliance with specific distribution service quality levels);

- Requires the Single Buyer and the Entity in charge of Balancing to identify any needs for changes/amendments to information flows.

During 2024, as part of the corporate sustainability plan, monitoring and analysis activities on the so-called "Δ In-Out"—already begun in 2021 and pursued also in 2022 and 2023—continued, with special reference to cases of significant deviations between the volume injected into and the volume withdrawn from the network, and operational activities related to the "Δ In-Out project" were extended, which saw the expansion of the set of plants under investigation.
This project is allowing:

- on the one hand, the definition of a shared, traceable and replicable methodology that makes it possible—by analysing the data available—to gain insights into studies carried out in the field, define/complete work on plants, undertake support initiatives as required, identify the origin of the Δ In-Out and develop appropriate mitigation actions;
- on the other, the implementation of concrete actions leading to the containment of the Δ In-Out for the specific cases analysed.

Always in relation to the issue of the so-called "Δ In-Out", also following the obligations introduced by Resolution 386/2022/R/gas, a specific interdisciplinary Working Group was established within the Company with the aim of defining and mapping the processes for managing fraudulent withdrawals and localised leaks. The Group carried out its activities throughout the first half of 2024 and will remain operative for the second half of the year.
Finally, activities continued on the analysis of the contents of ARERA Resolution 512/2021/R/gas, concerning the reorganisation of gas metering activities at the entry and exit points of the transport network, such measure implying an impact on the Delta in-out, with particular reference to understanding the formation mechanisms of the "CITY GATE METERING KPIs", which shall be applied from 2024.
The detailed activities carried out, in constant evolution based on the periodic regulatory/operational guidelines progressively communicated by ARERA/Entity in charge of Balancing, made it possible to:

- promptly estimate the amount of the penalties attributable to the Company based on the values of the aforementioned KPIs, providing, at the same time, the preparatory elements for the overall review of field operational processes, on the one hand, and the information necessary to open specific dialogue with the Regulator in relation to the approach of the Reform, on the other;
- monitor and update the performance of the "CITY GATE METERING KPIs" throughout the first half of the year.

8.7 Metering

As the roll-out of the new electronic meters continues, pursuant to Resolution 631/2013/R/gas (which replaced the previous Resolution ARG/gas 155 of 22 October

2008), manual meter readings at the redelivery points that still feature traditional meters have significantly declined. As at 30 June 2024, approximately 95% of redelivery points with an active transport contract operated by the Group were equipped with smart meters.
It should also be noted that, following the publication of Resolution 636/2023/R/gas, as of 1 January 2024, ARERA integrated the existing provisions of the RDQG regarding the obligation to install and commission additional smart meters for inaccessible traditional meters or partially accessible meters not read at least once in the previous year.
The Regulator considered it reasonable that installations and commissioning should be mandatory only up to a total maximum of an additional 5% compared to the current obligation of 85% for G4-G6 meters and that beyond this threshold it is the distribution company that must evaluate their efficiency.
Therefore, as of 1 January 2024, it is provided that the distributor will not be required to fulfil the RQDG obligations if, in the previous year, it achieved a level of commissioning of class G4-G6 smart meters of at least 90%.
Consequently, the payment of an annual unit penalty will be due for each year in which the annual reading obligation is not respected and, in the following year, the additional meter commissioning target is not achieved.
Lastly, attention is drawn to Resolution 60/2023/R/com, whereby ARERA defined the data that distribution companies must transmit for the purposes of calculating and disbursing the CIND component (complementing the equalisation amount, in partial recognition of the costs deriving from the payment of compensation for failed readings to end customers equipped with G4 and G6 smart meters to take into account the difficulties involved in pursuing reading collection objectives within a level of remote reading failure defined as normal).
Data collections performed under equalisation mechanisms are integrated with annual reporting to CSEA of data broken down according to the annual consumption of redelivery points (up to 500 Scm/year or above this threshold up to 5,000 Scm/year).

8.8 Commercial development

2i Rete Gas S.p.A.'s commercial initiatives

In the first half of 2024, the implementation of the business model introduced in 2018 continued, with the aim of acquiring and activating new redelivery points, spreading the culture of natural gas to promote its adoption as a replacement for more polluting and less efficient carriers (e.g. diesel, LPG, coal, wood and pellets), as a tangible contribution to the decarbonisation process, giving it a central role in the energy transition phase.
Initiatives have been launched or extended to promote the use of methane gas in areas with greater potential, encouraging connection/activation requests. Out of

the total of 2,308 municipalities managed, these initiatives involved a total of 1,506 municipalities of 2i Rete Gas S.p.A. and 7 managed by Cilento Reti Gas, distributed throughout Italy, with a 20% increase compared to 2023. The initiatives concern subsidised fees for new connections, especially where they are particularly expensive, and eliminates fees for initial activation and Resolution 40/14 where numerous redelivery points have been created but never activated.
In particular:

- promotions were launched in 379 municipalities, eliminating fees for initial activation and document checks pursuant to ARERA Resolution 40/2014/R/gas, as amended;
- promotions were launched in 560 municipalities on connections with subsidised fees compared to the normal fee;
- in 567 municipalities both initiatives are in place.

In the municipalities managed by Cilento Reti Gas, in addition to extending the current initiative which eliminates fees for initial activation and Resolution 40/14, a new commercial initiative was launched, through collaboration with local companies, aimed at further incentivising customers to activate existing connections.
In addition, during the first half of the year, many events across the territory and the customary meetings were held to discuss commercial initiatives with Sales Companies operating across the territory and with installation firms. These meetings are aimed at improving potential end customers' knowledge about the commercial initiatives implemented by 2i Rete Gas and, furthermore, to engage Sales Companies and affiliated companies in the promotion of methane gas and in the dissemination of ongoing initiatives.

9 Plant construction, environment and safety

9.1 Gas distribution plants

In the first half of 2024, the Group's companies laid little less than 60 km of pipes, of which almost 72% were Low-Pressure pipes and the remaining were High/Medium-Pressure pipes.

Only a minority of these extensions featured coated steel pipes. In line with the Company's technical guidelines, the remaining networks (approximately 99% of the pipes laid) were built with pipes made of HDPE (high-density polyethylene), a more recent technologically advanced material that is widely used also at the international level and that the Group has been using for some time now: among

other things, it has lower operating costs compared to traditional coated steel pipes.
These interventions refer to the need for upgrading to maintain service levels, for the acquisition of new customers in new expansion areas and for concession obligations assumed under the agreements with the competent Entities, as well as for the interconnection of plants in order to rationalise their operation and ensure greater compatibility with green gases.
The overall size of the network managed by the companies of the 2i Rete Gas Group as at 30 June 2024 was around 71,991 km.
In addition, 1,278 primary city gates are in operation, which— upstream of the distribution networks managed by the Group—reduce, measure and odorise the gas from the national transport networks. On the network there are also approximately 17,313 secondary city gates with a capacity of at least 125 sm3/h used to reduce pressure between the Medium-Pressure and Low-Pressure networks, in direct supply to large users and to reduce intermediate pressure between medium pressure networks.

9.2 Service continuity and safety

By April 2024,the Group published, as it does every year, the data on the previous year's service safety and continuity technical standards for all individual group companies. This work was done by extracting data from the corporate IT systems recorded by the local units during the year.
As in previous years, the Group's performance has exceeded the minimum requirements of the competent authority.
Overall, with a view to constant attention to the safety of plants and end customers, preventative leak detection campaigns have been undertaken for Group companies, relating to the planned inspection on the distribution network, concerning 78% of the High-Pressure and Medium-Pressure (HP/MP) piping and 64% of the Low-Pressure (LP) piping.
The percentage of network subject to preventative leak detection remained in line with the Group's historical data.
With regard to gas odorisation in-field tests carried out in order to thoroughly monitor the actual level, the reported values were considerably higher than the minimum required by ARERA (approximately 17,900 gas chromatographic tests compared to the approximately 3,600 required).
In the first half of the year, in line with applicable regulations and corporate procedural guidelines, the Group monitored the data related to service Safety and Continuity processes pursuant to Resolution 569/2019/R/gas (which governs service continuity and safety in the 2020-2025 period).
The main parameters concerning these activities relate to services that prove the distributor's ability to intervene quickly in potentially dangerous situations (emergency interventions and intervention time), or to organise and carry out

preventative checks to ensure proper monitoring of safety conditions (percentage of network inspected, level of gas odorisation, percentage of network with cathodic protection).

9.3 Resolution 155/08 et seq. – (Smart meters)

As at 30 June 2024, smart meters installed totalled approximately 4.88 million.
The rollout of the project for the remote handling of non-payment with remote valve shut-off continued, involving a total of 1.8 million meters.
Work continued to standardise the new meter models, analyse the faulty ones, and perform specific tests at the company's laboratory in Cremona.

The management of network equipment ensuring connectivity with the electronic meters in the 169 MHz band is the responsibility of the company 2i Rete Dati, a wholly-owned subsidiary of 2i Rete Gas S.p.A., with which a special service agreement has been signed.

9.4 Network digitisation activities

During 2024, the activation of the main functions of the new IoT platform (2iIoT) was completed, with reference to the field peripherals used for remote control of units and city gates, remote reading of city gates and the operation of bottom pressure sensors. The 2iIoT platform makes it possible to:

- Increase the security and performance levels of the distribution network through digitised process monitoring;
- Streamline network management field operations;
- Enable the network for the energy transition, ensuring the monitoring of the most significant parameters for gas blend management (H2 and Biomethane).

More specifically, automated continuous control and "core" plant analysis is operational for:

- over 1,250 city gates (inlet pressure, outlet pressure, gas temperature, level of odorisation, etc.)
- over 10,000 final reduction systems (inlet pressure, outlet pressure, etc.)
- over 2,700 bottom pressure sensors, installed on all plants operated by the Group.

Automated functionality has been activated for the management of over 2,900 metering systems installed in city gates to continuously monitor the metering performance of the latter, enabling the efficient management of the metering activities in city gates and compliance with the performance requirements of Resolution 512/2021/R/gas and the Snam Rete Gas Network Code.

Important functions have also been implemented on the 2iloT platform, including checks on the level of network odorisation and gas temperature (pre-heating process efficiency), as well as core functions such as the monitoring of pressure values in gas control station regulation processes.
A Digital Room has been created which, through the digital monitoring unit (UMD – *Unità di Monitoraggio Digitale*), constantly monitors the safety and efficiency status of the network.
The development of tools for the remote updating of gas quality analysis data on the fiscal calculators and data loggers installed in city gates has begun on the 2iloT platform, with the aim of carrying out remote digital maintenance activities in order to make processes increasingly efficient and sustainable.
The installation of new-generation meters (more than 10,000 meters) with thermal-mass measurement technology capable of measuring the blend between methane and hydrogen up to 20% is underway. A project was launched to develop a new-generation meter with ultrasonic measurement technology. These innovative meters are fitted with dual communication channels for efficient remote connectivity by simultaneously exploiting two communication technologies—RF WM-Bus 169 MHz and NB-IoT—in order to meet the performance requirements of Resolution 269/2022/R/gas.
A "smart regulator", i.e. an automated pressure regulation system, has been installed in the Casamassima city gate. This solution aims to improve gas metering quality by automatically adjusting the gas metering pressure value in relation to the real need of the system, keeping it within the certified measuring range of the meter.
The "REPAir" project (smart automatic pressure regulation for emission reduction – Resolution 404/2022/R/gas) has been launched, which envisages the installation of "smart regulators" on 4 city gates.
This application makes it possible to reduce methane gas emissions into the atmosphere ensuring, through the use of an advanced predictive algorithm, the minimum pressure necessary for the safe management of the network.
An important study was completed in collaboration with the University of Cassino with the aim of analysing the effect of the hydrogen mixture on the precision of domestic smart meters, installed on national distribution networks, using up to 23 vol% hydrogen mixed with methane gas.

9.5 Planning activities

The process of preparing, checking and updating detailed technical aspects, mostly related to the plants currently managed by the Group, continued steadily. The purpose of this process is to create the necessary basis for the drafting of technical bids to be submitted in the tender procedure for the awarding of concessions.

At the same time, the usual planning activities continued, aimed at supporting internal requests for the expansion and evolution of existing network infrastructure. In addition, fluid-dynamic evaluations were conducted on the plants in question, with the aim of ensuring their efficiency and operational stability. An additional 15 multi-year, multi-disciplinary projects were developed, structured and integrated, aimed at increasing the efficiency of the existing network and rationalising the primary and secondary regulation systems.

9.6 Regulatory oversight

In 2024, the 2i Rete Gas Group continued to actively participate in regulatory oversight activities, showing considerable commitment both at a national level—taking part in various working groups and commissions of the Italian Gas Committee (*Comitato Italiano Gas*, UNI-CIG)—and at a European level, collaborating with Marcogaz.

10 Quality, Safety and Environment

Maintenance of 2i Rete Gas S.p.A. QSE Integrated System

In February—in relation to the procedure of first certification of the asset management system in compliance with reference standard UNI ISO 55001 for the operation and maintenance of reduction and metering systems (city gates and biomethane city gates) and intermediate and final reduction systems (IRI e GR) belonging to the natural gas distribution networks and the networks of other combustible gases—the second and final verification stage was completed, certifying the system also according to the 55001 standard scheme.
Also in February, as a result of the change of the certification service provider, the new certification body took care of the transfer of the certificates, subsequently carrying out the activities necessary for the annual renewal and validation of the three-year Quality, Safety and Environment certificates.
The audits conducted resulted in a judgement of full compliance, checking and confirming compliance of the IMS (Integrated Management System) of the parent company 2i Rete Gas S.p.A. with UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018 standards;
Therefore, 2i Rete Gas S.p.A. currently operates with a Certified Management System which complies with:

- UNI EN ISO 9001:2015 for Quality Management;
- UNI EN ISO 14001:2015 for Environmental Management;
- UNI ISO 45001:2018 for Health&Safety Management;
- UNI ISO 55001:2015 for Asset Management.

Following the annual validation, validity was confirmed up to 3 June 2027.

The Quality, Safety and Environment Function of the Operations Department scheduled 49 internal audits for 2024, aimed at monitoring the alignment of the Quality, Safety and Environment management system with applicable laws and system documents, as well as at ensuring appropriate implementation of the actions to be deployed in order monitor significant risks.
In the first half of the year, the first 21 scheduled audits were carried out, which include checks on headquarters facilities, two departments and a number of Area offices and branch offices falling within the Surveillance scope.

On the basis of test checks performed on all the processes being managed, the audits carried out showed that no Serious Non-Compliance situation existed and that corrective actions required to keep management aligned with the IMS had been appropriately identified and implemented.

Certification of 2i Rete Dati S.r.l. Quality, Health&Safety and Environment Integrated Management System

In June, 2i Rete Dati was audited by the certification body to verify whether it still complies with the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 regulatory standards, the purpose being to ensure compliance with the requirements for participation in tenders for the relevant areas.
The audits required to maintain the certification of compliance and effectiveness of the Integrated Quality, Safety and Environment Management System were therefore carried out.
The audits conducted resulted in a judgement of full compliance of the three certificates referring to the UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018 standards in respect of the activity "Design and implementation of LP-WAN networks (installation of concentrators and antennas for telecommunication and data communication, remote reading, remote management of smart meters and other types of similar smart devices). Operation and maintenance of LP-WAN networks and commercial management of the service", with reference to the IAF ACCREDIA sectors: 31, 28 and 35 (communications, construction and other services).
Certificates are valid for three years, up to 4 July 2026, unless they are validated annually in accordance with the regulations of the Accreditation Institute.

10.1 Prevention and Protection Service

In the first half of the year, the risk assessment reports (DVR – *Documento di Valutazione dei Rischi*) of all production units were updated with the results of the

new WORK-RELATED STRESS assessment and the related follow-up and improvement measures, also adding a new subsection, 2.6.6 - Identification of the health protocol.
Specifically, DVRs were updated for:
- the Centre Department, following the identification of a new workers' safety representative (RLS) and the appointment of new Designated Physicians;
- the North-East Department, for alignment with the new organisation of the safety system;
- the North-West Department, for alignment with the new organisation of the safety system and the appointment of a new Designated Physician;
- the Headquarters, for the appointment of a new Designated Physician.

Workplace injuries:

In the first half of 2023, workplace injuries decreased compared to the previous year. In 2023 the number of injuries (white collar + blue collar workers, including commuting events) totalled 7, while as at 30 June 2024 the total number of recorded events was 5.

With regard to workplace injuries net of commuting events, in the first half of 2023, 4 injuries that could be classified as "non-serious" (i.e. with initial prognosis of less than 30 days) occurred, of which 3 involving blue-collar workers and 1 involving a white-collar worker, while in the same period of 2024, 2 "non-serious" injuries occurred, of which 1 involving a white-collar worker and 1 involving a blue-collar worker. In the latter case, the injury was related to road travel on duty.

In the first half of 2024, 3 commuting accidents occurred involving white-collar workers, while in the same period of 2023, 3 commuting accidents occurred, involving 2 white-collar workers and 1 blue-collar worker.

In order to pursue the goal of "zero injuries", the Quality, Safety and Environment (QSE) function, in collaboration with the Head of the prevention and protection service (RSPP), continued performing workplace safety audits at the local structures as well as at the worksites with in-progress inspections for contractors.

During the April/June period, the annual meetings required by Article 35 of Italian Legislative Decree 81 were held in all Operating Units, with the participation of the entire safety chain, Employer, Delegates, RSPP, Designated Physician and Prevention and Protection Service officers. No specific and/or significant critical issues emerged.

In the same period, meetings were held at the individual Production Units to present the results of the work-related stress assessment (October 2023 survey campaign), which also illustrated the improvement and follow-up measures. During the first half of the year, a summary of the findings was gradually returned to personnel.

Health Surveillance Situation:

Also in the first half of 2024, the Prevention and Protection Service—in close collaboration with the suppliers working for the health surveillance of 2i Rete Gas staff—continued the project aimed at updating and streamlining the check-up schedule, with the purpose of standardising and grouping visit sessions into two/three periods per year per Area. The project's aim is to improve the reconciliation of mandatory check-ups with work activities.
In the first half of the year, 295 white-collar and 379 blue-collar workers underwent examinations, according to the deadlines laid down in the healthcare protocol.
Also in the first half of the year, a check-up campaign (at the request of workers) was launched in relation to the provisions of Paragraph 4-bis of the Union Agreement (life-saving pathologies).
As better described in the section "Industrial relations", a transitional and temporary agreement was defined in March 2024, mainly relating to the management of the cases of "fragile individuals", which provided for a further extension of the use of emergency remote work.
This extension ended on 30 June 2024.

10.2 Environmental issues

The Quality, Safety and Environment (QSE) function constantly monitors material environmental aspects and ensures that the company is aligned with changes in environmental regulations.
Regarding environmental system indicators, the goals set were broken down into parameters to monitor regulatory compliance and targets geared towards continuous improvement.
With respect to environmental management, the key aspects concern:

- Ensuring that worksite operations and special waste produced by contractors during plant construction and maintenance activities are managed properly from an environmental perspective.
- Monitoring the amount of waste generated, maximising the recovery of materials resulting from plant operation and maintenance, sent for treatment.
- Streamlining production processes to curb the consumption of primary energy required for technological purposes (gas preheating and cathodic protection of steel pipes).

- Keeping the vehicle fleet efficient and optimising work trips to curb fuel consumption and the relevant CO_2 emissions.

In addition, all indicators are aligned with meeting the principles set out in the Integrated Management System Policy and, as far as the scope of the Management System is concerned, the Group's Sustainability Policy.

Non-hazardous and hazardous special waste products are the subject of specific analyses aimed at monitoring the development of certain performance indicators and any possible improvements. With reference to the first half of 2024, the aforementioned performance indicators were all above the related company targets, and specifically:

- I.R. (% non-hazardous waste sent to R13) = 100% (target ≥ 98%);
- I.R.P. (% hazardous waste sent to R13) = 99.68% (target ≥ 82%);
- I.R.E. (% waste actually recovered after recovery operations) = 85.3% (target 85%).

The Company handles all types of waste it generates in compliance with the law, tracking it on paper by keeping waste loading and unloading records as well as digitally, using a dedicated programme.

10.3 Technical and commercial quality, audit of technical and commercial quality data

The audit is intended to assess the quality and consistency of the documents certifying the safety and continuity of the service (management of the Emergency Response Service, management of leaks, management of checks on the level of odorisation of the gas distributed) and the compliance of the service commercial quality performance records, carried out on samples selected with criteria similar to those used by ARERA in case of control.

In order to ensure that the audits planned for 2024 can be performed on a larger number of sites, a new specific "expanded sampling" verification method was introduced in the 2024 planning, as in 2023, to be used for the most important plants, while maintaining a "reduced sampling" solution that makes it possible to expand the range of Areas audited during the year.

As at 30 June 2024, 4 plants were audited for technical quality aspects and 3 Provinces were audited for commercial quality aspects; the audits will continue also in the second half of the year, until the planned plants and Provinces are covered.

The proposed corrective or preventative actions, once implemented by the audited structures, allow to further improve the confidence on compliance of the audited data where necessary.

10.4 Control over worksite safety

During the first half of 2024, work continued to guarantee alignment to relevant laws in force and compliance with corporate provisions regarding the management of safety aspects for activities which fall under Art. 26 and in Chapter IV of Legislative Decree 81/08, which involve company representatives, respectively in the role of Employer commissioning the work, Principal and Works Manager.
Company documents relevant to the definition of roles and responsibilities of the profiles involved in the application of Chapter IV of Italian Legislative Decree 81/08 were reviewed and considered updated.
As for the management of safety coordination at worksites, monitoring and periodic reporting efforts continued with respect to the activities performed by external and internal CSPs (safety coordinators in the design stage) and CSEs (safety coordinators in the execution phase) involved across the Company.
All the CSEs adopt the same format for reporting site visits, so that a standardised method is adopted in carrying out the controls, limiting as far as possible a subjective approach.
In the first six months of 2024, the CSEs produced a total of 3,343 reports (in line with the first half of 2023), highlighting 215 cases of non-compliance (NC)—i.e. approximately 20% less than in the first half of 2023—all of which were managed by checking the actions implemented by the companies following the CSEs' instructions. The value of the control process reference performance indicator is 94%, i.e. four percentage points higher than the corporate target.
During the six months under review, the project to standardise conduct and streamline the activities carried out by operational control staff (ACOs) continued. The periodic monitoring of this project shows very encouraging data regarding the performance indicators of the ACOs' control process on safety, environment and quality.

10.5 Checks on Cilento Reti Gas operations

With reference to the commitments undertaken pursuant to agreements and regulations governing activities underpinning technical design and works management operations, the QSE Function performs tasks pertaining to quality control and to the coordination of material testing activities carried out by the contractors selected by the construction partner.
During the first half of 2024, three days of site inspections were carried out—during the testing of finished works—through surveys and sample tests; on three plants under construction, 18 technical checks and 3 document checks were carried out overall, the results of which attested to the compliance of works with technical specifications and quantities accounted for.
With regard to the materials supplied, 2i Rete Gas ensured that checks were performed on the supplies required by the construction partner. This monitoring

included both on-site visits during the production phase as well as detailed checks of the quality assurance documentation and test result declarations. All materials that were test-checked were found to comply with expected standards.

11 Human resources

11.1 Corporate organisation

2024 began with the territorial streamlining of the North-West Department, which led to the incorporation of the Albenga Area into the structure of the Castellazzo Bormida Area, with a view to constantly pursuing operational efficiency for the end customer thanks to the benefit of synergies deriving from the aggregation of processes and the economies of scale generated. Furthermore, in the first half of the year, changes were made to the organisation of the HR Department which, in line with the objectives defined at the end of 2023, revised its structure in order to implement the Group's new people strategy that places people at the centre, with a focus on staff engagement and talent management and development, also through the implementation of a new Total Reward policy structured according to industry best practices. The internal processes of the Department were also reorganised in order to enhance the specialist skills of the various functions and oversee the innovation and digitalisation of the Department's processes.

In May, the process for the acquisition, management and communication of meter and consumption data was re-engineered, in both the business and mass market areas, adapting it to the innovations introduced by the Authority's resolutions.

At the end of the period, effective as of 1 July 2024, the organisational change that led to the creation of the new Digital Room was finalised, which, benefiting from the latest developments in digitisation, will allow the intensification and streamlining of remote system management and maintenance. This change led to the redistribution of activities between the Network Digitisation and Engineering units, pursuing the objective of specialising skills, as well as promoting the enhancement of collaborators.

11.2 Industrial relations

At the start of the year, in compliance with legal and contractual requirements, the trade union representatives were given prior notice of the terms and operating methods of the corporate streamlining of the North-West Department through the merger, as of 29 January 2024, of the Castellazzo Bormida Area and the Albenga Area, which envisages the incorporation of the latter.

Following up on Company's schemes for use of holidays accrued, a specific union agreement was signed for the collective closure of the Headquarters and secondary offices in Verona, Frosinone, Acquaviva delle Fonti, Selvazzano Dentro and Naples, as well as the local area department staff functions, on the long weekend of 25 April and during the two central weeks of August. Compared to previous years, the change concerned the possibility of making the use of company closure weeks more flexible in the June-July-August period.

In the first half of the year, trade union agreements were also signed with the National Secretariats on funded training, taking into account the needs and suggestions made by the relevant departments.

On the subject of trade union agreements, on 22 March 2024—following positive talks with the trade unions—a Remote Work agreement was signed which, in continuity with the previous provisions regulated by the agreement of 27 January 2022, introduced, also from a sustainability and work-life balance perspective, new work-life balance mechanisms (introduction of greater work flexibility in the month; increased access to remote work for area functions; introduction of more favourable conditions for new parents) effective as of 1 July 2024, with the duration of the agreement set until 31 March 2027.
At the same time, a transitional and temporary agreement was also defined, mainly relating to the management of the cases of "fragile individuals" which, in light of the end to the extraordinary provisions for vulnerable individuals imposed by the 2024 Budget Law, provided for a further extension of the use of emergency remote work, granted by 2i Rete Gas on an exceptional basis until 30 June, which has now expired.

On 29 May 2024, the results relating to the 2023 Performance Bonus indicators were finalised in a report signed by the parties concerned, confirming the achievement of the target objectives. The staff was given the opportunity to elect to convert the monetary component into benefits/services. In fact, the provisions concerning the possibility of converting the bonus into welfare services, as well as the manner and timing of payment as regulated by the Agreement of 22 June 2023, remain unchanged. With specific reference to the family, health, assistance and wellness area, the possibility of accessing Welfare Services through a mixed credit, i.e. Performance Bonus credit and "*2insieme a Te*" credit, was offered again and encouraged. Pursuant to the Performance Bonus settlement agreement, the percentages (up to 100% of the accrued bonus) and the reasons for converting the performance bonus were confirmed, including additional measures, benefits and services. In order to promote greater use and diffusion of the unilateral welfare system among workers, the single welfare package "*2insieme a Te*" was offered again.

The amendments by way of derogation from Article 51(3) of the Consolidated Income Tax Act (TUIR) were implemented, which also proved useful for the purposes of corporate welfare, especially in the context of the tax measures introduced by Article 1(16)(17) of Law 213 of 30 December 2023 (2024 Budget Law).
Therefore—for the 2024 tax period only—it was decided that the following would not qualify as taxable income:

- up to 1,000 euro, the value of goods sold and services provided by the employer to its employees without dependent children;
- up to 2,000 euro, the value of goods sold and services provided by the employer exclusively to its employees with dependent children—including children born out of wedlock who are recognised, adopted or fostered.

Considering the evolution of the management and organisational structures, in response to the specific technical and organisational needs connected to regulatory changes and the streamlining of internal processes and procedures, prior notice was provided to the RSUs followed by specific local meetings aimed at providing any further details regarding the metering of the Network Customer Services function, whose Metering unit, as of 1 June 2024, incorporated the activities carried out within the individual Departments for said function, along with the resources assigned to the same.

Finally, periodic disclosures included specific local meetings on the topic of on-call service availability in the Padua-Venice Area and the evolution of the organisational/management structure in the Naples Area.

11.3 Recruitment

As at 30 June 2024, the Group had 2,163 employees.
As part of the efforts to upgrade and increase the professional skills required for the development of the company's strategy, in the first half of 2024, the 2i Rete Gas Group's long-term recruitment plan led to the hiring of 61 new resources, all through external selection.
The hiring process concerned white-collar as well as blue-collar staff profiles and was designed to meet the need to replace outgoing staff, primarily due to retirement. Moreover, it was necessary to fill positions that had become vacant as a result of the job posting process or internal job rotation; the new hires also partly responded to staff implementation needs.
As regards the internal job posting process, 18 recruiting procedures were started for as many vacancies, with 16 applications received and 2 selection processes completed or in the final stages.
In order to promote the attractiveness of the Company, various Employer Branding activities were consolidated, including the enhancement of the LinkedIn company page, participation in the Milan Polytechnic "Associate" programme and the

implementation of partnerships with universities and educational/school institutes.
Furthermore, through the implementation of the new Network Time 2024 project, a review of the current selection procedure began in order to streamline and improve the effectiveness of the entire process.

11.4 Training and development

A number of training initiatives were developed in 2024, focusing on management and specialist (including IT) issues, as well as technical and security issues.

The most relevant management and specialist courses delivered included:

- Managerial – leadership development and coaching – 2 courses for a total of 74 hours, involving around 100 colleagues. The aim was to develop and consolidate skills such as emotion management, communication, negotiation and conflict management and to share an evolutionary leadership model that integrates and enhances personal qualities and takes into account generational, role and gender differences. The focus points were Self-efficacy and Personal Effectiveness, Growth mindset, Delegation and accountability.
- Refresher course on the new procurement code – involving 20 colleagues, with the aim of providing an update on the new applicable regulations, with a focus on critical issues, access to documents and disclosure obligations in special sectors.
- Training course on the new company website (24 hours), based on the profile/role, training sessions were activated for 63 colleagues.
- Training course for new approvers on performance evaluation, 4 hours with the involvement of 12 colleagues.
- HR Masterclass – Advanced training course on human resources management, 69 hours over 5 months for 2 colleagues developing new skills in the human resources field.
- Future It Leaders master's course, aimed at developing managerial skills for middle managers in the IT department.
- Courses for the attainment of ITIL 4 Foundation (for IT Services) and PRINCE2 7 Foundation (for Project Management) certification for 2 colleagues, for a total of 16 and 24 hours, respectively.
- In the context of the implementation and certification of the UNI practice on gender equality under UNI PDR 125/22 and Italian Legislative Decree 231/01, regulatory refresher courses on Whistleblowing, Gender Equality and D&I have been launched

for an increasing number of colleagues, after starting with an initial number of around 90.

- Language courses—in individual or group remote sessions—involving 50 colleagues.

As for technical and operational training, a whole range of significant initiatives were launched and delivered. Most notably:

- In June, the new commercial portal SINAPSI was released in full mode for 4 departments (North, North-East, North-West and South-East), with the training of around 400 key resources from the areas (Train The Trainer mode then downstream to department/area resources).
- The theoretical and practical training course on emergency response and leakage continued to be delivered to operators and Area technicians, involving about 200 colleagues as well as external staff belonging to contractors and working on Group plants.
- As regards the staff in charge of distribution plant surveillance, a training course on UNI 11633:2016 – UNI PDR 39:2018, preparatory to qualification on various types envisaged by legislation, was launched for about 130 resources, including technicians and local operators.
- A total of around 170 resources were trained on the "Operation and Maintenance of Equipment" for two of the Group's suppliers.
- A new training path was created for certain area figures (supply service management and commercial technicians), involving around 30 resources of the South-East department, with the aim of providing knowledge support to be used during the promotion phase of new activations in the area.

In partnership with the QSE function and the Head of the Prevention and Protection Service (RSPP), a number of training courses were organised and delivered concerning safety at work, including:

- firefighting training involved 160 resources in the basic course and 170 in the refresher course;
- first aid training involved 110 resources in the basic course and 50 in the refresher course;
- training on PPEs category III and face masks involved 320 resources in the basic course;
- training on the role of Safety Manager involved over 200 people, in basic and refresher courses;

Trainer-led training on specific risks also started for about 50 resources, in particular high-risk employees for outdoor and operational activities.

11.5 Staff administration

Travel management – Survey

Following a project to analyse and restructure the internal HR processes, in February 2024, a selected sample of business travellers responded to a survey with the aim of collecting information to improve the travel booking service. The evaluation of technical proposals to improve the service is currently underway.

Parenting

In order to enhance policies for the management of parenting and work-life balance, a special section (Maternity FAQ) dedicated to information on parenting has been created in the company Intranet: maternity, paternity, parental leave, breastfeeding leave with related information for use.

Trade union agreements

The company trade union agreements signed in 2023 and 2024 called for appropriate adjustments in payroll management and associated attendance recording systems, effective from January 2024.
Trade union agreements and the related adjustments to the systems concerned:

- Increase in the value of meal vouchers and related accounting methods
  Meal vouchers are now accrued on a post-pay basis for all staff. The change in method made it necessary to review technical aspects of the applications and provide appropriate information on the subject to all staff. These system implementations have made the accounting methods more efficient, transparent and flexible.

- New travel agreement
  The SAP HR management system has been updated with the new economic treatments provided for in the second-level agreement signed.

- Remote work
  The review of the remote work agreement made it necessary to implement a system-wide project to integrate the new rules with existing automations, which led to the creation of the tools necessary for the correct and efficient management of the new process and related reporting.

11.6 Corporate environment

In 2024, the agreement regarding remote work as a long-term experimental work-life balance instrument was extended.

With a view to continuing company-wide knowledge-sharing efforts, 2024 saw the expansion of a number of initiatives to provide suitable support for the transformation of skills and generational diversity, acknowledging the inestimable value that the transfer of knowledge represents.
In order to ensure a structured and appropriate onboarding of newly recruited resources, a detailed programme for new hires was defined, whereby the local core business units illustrate and contextualise their activities within the company organisation.
The teacher pool grew with new resources, identified as senior figures in terms of experience and expertise.

Furthermore, to reduce the distance between headquarters and the local areas and to spread a culture based on a holistic vision of our end-to-end activities—the aim invariably being to create relations and relationships between the people that are part of the company—the headquarters resources conducted a technical operational tour across the territory called "Getting to know the company and learning more about our business".

With a view to implementing new initiatives aimed at the greater involvement of new resources, the "Welcome to you!" project was launched.
A section dedicated to introducing new colleagues joining the Company has been created on the company Intranet.

With reference to the initiative concerning the employee satisfaction survey and work-related stress assessment launched in October 2023, which involved the entire corporate population, in the first half of 2024 the results were shared at specific meetings organised in the premises of all Departments. During the aforementioned meetings, the action plan drawn up in response to the findings of the survey was presented with the aim of allowing work activities to be performed in an even smoother and more sustainable fashion, while preserving health and safety.

Staff empowerment

In the first half of 2024, several staff empowerment initiatives were implemented:

- Charity sports events: On 7 April 2024, the Milan Marathon took place, a relay race stretching 42 kilometres and 195 metres, divided into 4 phases, in which 2i Rete Gas took part with 3 teams. The proceeds from our participation supported the "A CASA CON CURA" (at home with care) project, a home assistance service for vulnerable elderly people through *Fondazione Amici del Trivulzio – Martinitt e Stelline*.

- In April 2024, an event was organised for the Human Resources team, where HR colleagues took part in a team-building session with the aim of consolidating team spirit and working on topics related to pro-activity and self-empowerment.
- Celebration of world days recognised by the UN, considered relevant for raising awareness of energy saving and waste reduction: 16 February was the National Day of Energy Saving and Sustainable Lifestyles and 2i Rete Gas participated in the initiative "*M'illumino di meno*" with the symbolic gesture of turning off non-essential lights in all offices for 1 hour from 11.00 to 12.00 (in compliance with workplace health and safety regulations), also sharing some of the suggestions of the energy saving initiative in a handbook distributed to colleagues.
- On 1 March, the international day against discrimination #ZeroDiscriminationDay was celebrated with a specific communication campaign.
- World Environment Day was celebrated on 5 June.

Welfare plan

With regard to the 2024 Welfare Plan, after listening to the suggestions and requests of colleagues, the new single package "*2Insieme a Te*" was activated, confirmed for 650 euro effective from 17 June 2024 and expiring on 30 November 2024; the amount, made available to resources who joined the company before 31 May 2024, can be spent with greater flexibility in the areas of health and wellbeing, education and elderly care expenses, and all services related to fringe benefits, as well as travel and entertainment.
The corporate welfare plan implemented the new provisions of the 2024 Budget Law in terms of exemption limits and new services related to fringe benefits envisaged in the aforementioned legislation.
As was the case in the previous year, with reference to any family needs, staff will be able to access forms of microcredit capable of supporting the family/individual financial budget, thus allowing to defer certain expenses linked to child education, family care services and medical expenses.
The telemedicine service continued to operate.

In May 2024, in compliance with the provisions for companies with more than 100 employees in Metropolitan Areas, the Green to Win initiative—concerning home-work commute and aimed at adopting an increasingly sustainable lifestyle—was presented, which encourages virtuous and flexible urban mobility while reducing the use of cars and consequently the emission of polluting substances.

All colleagues at the Milan Office were given the chance to install the Mobility Company app on their phones, through which home-work commutes made on foot, by bike or public transport, are rewarded with points that will be transformed into vouchers to spend in the city's shops or other prizes.

12 IT systems

In the first half of 2024, the significant commitment to the multi-year programme for the upgrading and streamlining of the main IT systems, compliance activities, network digitisation and cybersecurity-related activities continued.

An important section of the programme consists of project initiatives for the technological upgrading of IT applications and services.
In the first half of the year, the new SINAPSI commercial portal, replacing FOUR GAS, extended the available functions and expanded its territorial scope, currently covering 75% of supplies managed. The territorial roll-out and the integration of all functions should be completed by the end of the year.
The Cloud migration project for infrastructure services has completed the initial design and set-up of cloud resources and security infrastructures, defining a multi-zone solution that supports Business Continuity. During the year, the transport billing services, the new website infrastructures, the new Enterprise Data Warehouse and the Emergency Response ticket management platform were activated.
The project to upgrade the SAP IS/U invoicing system to the S4 HANA release successfully went live in the first quarter, recording significant performance optimisations. Project activities continued with the aim of completing the implementation of the advanced data storage functions by autumn to ensure the simplified maintenance and management of the solution over time.
At the start of the year, the project for the technological update of the SAP BW Enterprise Data Warehouse and the contextual migration to native Cloud infrastructure began, which should be completed by the end of the year.
The management system for Emergency Response calls is being updated to the new NextGen solution: once the initial set-up and first upgrade tests of the current Geocall solution have been completed, the Cloud operational architecture is expected to be updated within the year.
The new Group website was launched mid-July, which involved significant efforts of the Communications function and the various corporate functions throughout the first half of the year, with the aim of implementing an easy-to-use tool that maximises visibility and searchability, and contributes to the improvement of the corporate image, in line with the Company's communication guidelines.
In terms of infrastructure, technological upgrading activities in the End User Computing were completed in the first half of the year, with the updating of some of the notebooks and the adaptation and transfer of the IoT infrastructures located

in the technical room in Bergamo to the Rozzano Data Centre. The technical upgrade of the cloud-based Wi-Fi solution for offices began, which should be completed by the end of the year.

In the first half of the year, many initiatives continued to support network digitisation endeavours, with special reference to the project to implement the new IoT platform. The programme of interventions and implementations concerned tools to support field equipment monitoring and city gate metering processes, and in particular, interventions to optimise the communication infrastructure, create the remote metering protocol and integrate maps for the real-time management of alarms.
The interventions carried out to support the MIM platform for managing Smart Meters concerned the extension of the remote management process to meters with NB-IoT communication technology, optimisation of the management of dual-channel residential meters and new features on concentrators to maximise the acquisition of meter readings, enabling the dynamic management of transmission power modulation based on site characteristics.

As part of the Sustainability Plan initiatives, activities to support the process for evaluating and measuring fugitive emissions continued, with the aim of perfecting the calculation model already implemented and expanding the functions available to the business with the introduction of advanced reporting and the ability to carry out simulations during the year. The implementation phase started following the completion of the analysis and infrastructure set-up phase of the solution supporting the Control Room which, through the analysis of the alarms produced by the IoT platform and the correlation with other operating quantities and external information, will help better differentiate between real field interventions to be addressed and anomalies that constitute false positives. Implementation of the new solution for the management of the corporate sustainability plan, based on the Oracle EPM Cloud platform, began, which enables the timely monitoring of the plan's progress and the reporting of parameters that are necessary for regulatory compliance and useful to stakeholders.

In the first half of the year, the usual efforts to support compliance with resolutions and regulations on billing, transport and metering were confirmed, providing the functions needed to monitor the expected KPIs and minimise the risk of penalties.

The cybersecurity intervention plan continued with a view to countering the risk of cyber-attacks, through the implementation of interventions identified as remediation actions as part of the action plan defined as a result of the annually updated Risk Assessment. In particular, strengthening activities resulting from Vulnerability Assessment & Penetration Test activities conducted in 2023 are being implemented, the roll-out of encryption for mobile assets (smartphones and tablets) was completed, the configuration of the new Privileged Access

Management (PAM) solution is underway for the optimised management of administrative users with privileged access, and Security Awareness campaigns were continued to mitigate the risk of Phishing attacks.

In terms of IT Governance, new operating instructions relating to the Demand Management process were released and a more structured process for the cost-benefit assessment of interventions was implemented on the ITSM portal, identifying and planning the development initiatives of greatest value to the company to be implemented on its systems.

13 Research & Development

The executive designs of the 4 projects admitted to trial by ARERA within the framework defined by Resolution 404/2022/R/gas, as subsequently amended, aimed at supporting the energy transition and decarbonisation, are currently being drawn up. The projects were delivered by the end of July, in full compliance with the established deadlines.

In May, the second reporting of company data on fugitive emissions and on the plan to reduce them in accordance with the OGMP 2.0 (Oil & Gas Methane Partnership 2.0) framework was completed. The results of the evaluations on the reports and emission reduction plans submitted, and the confirmation of the "Gold Standard" award obtained last year, are expected to come through in the second half of the year.

A preliminary assessment of the compatibility of the existing network with hydrogen distribution was completed, with the support of RINA, also designing a model for the analysis and assessment of company assets to ensure the eligibility of hydrogen in distribution networks.

14 Risk Management

The section concerning Enterprise Risk Management describes the main operational risks that characterise the sector in which the 2i Rete Gas Group operates. On the other hand, with regard to liquidity, credit and market risks, reference should be made to the relevant section in the notes to the interim condensed consolidated financial statements.

14.1 Operational risks

Operating natural gas distribution networks involves the risks of malfunction or unforeseen service disruption due to factors that are beyond the Group's control, such as accidents, breakdowns or malfunctions of equipment or control systems, plant underperformance and extraordinary events such as explosions, fires, earthquakes, landslides, and other natural disasters. These events can result in service disruption, significant damage to people or property as well as the environment, and/or economic and social turmoil.

Any service disruptions, underperformance, or inadequacy of the Group structures and/or the consequent obligations to provide compensation could result in a reduction in revenue, an increase in costs, and/or regulatory actions.
To prevent these risks, and specifically the risk of natural events damaging the networks, the Group has taken out insurance policies that are considered adequate for the damage that could be incurred or caused.

The installation of smart meters and capabilities for the collection of data on consumption pursuant to ARERA Resolution 155/2008 is one of the Group's most important projects in terms of innovative technology and investment levels.
The installation and use of new generation smart meters ensures greater accuracy and faster turnaround times regarding metering and recording of actual consumption, while streamlining corporate processes.
There is the risk however that the Group might be obliged to bear maintenance or replacement costs sooner than anticipated in its strategic plans and not covered by tariffs, since smart meter technology and their supply market have only been created recently, and no historic data exist as to the duration of such meters or their technology. The smart meter implementation plan might also result in an increase in operating costs for the new meters, which in turn might cause technical and operational issues during their actual life cycle.

14.2 Risks linked to changes in the legal and regulatory context

The Group might be exposed to risks related to changes in the tariff remuneration applied to its regulated activities in the natural gas distribution sector. A change in the regulatory variables or in the method used for regulation—including, but not limited to, how the contributions received to develop the network and infrastructure are included in the tariff in each regulated period—might for example impact the tariffs applicable to the Group's business, with impacts on revenue and margins.
The regulatory period spans six years, and the WACC (Weighted Average Cost of Capital) is reviewed every three years.

14.3 Risks pertaining to gas distribution service tenders

The Group's ability to conduct its business depends on the gas distribution concessions granted by local Italian authorities.
Although the Group has a strong market position and financial standing, there are no guarantees that it will be able to retain or renew concessions for the areas in which it operates, or win new concessions. Even if it is awarded new or renewed concessions, there is no guarantee that the Group will benefit from conditions that are generally equal to or better than existing ones (combination of payments and planned investments). Given the complexity of the regulations governing the new bidding process, the outcomes of future tenders could result in legal disputes between concessionaires, including between the Group's gas distribution companies and other parties such as outgoing operators and municipalities.
However, over the past few years the Group has devised and prepared its development strategy with due care, and has all the financial resources and know-how to face up to this challenge.

14.4 Risks arising from the possible reduction of natural gas consumption and energy transition

Although the revenues of the Group companies are mainly regulated and not directly related to distribution volumes, there are some indirect risks linked to a potential reduction in gas demand.

In particular, prolonged economic crisis or other external causes could result in a decrease in the number of customers served and consumption, with the possibility of government or regulatory interventions making unfavourable changes to the regulatory framework. The progressive decarbonisation of energy, driven by international agreements such as the 2015 Paris Conference (COP21) and the European Union goals, could lead to scenarios where the role of gas in end-uses is significantly reduced. This could translate into less use of distribution infrastructure, increasing the risk of stranded assets, i.e. underutilised infrastructure that does not generate sufficient returns to justify the investment.

On the other hand, the adaptation of existing infrastructures for the transport of renewable gases, such as biomethane, synthetic methane from renewable sources and hydrogen, represents an opportunity to mitigate this risk. The integration of the electricity and gas sectors, referred to as sector coupling, could promote a synergistic use of resources, improving the flexibility of the overall energy system and contributing to the achievement of decarbonisation targets. In this context, gas infrastructure could play a crucial role in balancing renewable energy production, compensating for its discontinuity through storage mechanisms.

However, in the long term the transition to a decarbonised energy system will inevitably lead to a reduction in the use of natural gas in favour of alternative sources, including so-called "green gases". This prospect implies a reduction in the use of traditional infrastructures and, consequently, a growing risk of stranded assets. In response to these dynamics, ARERA (the regulatory authority for energy, networks and the environment) suggested the possibility of reducing the depreciation periods for at-risk infrastructure, so as to limit the financial impact of any stranded assets.

In order to address these challenges, the Group is implementing transformation strategies for its networks, focusing on digitised infrastructures capable of supporting the distribution of renewable gases such as hydrogen and biomethane. Projects to develop power-to-gas solutions, which allow the conversion and storage of renewable energy, and energy efficiency initiatives are also underway. These interventions not only enable adaptation to the ongoing energy transition, but also make a significant contribution to the resilience and sustainability of the energy system, reducing the risk of underutilisation of infrastructure and supporting the Group's competitiveness in the long term.

14.5 Environmental and security risks

Operating and maintaining gas distribution networks is a potentially risky activity that could cause damage to third parties or Group employees. The Group is subject to national and EU health and safety regulations, aimed at protecting both the public and workers.
As part of its operations, the Group uses products and by-products that may be hazardous, and the sites where it operates are regulated by specific laws regarding pollution, environmental protection and the management of hazardous substances and waste.

These regulations entail costs and potential liabilities for the Group in relation to its activities and plants, including expenses for waste management and disposal. The costs associated with any future environmental remediation obligations involve uncertainties, due to the severity of the contamination, the remedial measures to be implemented, and the Group's share of responsibility, which is often difficult to determine.
To reduce these risks, the Group has adopted specific compliance procedures and constant monitoring of the main environmental parameters, in addition to taking out insurance policies that cover the costs of containing any pollution incidents, as well as remediation costs and related damages.

14.6 Risks related to climate change

In defining climate-related risks and opportunities, the Group began by identifying the time horizons on which to base its analyses regarding impacts due to climate change, which were identified as "Short-term" (0 to 5 years), "Medium-term" (between 5 and 10 years) and "Long-term" (between 10 and 20 years).
With regard to the short/medium-term time horizon, the events that were identified refer mainly to the intensification and propagation, across new geographical areas, of hydrogeological instability (chronic risk) and an increase in acute meteorological events, such as rainfall of exceptional magnitude (so called "water bombs"). If, on the other hand, we consider longer time frames (medium/long-term), the major risks refer to rising average temperatures with consequent impact on energy consumption (chronic risk) and changes to policies and regulations in relation to the transport and distribution of climate-changing energy carriers (transition risk).

In an effort to mitigate the impact of such events on the Company's business, 2i Rete Gas has implemented, on the one hand, constant monitoring of hydrogeological instability and large-scale meteorological events, also through the development of a proprietary model for assessing hydrogeological risk and, on the other, an in-depth assessment to intensify energy supply both in terms of replacement of higher environmental impact energy carriers and of green energy distribution (mixtures of methane and hydrogen, feeding biogas or synthetic gas into networks).

14.7 Risks related to the supply chain

The Group might face risks related to difficulties in the supply chain, which could hinder its ability to continue operations on the distribution network according to plans, or risks of increases in the prices of materials needed to carry out its activities.

In this regard, it should be noted that, where possible, the Group adopts supply and storage mechanisms that allow for the maintenance of adequate stock to ensure operational continuity. Furthermore, tenders for the procurement of materials can be conducted at the European level, involving a wide range of operators, provided that they meet the requirements for inclusion in the Group's supplier list.

15 Outlook

In 2024, the Group will continue to invest in its network and metering systems. Profitability for 2024 is expected to be in line with the performance in the first half of the year.
The 2024 action plan includes the following objectives:

- Further strengthening our commitment to minimise workplace accidents, by enhancing the quality of work and safety standards at all stages of our operations;
- Continuing the extraordinary maintenance programme for the gas network, also in view of our country's decarbonisation targets;
- Concentrating resources on the highest value-added network operations, by relying on increasingly focused and specialised operational units, including digital ones;
- Continuing efforts aimed at monitoring and possibly participating in ATEM tenders;
- Further improving the IT tools currently used in order to update the architecture and application map and achieve greater efficiency, leveraging the functionalities made available by innovation to pursue and improve corporate processes and systems as well as open up new opportunities.
- Continuing to implement the approved sustainability plan by pursuing the objectives set out therein.

2i Rete Gas S.p.A.
The Chief Executive Officer
Francesco Forleo

III. Interim Condensed Consolidated Financial Statements

IV. Financial Statements

V. Profit and Loss Account

Thousands of euro	Notes	30.06.2024	of which to related parties	30.06.2023	of which to related parties
Revenue					
Revenue from sales and services	5.a	442,538	-	370,307	-
Other revenue	5.b	13,366	48	16,927	32
Revenue from intangible assets / assets under development	5.c	170,660	-	167,099	-
Running total		**626,564**		**554,333**	
Costs					
Raw materials and consumables	6.a	27,490	-	26,256	-
Services	6.b	182,213	1,619	182,609	2,092
Personnel costs	6.c	72,128	1,036	73,307	1,657
Amortisation, depreciation and impairment losses	6.d	117,807	-	114,245	-
Other operating costs	6.e	38,221	226	23,110	195
Capitalised costs for internal work	6.f	(553)	-	(506)	-
Running total		**437,307**		**419,021**	
EBIT		**189,257**		**135,312**	
Income/(expenses) from equity investments	7	425	(24)	27	27
Financial income	8	8,597	43	1,798	12
Financial expenses	8	(37,512)	-	(33,072)	-
Running total		**(28,491)**		**(31,247)**	
Profit/(loss) before tax		**160,767**		**104,065**	
Taxes	9	48,059	-	29,866	-
Profit/(loss) from continuing operations		**112,707**		**74,199**	
Profit/(loss) from discontinued operations	10	**-**		**-**	
NET PROFIT/(LOSS) FOR THE PERIOD		**112,707**		**74,199**	
Net profit/(loss) for the period attributable to:					
- Owners of the Parent		112,774		74,280	
- Non-controlling interests		(67)		(80)	

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VI. Statement of Comprehensive Income

Thousands of euro	30.06.2024	31.12.2023
Net profit/(loss) recognised in the profit and loss account	**112,707**	**182,066**
- Net profit/(loss) attributable to owners of the Parent	112,774	182,071
- Net profit/(loss) attributable to non-controlling interests	(67)	(5)
Other comprehensive income		
Items that will never be restated under profit/(loss):		
Revaluations of net liabilities/assets for defined benefits - owners of the Parent	607	(490)
Deferred tax assets and liabilities on items which will never be classified under profit/(loss) - owners of the Parent	(34)	712
	572	222
Items that may be restated subsequently under profit/(loss):		
Change in fair value of hedging derivatives - owners of the Parent	-	(7,604)
Change in fair value of hedging derivatives reclassified in profit for the period - owners of the Parent	(5,404)	(6,707)
Change in fair value of hedging derivatives (tax effect) - owners of the Parent	-	1,825
Change in fair value of hedging derivatives reclassified in profit for the period (tax effect) - owners of the Parent	1,297	1,610
	(4,107)	(10,877)
Total other comprehensive income	**(3,535)**	**(10,655)**
Total comprehensive income	**109,173**	**171,411**
Total comprehensive income attributable to:		
- Owners of the Parent	109,240	171,416
- Non-controlling interests	(67)	(5)

No. Shares 363,851,660

EPS: 0.3099 euro

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VII. Statement of Financial Position

Thousands of euro	Notes	30.06.2024	of which to related parties	31.12.2023	of which to related parties
ASSETS					
Non-current assets					
Property, plant and equipment	11	34,109	-	37,054	-
IFRS 16 right-of-use assets	12	22,526	-	24,058	-
Intangible assets	13	4,758,441	-	4,706,595	-
Net deferred tax assets	14	136,318	-	128,308	-
Equity investments	15	3,809	3,686	3,833	3,710
Non-current financial assets	16	13,442	-	12,768	-
Other non-current assets	17	65,438	-	23,906	-
	Total	**5,034,081**		**4,936,522**	
Current assets					
Inventories	18	29,413	-	23,849	-
Trade receivables	19	176,939	38	197,365	42
Short-term financial receivables	20	2,409	1,350	2,853	1,350
Other current financial assets	21	6,167	22	4,249	20
Cash and cash equivalents	22	310,254	-	324,901	-
Income tax receivables	23	3,031	-	3,059	-
Other current assets	24	309,018	-	313,553	-
	Total	**837,230**		**869,830**	
Non-current assets (or assets included in disposal groups) held for sale					
Non-current assets (or assets included in disposal groups) held for sale	25	597	-	12	-
	Total	**597**		**12**	
TOTAL ASSETS		**5,871,909**		**5,806,364**	

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Thousands of euro	Notes	30.06.2024	of which to related parties	31.12.2023	of which to related parties
EQUITY AND LIABILITIES					
Equity - Owners of the Parent	26				
Share capital		3,639	-	3,639	-
Treasury Shares		-	-	-	-
Other Reserves		597,197	-	600,732	-
Retained earnings/(accumulated losses)		629,494	-	572,442	-
Net profit/(loss) for the period		112,774	-	182,071	-
Total equity - Owners of the Parent		**1,343,104**		**1,358,883**	
Equity - non-controlling interests					
Non-controlling interests		1,824	-	1,829	-
Net profit/(loss) for the period - non-controlling interests		(67)	-	(5)	-
Total equity - non-controlling interests		**1,758**		**1,824**	
TOTAL EQUITY		**1,344,861**		**1,360,708**	
Non-current liabilities					
Long-term loans	27	3,028,411	-	3,036,295	-
Post-employment and other employee benefits	28	27,116	-	28,609	-
Provision for risks and charges	29	10,897	-	10,842	-
Deferred tax liabilities	14	-	-	-	-
Non-current financial liabilities	30	-	-	-	-
Non-current IFRS 16 financial liabilities	31	15,115	-	16,361	-
Other non-current liabilities	32	359,226	-	355,352	-
	Total	**3,440,765**		**3,447,459**	
Current liabilities					
Short-term loans	33	-	-	-	-
Current portion of long-term loans	34	507,808	-	507,437	-
Short-term portion of long-term and short-term provisions	35	97,407	-	81,471	-
Trade payables	36	205,103	7,257	222,807	7,417
Income tax payables	37	69,868	-	16,473	-
Current financial liabilities	38	41,045	-	32,651	-
Current IFRS 16 financial liabilities	39	6,883	-	7,303	-
Other current liabilities	40	158,136	11	130,056	11
	Total	**1,086,249**		**998,197**	
Non-current liabilities (or liabilities included in disposal groups) held for sale					
Non-current liabilities (or liabilities included in disposal groups) held for sale	25	33	-	-	-
	Total	**33**		**-**	
TOTAL LIABILITIES		**4,527,047**		**4,445,656**	
TOTAL EQUITY AND LIABILITIES		**5,871,909**		**5,806,364**	

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VIII. Statement of Cash Flows

Thousands of euro		30.06.2024	30.06.2023
A) CASH AND CASH EQUIVALENTS - OPENING BALANCE	**22**	**324,901**	**46,038**
Cash flow from operating activities			
Profit/(loss) before tax		160,767	104,065
Taxes	9	(48,059)	(29,866)
1. Net profit/(loss) for the period		**112,707**	**74,199**
Adjustments for:			
Depreciation and amortisation	6.d	117,546	114,723
Impairment/(Reversals)/(Releases)	6.d	261	(478)
Capital (gains)/losses	5.b/6.e	2,056	6,498
Allocations to provisions for risks and charges and post-employment benefits		31,057	18,496
Financial (income)/expenses	7 and 8	28,491	31,247
2. Total adjustments		**179,411**	**170,487**
Change in net working capital			
Inventories	18	(5,564)	(3,067)
Trade receivables	19	20,652	(15,215)
Trade payables	36	(17,704)	(221,984)
Other current assets	24	4,055	58,087
Other current liabilities	40	28,113	(23,024)
Net tax receivables/(payables)	23 and 37	53,423	16,001
Increase/(decrease) in provisions for risks and charges and post-employment benefits	28, 29 and 35	(5,403)	(5,567)
Increase/(decrease) in provisions for deferred tax assets and liabilities	14	(6,748)	(2,806)
Other non-current assets	17	(41,531)	(87)
Other non-current liabilities	32	3,875	238
Financial income/(expenses) other than for financing	8	(219)	(136)
3. Total change in net working capital		**32,949**	**(197,561)**
B) CASH FLOW FROM OPERATING ACTIVITIES (1+2+3)		**325,068**	**47,125**
Cash flow (used in)/generated by investing activities			
Net fixed assets		(175,729)	(174,006)
Purchase of subsidiary and income from equity investments	7, 15 and IFRS 3	449	(270)
C) CASH FLOW (USED IN)/GENERATED BY INVESTING ACTIVITIES		**(175,280)**	**(174,276)**
D) FREE CASH FLOW (B+C)		**149,787**	**(127,151)**
Cash flow from financing activities			
Dividend payout		(125,019)	(111,011)
Change in amortised cost	16, 27 and 34	929	(6,754)
Financial income/(expenses) relating to the FV of the derivative instrument from Comprehensive Income	7 and 8	(5,404)	(1,244)
Financial income for financing activities	8	8,090	1,145
Financial (expenses) for financing activities	8	(36,787)	(32,283)
New loan/Hot money	27 and 33	-	25,000
Receipts from debenture loan issues	27	-	550,000
Debenture loan settlements	27 and 33	-	(87,688)
Change in short-term and long-term financial debt	27 and 33	(9,091)	(9,091)
Change in other non-current financial assets	16	(24)	96,005
Change in other financial receivables	20 and 21	(1,474)	(1,882)
Change in IFRS 16 financial leases	31, 39 and 11	(4,049)	(3,769)
Change in other financial payables	38	8,394	21,865
E) CASH FLOW FROM FINANCING ACTIVITIES		**(164,435)**	**440,292**
F) CASH FLOW FOR THE PERIOD (D+E)		**(14,647)**	**313,141**
G) CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**22**	**310,254**	**359,179**

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IX. Statement of Changes in Equity

	Share capital and reserves									
Thousands of euro	Share capital	Share premium reserve	Legal reserve	Reserves for valuation of derivatives	Other reserves	Retained earnings/(accumulated losses)	Profit/(loss) for the period	**Total - Owners of the Parent**	**Total - Non-controlling interests**	**Total consolidated equity**
Total 31 December 2022	**3,639**	**286,546**	**728**	**84,412**	**235,589**	**517,750**	**169,815**	**1,298,479**	**1,829**	**1,300,308**
Allocation of profit/(loss) for 2022:										
Breakdown of profit/(loss)	-	-	-	-	-	58,804	(58,804)	-	-	**-**
Contribution from shareholders and payments to them as shareholders										
- Dividend payout	-	-	-	-	-	-	(111,011)	**(111,011)**	-	**(111,011)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(111,011)***	-	***(111,011)***
- Other changes	-	-	-	-	-	-	-	**-**	-	**-**
- Other changes	-	-	-	-	4,111	(4,111)	-	**-**	-	**-**
- Change in IAS reserves	-	-	-	(6,725)	329	0	-	**(6,396)**	(0)	**(6,396)**
- Profit/(loss) for the period recognised in profit and loss account	-	-	-	-	-	-	74,280	**74,280**	(80)	**74,199**
Total 30 June 2023	**3,639**	**286,546**	**728**	**77,687**	**240,029**	**572,442**	**74,280**	**1,255,351**	**1,749**	**1,257,100**
Allocation of profit/(loss) for 2022:										
Breakdown of profit/(loss)	-	-	-	-	-	58,804	(58,804)	-	-	**-**
Contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	**-**	-	**-**
- Dividend payout	-	-	-	-	-	-	(111,011)	**(111,011)**	-	**(111,011)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(111,011)***	-	***(111,011)***
- Other changes	-	-	-	-	4,111	(4,111)	-	**-**	-	**-**
- Change in IAS reserves	-	-	-	(10,877)	222	0	-	**(10,655)**	(0)	**(10,655)**
- Profit/(loss) for the period recognised in profit and loss account	-	-	-	-	-	-	182,071	**182,071**	(5)	**182,066**
Total 31 December 2023	**3,639**	**286,546**	**728**	**73,535**	**239,922**	**572,442**	**182,071**	**1,358,883**	**1,824**	**1,360,708**
Allocation of profit/(loss) for 2023:										
Breakdown of profit/(loss)	-	-	-	-	-	57,052	(57,052)	-	-	**-**
Contribution from shareholders and payments to them as shareholders										
- Dividend payout	-	-	-	-	-	-	(125,019)	**(125,019)**	-	**(125,019)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(125,019)***	-	***(125,019)***
- Change in IAS reserves	-	-	-	(4,107)	572	(0)	-	**(3,535)**	0	**(3,535)**
- Profit/(loss) for the period recognised in profit and loss account	-	-	-	-	-	-	112,774	**112,774**	(67)	**112,707**
Total 30 June 2024	**3,639**	**286,546**	**728**	**69,428**	**240,494**	**629,494**	**112,774**	**1,343,104**	**1,758**	**1,344,861**

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Francesco Forleo

X. Notes

16 Format and contents of the Financial Statements

The 2i Rete Gas Group operates in the gas distribution sector. The parent company 2i Rete Gas S.p.A. is a joint stock company, and is based in Milan, Via Alberico Albricci, 10. Pursuant to article 3 of the Articles of Association, the duration of the Parent Company is until 2050.

The local structure of the Parent Company consists of six departments. The departmental offices are:

- North-West Department - Via Gazzoletto, 16/18 – 26100 Cremona (CR)
- North Department – Via Francesco Rismondo, 14 – 21049 Tradate (VA)
- North-East Department – Via Serassi, 17/Rs – 24124 Bergamo (BG)
- Centre Department – Via Morettini, 39 – 06128 Perugia (PG)
- South-West Department – Via Boscofangone snc – 80035 Nola (CE)
- South-East Department – Via Enrico Mattei – 72100 Brindisi (BR)

On 25 September 2024, the Directors of 2i Rete Gas S.p.A. approved these interim condensed consolidated financial statements prepared on a voluntary basis.
For the purposes of IAS 10.17, the date taken into consideration by the Directors in preparing the financial statements is 25 September 2024.
These interim condensed consolidated financial statements are subject, on a voluntary basis, to a limited audit by Ernst & Young S.p.A.

17 Compliance with IFRS/IAS and basis of presentation

These interim condensed consolidated financial statements as at 30 June 2024 have been prepared in compliance with: the International Accounting Standards (IAS) or the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Union pursuant to EC Regulation no. 1606/2002 and effective at the end of the period; the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the interpretations of the Standing Interpretations Committee (SIC) effective at the same date. In particular, these interim condensed consolidated financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting. The above standards and interpretations are hereinafter referred to as "IFRS-EU".

Basis of presentation

The interim condensed consolidated financial statements as at 30 June 2023 consist of the Profit and Loss Account, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and Explanatory Notes.
The assets and liabilities reported in the Statement of Financial Position are classified on a "current/non-current" basis, separately disclosing the assets and liabilities held for sale.
Current assets, which include cash and cash equivalents, are those intended to be sold, consumed or realised as part of the normal operating cycle or within 12 months after the end of the financial year; current liabilities are those expected to be settled in the normal operating cycle or within 12 months after the end of the financial year.
Items in the Profit and Loss Account are classified based on the nature of costs, while the Statement of Cash Flows is presented using the indirect method.
The interim condensed consolidated financial statements are presented in euro (the Group's functional currency) and the amounts reported in the notes are shown in thousands of euro, unless otherwise stated.
The interim condensed consolidated financial statements have been prepared using the historical cost method, except for those items which, in accordance with the IFRS-EU, are measured at fair value, as indicated in the valuation criteria for the individual items.
These interim condensed consolidated financial statements have been prepared on a going-concern basis, as set out more in detail in the Directors' Report.

18 Accounting standards, valuation criteria and use of estimates

In preparing these interim condensed consolidated financial statements, the Group has used the same accounting standards as those used in preparing the consolidated financial statements for the year ended 31 December 2023.

Accounting standards, amendments and interpretations issued by the IASB, endorsed by the European Union and effective as of 1 January 2024

Below are the changes in accounting standards in force as at 31 December 2023 that will apply as from 1 January 2024:

- On 23 January 2020, the IASB issued the document "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)" providing a more general approach to the classification of liabilities under IAS 1. It aimed to clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms. According to the IASB, the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and only these rights should affect the classification of a liability.
- On 22 September 2022, the IASB issued the document "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)" with amendments that clarify how the seller of an asset, which subsequently becomes the lessee of such asset, should measure the sale and leaseback transactions in compliance with IFRS 15. The Board established that the seller-lessee must measure the liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
- Finally, on 25 May 2023, the IASB published "Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)", to be applied in case of supply chain finance arrangements, for the purpose of asking entities to provide additional qualitative and quantitative information with respect to the existing requirements. This information includes, among other things, the carrying amounts, the characteristics of the arrangements and the impacts on the entity's cash flows.

The adoption of these amendments did not impact the Group's consolidated financial statements.

Accounting standards and interpretations issued by the IASB/IFRIC during the first half of the year and not yet effective or endorsed by the European Union

Below are the new standards or interpretations that have already been issued but have not yet become effective or have not yet been endorsed by the European Union as at 30 June 2024 and, as such, are not applicable:

- On 9 April 2024, the IASB published the new IFRS 18 "Presentation and Disclosure in Financial Statements" accounting standard which will replace IAS 1 "Presentation of Financial Statements". The main changes in the new standard comprise the introduction of defined categories and subtotals in the profit and loss account, the introduction of requirements to improve aggregation and disaggregation, the introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements and targeted improvements to IAS 7 regarding the statement of cash flows. The standard will be effective for annual reporting periods beginning on or after 1 January 2027, and early application is allowed.

- On 30 May 2024, with the document "Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7", the IASB addressed some problematic matters that emerged from the implementation of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG targets (i.e. green bonds). The amendments aim to clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) targets and the criteria to be used for the assessment of the SPPI test; and to determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. The amendments will apply as of the financial statements for reporting periods beginning on or after 1 January 2026.

The impact of these amendments on the Group's financial statements is currently being analysed.
On 15 August 2023, the IASB published "Lack of Exchangeability (Amendments to IAS 21)", which contains the criteria to determine whether a currency is exchangeable into another currency and how to determine the exchange rate when it is not. It also specified how an entity determines the exchange rate to apply when a currency is not exchangeable. Moreover, the IASB requires the disclosure of additional information when a currency is not exchangeable: in this case it is necessary to disclose information that enables users of financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the financial performance, financial position and cash flows. The amendments will become effective as of 1 January 2025; however, earlier application is allowed. The adoption of these amendments is not expected to have an impact on the Group's consolidated financial statements.

Use of estimates

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. As these are estimates, actual results may differ from those presented in these financial statements.
The subjective judgements that are relevant to the preparation of these interim condensed consolidated financial statements, as well as the main sources of estimation uncertainty, are the same as those applied in the preparation of the financial statements for the year ended 31 December 2023, taking into account the main legislative and regulatory changes mentioned above that have influenced the judgements.

XI. Information on Profit and Loss Account

Revenue

Methane gas is transported by the company exclusively within Italy. For this reason, the Group did not provide segment reporting pursuant to the requirements of IAS 34 and IFRS 8 (Operating Segments) due to the substantial uniqueness of its business.

5.a Revenue from sales and services

"Revenue from sales and services" amounted to 442,538 thousand euro in the period and mainly referred to gas transport operations and connection fees.

Below is a breakdown of "Revenue from sales and services":

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Sales and services			
Gas and LPG transport	420,941	350,624	70,317
Release/(Allocation) to the provision for risks	(135)	(439)	304
Connection fees	5,187	5,175	13
Ancillary fees	2,706	2,807	(101)
Revenue from customer operations	456	40	417
Sundry revenue and other sales and services	13,382	12,101	1,281
Total revenue from sales and services	**442,538**	**370,307**	**72,231**

Revenue from gas transport operations totalled 420,807 thousand euro net of the provision made in the six-month period on tariff risks, representing the portion for the first half of the year of the 2024 Tariff Revenue Cap for natural gas.
The significant increase recorded is due to the updating of the tariff remuneration rate (set at 6.5% for 2024), the increase in the gross fixed capital formation deflator, and the revenues from capital losses on first-generation smart meters recognised thanks to Resolution 1/2023.

Connection fees, which totalled 5,187 thousand euro, were in line with the previous year. It is worth mentioning that the connection fee is a set amount defined through a specific quote according to the type of service requested, and consists of:

- The cost of the required material;

- Labour costs;
- A percentage amount for the coverage of overheads.

"Sundry revenue and other sales and services" were essentially unchanged compared to the same period of last year, and the amounts related to the suspension and reconnection of customers in arrears were in line with the past.

5.b Other revenue

"Other revenue" totalled 13,366 thousand euro (16,927 thousand euro in the same period of 2023), showing an overall decrease; this decline was due to the item "Other revenue and income and services", which in 2023 recorded a higher value mainly due to the enforcement of a surety that had been provided to a supplier. The item also includes capital gains on the sale of assets, amounting to 912 thousand euro in the first half of the year, while in the first half of 2023 it also included the effect of the sale of the network of the municipality of Mortegliano.

5.c Revenue from intangible assets / assets under development

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Revenue from intangible assets / assets under development			
Revenue from intangible assets / assets under development	170,660	167,099	3,561
Total revenue from intangible assets / assets under development	**170,660**	**167,099**	**3,561**

As from 1 January 2010, the Company has been recognising this revenue, standing at 170,660 thousand euro, pursuant to IFRIC 12 "Service Concession Arrangements". Compared to the same period last year, they increased by 3,561 thousand euro due to higher capitalisation activities for installation and extraordinary maintenance of plants.

Revenue from intangible assets and assets under development represents the share of revenue directly attributable to the construction and enhancement of gas distribution infrastructure held under concession. Since it is not possible to identify a specific item relating to the network construction service in the existing tariff system, this revenue is recognised to the extent of the costs incurred for the same purpose, and therefore has no impact on gross margin.

Costs

Costs recognised under the accounting model as per IFRIC 12 are broken down by nature within the pre-existing cost items.

The following table provides a summary of the items recognised in the company's operating costs in order to ensure their compliance with the aforementioned standard.

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Costs relating to revenue from intangible assets / assets under development			
Raw materials and consumables	3,885	4,393	(508)
Costs for services	107,685	110,390	(2,705)
Other operating costs	433	356	77
Depreciation and amortisation	1,809	1,661	148
Capitalised costs for materials, personnel and services	56,849	50,299	6,549
of which personnel costs	*36,983*	*34,829*	*2,154*
of which raw materials and consumables	*19,865*	*15,470*	*4,395*
Total costs relating to revenue from intangible assets / assets under development	**170,660**	**167,099**	**3,561**

6.a Raw materials and consumables

"Costs of raw materials and consumables", amounting to 27,490 thousand euro, basically includes the purchase cost of materials used in the process of laying the pipes and meters as well as of automotive fuel.

6.b Services

"Costs for services", amounting to 182,213 thousand euro, are broken down as follows:

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Costs for services			
Maintenance, repair and realisation of assets	107,200	112,745	(5,545)
Costs for electricity, power and water	1,841	2,132	(291)
Gas (for internal use)	2,116	1,562	554
Telephone and data transmission costs	1,456	1,501	(44)
Insurance premiums	2,380	2,310	70
Costs for services and other expenses relating to personnel	2,218	2,606	(388)
Fees	400	415	(15)
Legal and notary costs	382	1,091	(709)
Costs for company acquisitions and disposals/strategic consulting	400	-	400
Advertising	54	63	(8)
IT services	8,186	5,826	2,360
Meter reading service	1,793	1,510	283
Audit fees	222	329	(107)
Repairs and emergency service	2,031	1,843	188
Plant certifications Resolution no. 40	150	193	(43)
Gas transport by third parties	511	590	(79)
Professional and other services	4,523	2,942	1,581
Other costs for services	4,725	4,749	(24)
Costs for the use of third-party assets			
Leases	581	567	14
Rentals	216	240	(24)
Other costs for the use of third-party assets	1,312	1,588	(276)
Fee for temporary occupation of public space (C.o.s.a.p.)/Single Property Tax (CUP)	2,868	2,887	(18)
Municipal gas concession fees	36,644	34,921	1,723
Total	**182,213**	**182,609**	**(396)**
- of which capitalised for intangible assets	107,685	110,390	(2,705)

Costs for services were in line with those of the previous year.

As already mentioned, as from 2010, external costs relating to ordinary and extraordinary maintenance, as well as to the construction of distribution plants under concession, are mainly reported under this item in accordance with IFRIC 12. Net of the capitalised amount, costs for services would have increased by a total of 789 thousand euro and costs for the use of third-party assets would have recorded an increase of 1,520 thousand euro.

The change in costs for services, a breakdown of which is shown in the table above, was mainly due to the effect of lower costs for ordinary and extraordinary maintenance resulting from increased network and plant activity, offset by extraordinary consultancy costs (largely due to listing activities in the second quarter of 2024) for 400 thousand euro, higher costs for IT services due to preparations to migrate the Group's data centre to the cloud, and increased professional services during the year for activities aimed at drafting the business and financial plan, preparing opinions and obtaining technical and operational consultancy and services. Finally, higher costs for concession fees were recorded for 1,723 thousand euro. This item included higher risk provisions for 1 million euro compared to the same period of the previous year.

6.c Personnel costs

Personnel costs of 72,128 thousand euro include all charges incurred on an ongoing basis which, directly or indirectly, concern employees. This figure was slightly lower compared to the same period of the previous year, mainly due to the normal personnel turnover during the six-month period.
The total amount capitalised pursuant to IFRIC 12 increased by 2,154 thousand euro, as a result of the activities carried out during the six-month period.

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Wages and salaries	51,467	52,055	(588)
Social security contributions	15,765	15,890	(125)
Post-employment benefits	3,356	3,327	29
Asem/Fisde	(23)	(37)	15
Company Welfare Scheme	1,243	1,432	(190)
Other personnel costs	319	641	(321)
Total personnel costs	**72,128**	**73,307**	**(1,180)**
- of which capitalised for intangible assets	36,983	34,829	2,154
- of which capitalised for other internal work	256	164	92

The table below shows the changes in personnel by category in the first half of 2024 (personnel as at 30 June of the previous year numbered 2,215).

	Executives	Middle Managers	White collars	Blue collars	Total
Personnel as at 31 December 2023	**35**	**123**	**1,355**	**664**	**2,177**
Increase	-	-	41	20	**61**
Decrease	-	(5)	(35)	(35)	**(75)**
Change in category	-	1	1	(2)	**-**
Personnel as at 30 June 2024	**35**	**119**	**1,362**	**647**	**2,163**

6.d Amortisation, depreciation and impairment losses

This item stood at 117,807 thousand euro in the period, up 3,562 thousand euro on the same period of the previous year. This change reflected the amortisation of intangible assets for 2,419 thousand euro due to investments made.
Write down of receivables showed a balance of 255 thousand euro, with a difference of 732 thousand euro compared to the net release last June.
This item is broken down as follows:

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Depreciation of tangible assets	2,837	2,648	189
Depreciation of IFRS 16 right-of-use assets	3,915	3,700	215
Amortisation of intangible assets	110,794	108,375	2,419
Impairment losses:			
- Impairment of tangible assets	7	-	7
- Write down of receivables	255	(478)	732
Total amortisation, depreciation and impairment losses	**117,807**	**114,245**	**3,562**
- of which capitalised for intangible assets	1,809	1,661	148

6.e Other operating costs

"Other operating costs" totalled 38,221 thousand euro as at 30 June, recording an increase of 15,111 thousand euro, mainly due to the increase in "Compensation to customers" (equal to +8,166 thousand euro, which from this year also includes estimated penalties related to the "Δ In-Out" for 5.1 million euro and metering penalties for 4.4 million euro), offset by lower costs for energy efficiency certificates (TEEs) (-2,152 thousand euro) and lower capital losses on asset disposals (-4,779 thousand euro). Finally, net provisions for risks and charges increased by 14,059 thousand euro compared to 30 June 2023. The breakdown of the relevant provisions is shown in the comments on liabilities.

6.f Capitalised costs for internal work

Following the introduction of IFRIC 12, the costs directly related to construction work on the network under concession are no longer accounted for as capitalised costs for internal work. For this reason, the item now includes only any residual costs that can be capitalised but do not concern concessions. As at 30 June, this item totalled 553 thousand euro, slightly up compared to the first half of the previous year.

7. Income/(Expenses) from equity investments

The item, amounting to 425 thousand euro in the reporting period, includes the net income from investments in associates and other companies. In particular, as at 30 June 2024 this item refers to the equity method valuation of the investment in MEA S.p.A. (5 thousand euro) and 2i Servizi Energetici S.r.l. (-29 thousand euro), as well as the outcome of the settlement agreement regarding Azienda Elettrica Valtellina e Valchiavenna, equal to 448 thousand euro.

8. Financial income/(expenses)

This item is broken down as follows:

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Financial income			
- Interest income from loans to employees	-	0	(0)
- Interest income from current accounts and post office deposits	8,090	1,145	6,945
- Interest income from receivables from customers	-	24	(24)
- Other financial interest and income	506	629	(123)
Total income	**8,597**	**1,798**	**6,799**
Financial expenses			
- Interest expense on medium/long-term loans	4,431	4,112	319
- Other expenses on medium/long-term loans from banks	315	251	64
- Financial expenses on debenture loans	35,796	26,549	9,247
- Financial expenses from amortised cost	1,649	1,323	326
- Interest expense on short-term bank loans	-	648	(648)
- Interest expense on current bank accounts	-	384	(384)
- Discounting of post-employment and other employee benefits	429	555	(126)
- Interests on taxes	2	2	(0)
- Change in fair value of hedging derivatives reclassified from comprehensive income	(5,404)	(1,244)	(4,160)
- Other financial and interest expense	11	232	(222)
- IFRS16 Financial Expenses	283	260	23
Total expenses	**37,512**	**33,072**	**4,440**
TOTAL FINANCIAL INCOME AND (EXPENSES)	**(28,915)**	**(31,274)**	**2,359**

The Group reported 28,915 thousand euro in financial expenses, largely arising from the recognition of the financial expenses on the debenture loan net of the current hedging (evidenced by the balance of opposite sign of the item “Change in fair value of hedging derivatives reclassified from comprehensive income”), the costs related to the outstanding loan, and the amortised cost of both of them. The increase

compared to the same period of the previous year was due to the debenture loan tranche issued in June last year.
In the first half of the year, the balance was strongly impacted by the item relating to interest income on bank accounts, which also increased as a result of time deposit transactions that had a positive impact on the overall balance, totalling 8,090 thousand euro.

9. Taxes

This item is broken down as follows:

Thousands of euro

	30.06.2024	30.06.2023	2024 - 2023
Current taxes			
Current income taxes: IRES	45,051	26,312	18,740
Current income taxes: IRAP	9,600	6,360	3,240
Total current taxes	**54,651**	**32,672**	**21,980**
Income and expenses from tax consolidation			
(Income)/expenses from tax consolidation	(17)	-	(17)
Total income and expenses from tax consolidation	**(17)**	**-**	**(17)**
Adjustments for income taxes relating to previous years			
Negative adjustments for income taxes relating to previous years	187	-	187
Positive adjustments for income taxes relating to previous years	(15)	-	(15)
Total adjustments for income taxes relating to previous years	**172**	**-**	**172**
Deferred and prepaid taxes			
Deferred taxes (use)/allocation	(1,658)	(3,645)	1,986
Prepaid taxes (allocation)/use	(5,090)	838	(5,928)
Total current deferred and prepaid taxes	*(6,748)*	*(2,806)*	*(3,942)*
Total deferred and prepaid taxes	**(6,748)**	**(2,806)**	**(3,942)**
TOTAL TAXES	**48,059**	**29,866**	**18,194**

The income tax expense for the first half of 2024 amounted to a negative 48,059 thousand euro, basically in line with the previous year. This change reflects the higher profit before tax.
The changes in deferred tax assets and liabilities reflected normal operations.

For further details on deferred tax assets and liabilities, please refer to the relevant sections in the notes to the Statement of Financial Position.

10. Discontinued operations

During the half year, no activities were classified under discontinued operations.

XII. Information on the Statement of Financial Position

Assets

11. Property, plant and equipment

It should be noted that, following the introduction of IFRIC 12, property, plant and equipment include only those fixed assets that are not related to gas distribution concessions. The breakdown of, and changes in, property, plant and equipment for the years 2022, 2023 and 2024 are shown in the table below:

Thousands of euro	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Improvements to third-party assets	Fixed assets under construction and advances	Total
Historical cost	7,051	33,354	15,625	27,305	30,718	12,841	0	126,895
Accumulated depreciation	-	(24,458)	(4,467)	(25,147)	(22,991)	(11,751)	-	(88,813)
Balance as at 31.12.2022	**7,051**	**8,897**	**11,157**	**2,159**	**7,727**	**1,091**	**0**	**38,082**
Increases (including Fixed assets classified as available-for-sale)	-	145	1,757	373	2,380	248	-	4,903
Commissioning	-	-	-	-	-	-	-	-
Disposals	-	(5)	(517)	-	(37)	(3)	-	(563)
Gross value	-	(13)	(677)	(30)	(2,121)	(3,012)	-	(5,852)
Acc. depr.	-	8	160	30	2,083	3,008	-	5,289
Reclassifications	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Fixed assets classified as available-for-sale	-	(12)	-	-	-	-	-	(12)
Gross value	-	(249)	-	-	-	-	-	(249)
Acc. depr.	-	237	-	-	-	-	-	237
Depreciation	-	(558)	(1,038)	(545)	(2,873)	(342)	-	(5,355)
Total changes	**-**	**(430)**	**202**	**(172)**	**(530)**	**(97)**	**-**	**(1,027)**
Historical cost	7,051	33,237	16,705	27,648	30,977	10,078	0	125,696
Accumulated depreciation	-	(24,771)	(5,346)	(25,661)	(23,780)	(9,084)	-	(88,642)
Balance as at 31.12.2023	**7,051**	**8,467**	**11,360**	**1,987**	**7,197**	**993**	**0**	**37,054**
Increases (including Fixed assets classified as available-for-sale)	-	103	778	151	15	74	-	1,122
Commissioning	-	-	-	-	-	-	-	-
Disposals	(222)	(3)	(246)	-	(15)	(0)	-	(486)
Gross value	(222)	(350)	(335)	(3)	(637)	(3,549)	-	(5,096)
Acc. depr.	-	347	89	3	622	3,549	-	4,610
Reclassifications	-	-	-	-	-	-	-	-
Impairment losses	-	(7)	-	-	-	-	-	(7)
Fixed assets classified as available-for-sale	(443)	(295)	-	-	-	-	-	(737)
Gross value	(443)	(1,669)	-	-	-	-	-	(2,111)
Acc. depr.	-	1,374	-	-	-	-	-	1,374
Depreciation	-	(267)	(542)	(216)	(1,644)	(168)	-	(2,837)
Total changes	**(664)**	**(469)**	**(10)**	**(65)**	**(1,644)**	**(93)**	**-**	**(2,946)**
Historical cost	6,387	31,315	17,148	27,795	30,355	6,604	0	119,604
Accumulated depreciation	-	(23,317)	(5,799)	(25,873)	(24,803)	(5,704)	-	(85,495)
Balance as at 30.06.2024	**6,387**	**7,998**	**11,349**	**1,922**	**5,553**	**900**	**0**	**34,109**

As at 30 June 2024, this item decreased by 2,946 thousand euro compared to 31 December 2023. This change was largely due to the net balance of investments (1,122 thousand euro), disposals and impairment losses (493 thousand euro), restatements to available-for-sale assets (737 thousand euro) (some properties planned to be sold within the next 12 months), and depreciation (2,837 thousand euro). There were no events in the period worth noting.

12. IFRS 16 right-of-use assets

Following the application of IFRS 16, rental contracts, leases or operating leases are carried in this item as right-of-use assets.
Both additions and disposals are within the scope of ordinary management of rented or leased assets.
Below is the table showing changes in assets for 2022, 2023 and 2024.

Thousands of euro	IFRS 16 Property	IFRS 16 Vehicles	IFRS 16 ICT	Total
Historical cost	33,652	13,490	597	**47,739**
Accumulated depreciation	(14,672)	(6,580)	(414)	**(21,666)**
Balance as at 31.12.2022	**18,981**	**6,910**	**182**	**26,073**
Increase and change in right-of-use assets	3,343	2,966	244	**6,552**
Disposal and changes in right-of-use assets	(721)	(214)	(27)	**(962)**
Gross value	(1,424)	(1,408)	(27)	**(2,860)**
Acc. depr.	703	1,194	-	**1,897**
Depreciation	(4,551)	(2,845)	(208)	**(7,604)**
Total changes	**(1,930)**	**(94)**	**8**	**(2,015)**
Historical cost	35,571	15,047	813	**51,431**
Accumulated depreciation	(18,520)	(8,231)	(622)	**(27,373)**
Balance as at 31.12.2023	**17,051**	**6,816**	**191**	**24,058**
Increase and change in right-of-use assets	1,458	1,144	-	**2,602**
Disposal and changes in right-of-use assets	(137)	(82)	-	**(219)**
Gross value	(158)	(818)	-	**(976)**
Acc. depr.	20	736	-	**756**
Depreciation	(2,338)	(1,463)	(115)	**(3,915)**
Total changes	**(1,017)**	**(400)**	**(115)**	**(1,532)**
Historical cost	36,871	15,374	813	**53,058**
Accumulated depreciation	(20,838)	(8,957)	(737)	**(30,532)**
Balance as at 30.06.24	**16,034**	**6,416**	**76**	**22,526**

13. Intangible assets

It should be noted that, following the introduction of IFRIC 12, intangible assets also include fixed assets related to gas distribution concessions. The breakdown of, and changes in, intangible assets for the years 2022, 2023 and 2024 are reported below:

Thousands of euro	Patent and intellectual property rights	Concessions and similar rights	Concessions and similar rights - Fixed assets under development	Fixed assets under development	Other intangible assets	Goodwill	Advances	Total
Historical cost	98,602	8,179,803	51,502	3,139	169,095	305,253	15	**8,807,408**
Accumulated amortisation	(97,067)	(3,995,887)	-	-	(130,098)		-	**(4,223,052)**
Balance as at 31.12.2022	**1,535**	**4,183,916**	**51,502**	**3,139**	**38,997**	**305,253**	**15**	**4,584,357**
Increases (including Fixed assets classified as available-for-sale)	2,277	312,620	34,702	525	17,202	-	-	**367,326**
Commissioning	-	30,737	(30,723)	(2,759)	2,759	-	(14)	**0**
Decreases	-	(24,667)	(144)	(21)	-	-	-	**(24,832)**
Gross value	-	(46,385)	(144)	(21)	-	-	-	**(46,551)**
Acc. amort.	-	21,718	-	-	-	-	-	**21,718**
Reclassifications	-	-	-	-	-	-	-	**-**
Impairment losses	-	-	-	-	-	(153)	-	**(153)**
Fixed assets classified as available-for-sale	-	(4)	(3)	-	-	-	-	**(7)**
Gross value	-	(4)	(3)	-	-	-	-	**(7)**
Acc. amort.	-	-	-	-	-	-	-	**-**
Amortisation	(1,135)	(204,752)	-	-	(14,209)	-	-	**(220,096)**
Total changes	**1,142**	**113,934**	**3,833**	**(2,255)**	**5,752**	**(153)**	**(14)**	**122,238**
Historical cost	100,879	8,476,770	55,335	884	189,056	305,100	1	**9,128,024**
Accumulated amortisation	(98,202)	(4,178,920)	-	-	(144,307)	-	-	**(4,421,429)**
Balance as at 31.12.2023	**2,676**	**4,297,850**	**55,335**	**884**	**44,749**	**305,100**	**1**	**4,706,595**
Increases (including Fixed assets classified as available-for-sale)	-	129,774	40,889	1,908	4,463	-	-	**177,034**
Commissioning	-	18,290	(18,289)	(487)	487	-	(1)	**-**
Decreases	-	(13,690)	(559)	-	-	-	-	**(14,249)**
Gross value	(836)	(30,375)	(559)	-	-	-	-	**(31,770)**
Acc. amort.	836	16,685	-	-	-	-	-	**17,520**
Reclassifications	-	-	-	-	-	-	-	**-**
Impairment losses	-	-	-	-	-	(145)	-	**(145)**
Fixed assets classified as available-for-sale	-	-	-	-	-	-	-	**-**
Amortisation	(655)	(101,915)	-	-	(8,225)	-	-	**(110,794)**
Total changes	**(655)**	**32,459**	**22,041**	**1,422**	**(3,275)**	**(145)**	**(1)**	**51,846**
Historical cost	100,043	8,594,459	77,375	2,306	194,006	304,955	-	**9,273,144**
Accumulated amortisation	(98,021)	(4,264,151)	-	-	(152,531)	-	-	**(4,514,703)**
Balance as at 30.06.2024	**2,022**	**4,330,308**	**77,375**	**2,306**	**41,474**	**304,955**	**-**	**4,758,441**

Intangible assets increased by 51,846 thousand euro (net) compared to 31 December 2023. This was due to the net balance of new investments (177,034 thousand euro) (mainly related to investments in assets held under concession), decreases and impairment losses (14,394 thousand euro), and amortisation (110,794 thousand euro).

The item "Concessions and similar rights", broken down into fixed assets and fixed assets under development, showed an increase of 170.662 thousand euro in the period, of which 40.889 thousand euro relating to fixed assets under development. In general, the item refers to the recognition of the Group's rights over fixed assets as concession operator and gas distribution service provider, as well as one-off fees for the acquisition of natural gas distribution concessions.

The amortisation of concession charges has been determined on a straight-line basis and on the basis of the estimated realisable value at the end of the concession.

The Group determined the terms of the concessions using the same criteria adopted in the previous year.

At the end of the reporting period, “Fixed assets under development” totalled 2,306 thousand euro. Increases in the first half of the year, totalling 1,908 thousand euro, added up to commissioning in the amount of 487 thousand euro, reclassified to Other intangible assets.

“Other intangible assets”, amounting to 41.474 thousand euro, relate to software used. The increase of 4,463 thousand euro was mainly due to new software licenses and developments, while amortisation for the six-month period stood at 8,225 thousand euro.

“Goodwill” totalled 304,955 thousand euro and related to the deficit arising from the consolidation or merger by incorporation of previously controlled companies. In the first half of the year, this item changed by 145 thousand euro due to the application of paragraph 86 of IAS 36.

Goodwill is tested for impairment at least once a year, at the closing of the financial statements.
Up to the reporting date, no impairment indicators were identified, thus goodwill will be tested for impairment again at the closing of the financial statements as at 31 December 2024.

14. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are determined based on the tax rates in force at the reporting date.
Deferred tax assets totalled 266,557 thousand euro (261,479 thousand euro as at 31 December 2023), while deferred tax liabilities totalled 130,240 thousand euro (133,171 thousand euro as at 31 December 2023).

Deferred tax assets and liabilities as at 30 June 2024 were determined using the tax rates in force: 24% for IRES and 4.69% for IRAP.

Considering, among other things, the flows estimated in the most recent business plans, the Group believes it can use deferred tax assets in the ordinary course of business.

Thousands of euro	Balance as at 31.12.2023	Adjustments to UNICO	Total	Increases recognised in		Decreases recognised in		Other changes in		Other reclassifications	Balance as at 30.06.2024
				Profit and Loss Account	Equity	Profit and Loss Account	Equity	Profit and Loss Account	Equity		
Deferred income tax assets:											
allocation to provisions for risks and charges with deferred deductibility	**23,136**	-	23,136	9,652	-	(3,623)	-	62	-	-	**29,227**
allocation to provisions for incentives to leave and stock options	**522**	-	522	1	-	(7)	-	-	-	-	**516**
allocation to provisions for disputes	**3,543**	-	3,543	1,671	-	(923)	-	-	-	-	**4,291**
allocation to provisions for inventory obsolescence	**3,424**	-	3,424	113	-	(109)	-	-	-	-	**3,429**
impairment losses with deferred deductibility (impairment of receivables)	**1,529**	-	1,529	183	-	(1,126)	-	-	-	-	**586**
impairment losses with deferred deductibility (impairment of plants)	**1,903**	-	1,903	3	-	-	-	-	-	-	**1,906**
depreciation and amortisation with deferred deductibility	**145,654**	-	145,654	5,822	-	(1,714)	-	-	-	-	**149,762**
separation of land-buildings and component analysis	**114**	-	114	0	-	-	-	-	-	-	**115**
start-up costs	**2,225**	-	2,225	0	-	-	-	-	-	-	**2,225**
post-employment and other employee benefits	**4,477**	-	4,477	789	-	(965)	-	-	-	-	**4,301**
cash deductible taxes and duties	**4**	-	4	-	-	-	-	-	-	-	**4**
proceeds subject to deferred taxation (connection fees)	**29,660**	-	29,660	39	-	(412)	-	-	-	-	**29,288**
deferred deductibility charges	**9,916**	-	9,916	17	-	(948)	-	-	-	-	**8,985**
goodwill	**33,415**	-	33,415	57	-	(3,496)	-	-	-	-	**29,977**
post-employment and other employee benefits - OCI	**1,858**	-	1,858	-	4	-	(15)	-	-	-	**1,847**
for losses recoverable in future years	**1**	-	1	-	-	-	-	-	-	-	**1**
other consolidation adjustments	**97**	-	97	3	-	(1)	-	-	-	-	**98**
Total	**261,479**	**-**	**261,479**	**18,351**	**4**	**(13,324)**	**(15)**	**62**	**-**	**-**	**266,557**
Deferred income tax liabilities:											
differences on tangible and intangible assets – additional depreciation and amortisation	**23,442**	-	23,442	150	-	(357)	-	-	-	-	**23,235**
differences on intangible assets – goodwill	**5,197**	-	5,197	2	-	-	-	-	-	-	**5,199**
separation of land-buildings and component analysis	**3,835**	-	3,835	7	-	-	-	-	-	-	**3,842**
allocation to assets of costs relating to company mergers	**27,665**	-	27,665	60	-	(956)	-	-	-	-	**26,769**
post-employment and other employee benefits	**814**	-	814	-	(0)	-	-	-	-	-	**814**
proceeds subject to deferred taxation	**3,764**	-	3,764	205	-	-	-	-	-	-	**3,969**
derivative financial instruments (in case of a net positive change in the relevant equity reserve)	**23,222**	-	23,222	-	-	-	(1,297)	-	-	-	**21,925**
other…	**630**	-	630	19	-	(106)	-	-	-	-	**543**
ASEM - OCI	**163**	-	163	-	24	-	-	-	-	-	**187**
recognition of deferred taxes due to merger	**44,439**	-	44,439	280	-	(962)	-	-	-	-	**43,757**
5% dividends received already allocated to future years on an accruals basis	**0**	-	0	-	-	-	-	-	-	-	**0**
Total	**133,171**	**-**	**133,171**	**723**	**24**	**(2,381)**	**(1,297)**	**-**	**-**	**-**	**130,240**
Net deferred tax assets	**128,307**	**-**	**128,307**	**17,628**	**(20)**	**(10,942)**	**1,282**	**62**	**-**	**-**	**136,318**

15. Equity investments

The following table shows the changes for each equity investment during the period, as well as the corresponding opening and closing amounts, and the list of equity investments in associates and other companies. It should be noted that the company 2i Servizi Energetici S.r.l. is not consolidated by virtue of shareholders' agreements that bind its shareholders.

Thousands of euro	Carrying amount	% ownership	Disposals	Increases	Decreases	Adjustments	Original cost	Increase/ (Decrease)	Carrying amount	% ownership
								as at 30.06.2024		
Associates										
Equity Method										
Melegnano Energia Ambiente S.p.A.	3,548	**40.00%**		5			2,451	1,102	3,553	**40.00%**
2i Servizi Energetici S.r.l.	162	**60.00%**			(29)		6	127	133	**60.00%**
Other companies										
Valuation at cost										
Interporto di Rovigo S.p.A.	42	**0.30%**					42		42	**0.30%**
Fingranda S.p.A. in Liquidazione	26	**0.58%**					26		26	**0.58%**
Agenzia di Pollenzo S.p.A.	33	**0.27%**					33		33	**0.27%**
Industria e Università S.r.l.	11	**0.09%**					11		11	**0.09%**
Borgo Offida S.r.l.	0	**0.19%**					1		0	**0.19%**
Banca Popolare Pugliese	11	**0.01%**							11	**0.01%**
Immobiliare Cestia S.r.l.	0	**0.05%**							0	**0.05%**
TOTAL EQUITY INVESTMENTS	**3,833**		**-**	**5**	**(29)**	**-**	**2,570**	**1,229**	**3,809**	

The following tables show the list of equity investments in the Group's investees as at 30 June 2024:

B) Associates	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year (euro)	End of the reporting period	% ownership	Consolidated carrying amount (euro)
Melegnano Energie Ambiente S.p.A.	Melegnano (MI)	4,800,000	8,883,415	2,620,193	12,345	31.12.2023	40%	3,553,366
2i Servizi Energetici S.r.l.	Milan	10,000	221,194	223,151	(48,630)	30.06.2024*	60%	132,717

C) Other companies	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year	End of the reporting period	% ownership	Carrying amount (euro)
Interporto di Rovigo S.p.A.	Rovigo	6,904,887	8,214,390	3,995,009	514,646	31.12.2023	0.30%	41,634
Fingranda S.p.A. in Liquidazione	Cuneo	2,662,507	1,155,810	1,000	11,608	31.12.2023	0.58%	25,822
Agenzia di Pollenzo S.p.A.	Bra (CN)	23,079,108	22,987,710	1,083,242	124,877	31.12.2023	0.27%	33,082
Industria e Università S.r.l.	Varese	13,440,528	11,000,163	-	(27,624)	31.12.2023	0.09%	10,989
Borgo Offida S.r.l.	Offida (AP)	10,000	(329,923)	382	(26,074)	31.12.2022	0.19%	0
Banca Popolare Pugliese	Parabita (LE)	182,516,877	366,017,972	180,147,106	22,103,137	31.12.2023	0.01%	11,127
Immobiliare Cestia S.r.l.	Rome (RM)	50,000	329,338	140,463	(55,484)	31.12.2023	0.05%	26

* Accounting position as at 30 June 2024

16. Non-current financial assets

The item, amounting to 13,442 thousand euro, under "financial receivables from others" mainly includes receivables relating to advances paid to contracting authorities in the event of an ATEM tender, which are of a financial nature. The item also includes the prepayment of transaction costs incurred to obtain credit lines that were granted but had still not been used as at 30 June 2024.

Thousands of euro	30.06.2024	31.12.2023	2024 - 2023
Non-current deferred financial charges	885	236	649
Long-term loans to employees	58	86	(29)
Financial receivables from others	12,499	12,446	53
Total	**13,442**	**12,768**	**674**

17. Other non-current assets

The item, amounting to 65,438 thousand euro, rose by 41,531 thousand euro compared to 31 December 2023.

Guarantee deposits of 3,806 thousand euro refer to receivables for work to be performed on distribution plants as well as from user contracts.

The 560 thousand euro receivable for grants to be received was attributable to the recognition of the medium/long-term portion of receivables for grants related to plants to be received: this item was unchanged during the period.

Receivables for tax reimbursements applied for, amounting to 306 thousand euro, relate to reimbursement requests pursuant to Article 6 of Legislative Decree 185/2008 (Deduction from IRES of the IRAP portion for labour costs and interest expense) and there were no changes during the period.

The balance of long-term receivables from CSEA relating to recoveries of capital losses generated as a result of the replacement of traditional meters with smart meters and the replacement of first generation smart meters (Deliberation 1/23), increased mainly due to the contribution of the latter item of 41,420 thousand euro (16,149 thousand euro as at 31 December 2023). These receivables will be paid by CSEA over the next few years, in correspondence with the unused remaining useful life of the replaced meters.

Current assets

18. Inventories

Closing inventories of raw materials in the reporting period stood at 29,413 thousand euro and rose by 5,564 thousand euro compared to 31 December 2023.
Specifically, closing inventories of raw and ancillary materials and consumables mainly consist of materials for the construction and maintenance of gas distribution plants. The item includes the provision for the write-down of inventories of 995 thousand euro, set aside to take into account the inventories that are unlikely to be used in the future.
The company uses the weighted average cost method.

19. Trade receivables

Trade receivables, amounting to 176,939 thousand euro as at 30 June 2024, were down 20,427 thousand euro compared to 31 December 2023, due to ordinary seasonal factors. It should be noted that last year this item experienced significant changes also due to the effect of the Law Decrees and subsequent ARERA Resolutions, which had eliminated certain tariff components and created new negative components in order to minimise the impact of higher energy product prices on end users.
Receivables from third-party customers consist of trade receivables and receivables from operations, and largely include receivables related to gas distribution operations.
The item is broken down as follows:

Thousands of euro

	30.06.2024	31.12.2023	2024 - 2023
Receivables from customers	178,393	199,301	(20,908)
- Bad debt provision	(2,787)	(5,204)	2,417
Receivables for returns under warranty	8,678	8,883	(204)
- Bad debt provision for returns under warranty	(7,346)	(5,614)	(1,731)
Total	**176,939**	**197,365**	**(20,427)**

Here below is the breakdown of the changes in the bad debt provision.

Thousands of euro

	30.06.2024	31.12.2023	2024 - 2023
Opening balance	**5,204**	**7,515**	**(2,311)**
Allocations	549	402	147
Releases	(774)	(1,240)	466
Uses	(2,164)	(1,472)	(692)
Other changes	(27)	-	(27)
Closing balance	**2,787**	**5,204**	**(2,417)**

All Group companies operated exclusively in Italy.

20. Short-term financial receivables

Short-term financial receivables stood at 2,409 thousand euro and essentially consist of financial receivables from *Gestore dei Mercati Elettrici* (GME), i.e. cash deposited with GME in order to trade on the energy efficiency certificate (TEE) market, amounting to 642 thousand euro, and of financial receivables from 2i Servizi Energetici S.r.l., amounting to 1,350 thousand euro.

21. Other current financial assets

Other current financial assets, standing at 6,167 thousand euro, consisted of receivables for interest income accrued on interest-bearing bank deposits.

22. Cash and cash equivalents

Cash and cash equivalents, amounting to 310,254 thousand euro, fell by 14,647 thousand euro compared to 31 December 2023 following the positive cash flows recorded in the period and net of the dividend payout for 124,960 thousand euro.
The item consists of 310,085 thousand euro in bank accounts, 3 thousand euro in postal accounts and 165 thousand euro in cash on hand.

Cash associated with operating activities is held in bank and post office deposits.

23. Income tax receivables

Income tax receivables, amounting to 3,031 thousand euro, mainly refer to receivables for IRES corporation tax requested for reimbursement directly by the Group, primarily due to the non-deduction of employees and assimilated personnel costs (pursuant to Italian Legislative Decree 201/2011), as well as tax credit for Industry 4.0.
They are in line with those as at 31 December 2023.

24. Other current assets

Other current assets, amounting to 309,018 thousand euro, decreased by 4,535 thousand euro compared to 31 December 2023. The main changes in this item are detailed below:

- a decrease in VAT receivables from Italian tax authorities totalling 46,545 thousand euro. The reimbursements requested, amounting to 35,786 thousand euro as at 31 December 2023, were almost entirely collected;
- an increase in receivables from the Equalisation Fund for 36,050 thousand euro (equal to 279.442 euro as at 30 June 2024), mainly linked to normal business trends, after overcoming the previous year's problem of written-off or negative tariffs. In addition to receivables for recognised capital losses amounting to 19,668 thousand euro, the balance essentially included the quantification of receivables for equalisation (106,861 thousand euro), 70,927 thousand euro for technical quality, 50,755 thousand euro for pass-through items and gas bonuses and, finally, 27,981 thousand euro for energy efficiency certificates (TEEs).
  The item is correlated with the payables due to the Equalisation Fund reported in note 40 "Other current liabilities";
- Deferred charges for insurance premiums mainly relate to the company's All Risk and Liability policies, while other deferred charges rose by 4,341 thousand euro, due to both deferred charges for concession fees paid to municipalities (2 million euro) and the prepayment of the additional tariff relating to network insurance (1.1 million euro) as well as to the Single Property Tax (2.6 million euro).

This item is broken down as follows:

Thousands of euro

	30.06.2024	31.12.2023	2024 - 2023
Other tax receivables:			
VAT receivables claimed for reimbursement	1,160	35,786	(34,626)
Receivables due from tax authorities for VAT	420	12,339	(11,919)
Other tax receivables	59	277	(218)
Other receivables:			
From social security and insurance agencies	1,454	473	981
Receivables from CSEA	279,442	243,392	36,050
Receivables from third parties for sale of plant/tender/concession expiration	1,059	1,955	(896)
Receivables for grants related to plants	1,429	901	528
Receivables from municipalities	246	246	-
Receivables from suppliers	4,310	2,424	1,886
Other receivables	1,214	1,947	(733)
Provision for other doubtful debts	(1,074)	(2,402)	1,328
Accrued income	25	25	0
Deferred charges for other multi-year fees	34	35	(1)
Deferred charges for property lease fees	375	445	(70)
Deferred charges for promotional expenses	7	7	(0)
Deferred charges for insurance premiums	1,199	2,385	(1,186)
Other deferred charges	17,661	13,320	4,341
Total	**309,018**	**313,553**	**(4,535)**

25. Assets held for sale

During the period, assets held for sale included some property being disposed of. The assets valued totalled 597 thousand euro.

Thousands of euro

	30.06.2024	31.12.2023
MERLINO	**-**	**12**
Assets		12
CASTEGGIO	**266**	**12**
Assets	266	
COSTA MASNAGA	**332**	
Assets	332	
Total	**597**	**12**

Liabilities

Equity

26. Equity

Equity totalled 1,344,861 thousand euro, down by 15,847 thousand euro, due to:

- A decline due to the ordinary dividend payout totalling 125,019 thousand euro;
- A decrease of 3,535 thousand euro in IAS reserves, resulting from the change in the measurement of the derivative, which was negative by 4,107 thousand euro, and the positive change of 572 thousand euro for the discounting of defined benefit plans;
- An increase of 112,707 thousand euro resulting from the profit for the period.

Share capital

The share capital as at 30 June 2024 totalled 3,639 thousand euro and was entirely subscribed and paid up; this item did not show any changes during the period.

Share premium reserves

The reserve was established at the time of the capital increase, and did not change during the period.

Legal reserve

The legal reserve amounted to 728 thousand euro and was unchanged during the period.

Reserve for the measurement of derivatives

The reserve for the measurement of derivatives includes the measurement of hedging derivatives. The reserve decreased by 4,107 thousand euro during the period, due to its partial use in the profit and loss account over the life of the tranche of the hedged debenture loan.

Other reserves

Other reserves were up 572 thousand euro from the previous year. This increase was due to the change in IAS reserves resulting from the revision of the value of defined benefit obligations according to IAS 19.

Retained earnings/(accumulated losses)

Retained earnings and accumulated losses increased by 57,052 thousand euro compared to the previous year, mainly as a result of the allocation of the previous year's result net of distributions.

Net profit/(loss) for the period

In the first half of 2024, the Group reported a net profit of 112,707 thousand euro, up 38,508 thousand euro compared to the same period of 2023, thanks to the excellent operating results reported.

Non-current liabilities

27. Long-term loans

The item refers to the five tranches of the long-term debenture loan the Parent Company issued as part of the overall management of its financial structure, as well as to outstanding bank loans totalling 325,000 thousand euro.
The EIB loans have some covenants that the Company must meet every six months to continue using the credit lines. The covenants concern the following consolidated indicators: Total net financial debt, RAB (Regulatory Asset Base), EBITDA, and Net Financial Expenses.
As at 30 June 2024, the covenants relating to the level of default were all fulfilled.
The table below shows long-term debt expressed in the original currency and the relevant interest rate. The notional amount of the loan is the same as its carrying amount.

Thousands of euro	Carrying amount		Notional amount		Interest rate	Interest rate
	30.06.2024	31.12.2023	30.06.2024	31.12.2023	in force	actual
Fixed-rate debt	70,000	70,000	70,000	70,000	1.39%	1.39%
Fixed-rate debt	155,000	155,000	155,000	155,000	1.40%	1.40%
Floating-rate debt	100,000	109,091	100,000	109,091	Eur+0.59%	4.26%
Debenture loan expiring 2025	500,000	500,000	500,000	500,000	2.20%	2.29%
Debenture loan expiring 2026	435,000	435,000	435,000	435,000	1.75%	1.91%
Debenture loan expiring 2027	730,000	730,000	730,000	730,000	1.61%	1.62%
Debenture loan expiring 2031	500,000	500,000	500,000	500,000	0.58%	0.64%
Debenture loan expiring 2033	550,000	550,000	550,000	550,000	4.38%	4.48%
Costs linked to loans (long-term)	(11,589)	(12,795)				
TOTAL LONG-TERM	**3,028,411**	**3,036,295**	**3,040,000**	**3,049,091**		

The contract maturity schedule for the loans and debenture loan tranches is set out in the following table, also including current loans and the portion maturing within 12 months, which are presented in section 33 and 34 of these Notes:

Thousands of euro	**Notional as at 30.06.2024**	**Notional as at 31.12.2023**	**1 year**	**2 - 5 years**	**Beyond 5 years**
Short and medium/long-term bank loans and debenture					
Loan - Medium/long-term Capex Line	325,000	334,091	-	297,727	27,273
Loan - Short-term Capex Line	18,182	18,182	18,182	-	-
Medium/long-term debenture loans	2,715,000	2,715,000	-	1,665,000	1,050,000
Debenture loans due within next year	489,705	489,705	489,705	-	-
Total	**3,547,887**	**3,556,978**	**507,887**	**1,962,727**	**1,077,273**

The terms and conditions of the debenture loan, issued for a market of institutional investors, do not provide for covenants.

28. Post-employment and other employee benefits

The Group provides employees with various types of benefits, including post-employment benefits, health benefits, compensation due in lieu of notice of dismissal (*Indennità Sostitutive del Preavviso* – ISP) and compensation due in lieu of energy discount (*Indennità Sostitutive Sconto Energia*).

This item includes provisions for post-employment defined benefit plans and other long-term employee benefits due by law or contract.

Pursuant to IAS 19, these “defined benefit obligations” were determined using the “Projected Unit Credit Method”, which requires to calculate the liability in proportion to the service already rendered at the reporting date, and not the service that could presumably be rendered overall.
The actuarial assumptions underlying the new measurement, as compared to 31 December 2023, are as follows:

	30.06.2024	31.12.2023
Actuarial assumptions		
Discount rate	3.60%	3.10%
Annual rate of increase in cost of living	2.00%	2.00%
Rate of increase in cost of health spending	3.30%	3.30%
Demographic assumptions		
Mortality rate	ISTAT Table 2017	ISTAT Table 2017
Resignation rate < 50 years of age	2.00%	2.00%
Resignation rate > 50 years of age	nil	nil

The main items making up the aggregate, which as at 30 June 2024 totalled 27,116 thousand euro, are commented on below.

Post-employment benefits (TFR)

Under Italian law, when the employment relationship ends, the employee is entitled to receive post-employment benefits, corresponding, for each year of service, to an amount calculated by dividing their gross annual salary by 13.5.
Following the approval of Italian Law No. 296 of 27 December 2006 (the 2007 budget law) and subsequent implementing decrees and regulations, only the portions of post-employment benefits held with the Company qualify as a defined benefit plan, while the accrued portions allocated to supplementary pension schemes and the Treasury Fund at INPS (the Italian social security agency) qualify as a defined contribution plan.

Healthcare benefits

Based on the Italian collective bargaining agreement for executives in the industrial sector, executives have the right to supplemental healthcare in addition to that provided by the Italian Health Service, during both the employment relationship and retirement. The reimbursement of health care expenses is provided by Asem and FASI, the health care funds set up for workers in the electricity sector in Italy.

Fondo Gas

Italian Law Decree No. 78/2015, combined with Law 125/2015 (Official Journal of 14 August 2015), ordered the elimination of the so-called "*Fondo Gas*" (gas fund) effective 1 December 2015. The decree also provided for the payment, either to current employees or as a voluntary continuation of the contribution to *Fondo Gas*, of an amount (to be paid by the employer) equal to 1% of the 2014 contribution to *Fondo Gas*, for each full year or any part thereof that the person has been a member of the fund. Said amount can be set aside with the employer or paid as a contribution to a supplementary pension scheme (hereinafter referred to as "former *Fondo Gas* Contribution"). The provision shall be made in 240 equal monthly instalments. Should the employment relationship end before the payments are completed, the remaining amount to be paid to *Fondo Gas* shall be paid in a lump sum at the time of the final wage.
The balance of the fund, which amounts to 4,769 thousand euro, is the best estimate at the time of the preparation of these financial statements of the liability arising from this law.

29. Provisions for risks and charges

Provisions for risks and charges are used to cover contingent liabilities that could arise from litigation or other disputes, without taking into account the impact of disputes expected to be settled in favour of the Group and those for which the potential expense cannot be measured reliably.

Provisions for risks and charges (considering both the short-term and the medium/long-term portion) increased by 15,990 thousand euro overall compared to 31 December 2023.
The table below shows the total provisions for risks and charges (both the short-term and the medium/long-term portion). The short-term portion is disclosed separately.

Thousands of euro	31.12.2023	Of which current portion	Of which non-current portion	Allocations	Releases	Uses	30.06.2024	Of which current portion	Of which non-current portion
Provision for litigation and disputes	4,404	-	4,404	1,172	(748)	(496)	4,332	-	4,332
Provision for taxes and duties	2,125	-	2,125	-	-	(8)	2,117	-	2,117
Provision for disputes with personnel	100	-	100	-	-	-	100	-	100
Provision for disputes on concessions	33,735	33,735	-	3,873	-	(83)	37,525	37,525	-
Other provisions for risks and charges	49,950	45,737	4,214	24,535	(1,108)	(11,122)	62,255	57,907	4,348
Total	**90,313**	**79,471**	**10,842**	**29,579**	**(1,856)**	**(11,709)**	**106,328**	**95,431**	**10,897**
Provision for charges pertaining to leave incentives	2,000	2,000	-	-	-	(25)	1,975	1,975	-
Total	**92,313**	**81,471**	**10,842**	**29,579**	**(1,856)**	**(11,734)**	**108,303**	**97,406**	**10,897**

The provisions for risks and charges stood at 108,303 thousand euro (short-term portion: 97,406 thousand euro) and were broken down as follows:

- "Provision for litigation and disputes", essentially in line with 31 December 2023. It amounted to 4,332 thousand euro and was set aside to cover liabilities arising mainly from some ongoing legal disputes for potentially damaging events. Releases in the first half of the year amounted to 748 thousand euro, while provisions amounted to 1,172 thousand euro and uses stood at 496 thousand euro;
- "Provision for taxes and duties", standing at 2,117 thousand euro, mainly concerning ongoing litigation or disputes concerning local taxes;
- "Provision for disputes with personnel", amounting to 100 thousand euro, covering expected charges arising from disputes with personnel of a company acquired in previous financial years. The Company did not consider it necessary to change this item in these financial statements;
- "Provision for disputes on concessions", totalling 37,525 thousand euro; it rose by 3,873 thousand euro following adjustments to the risk relating to a review of the agreed concession fees and related disputes with the municipalities, while uses in the period were limited to 83 thousand euro;

- "Other provisions for risks and charges", amounting to 62,255 thousand euro, showed a total change of 12,305 thousand euro. These provisions mainly cover the costs that could potentially arise from the need to service or replace meters not fully compliant with corporate standards: during the period the specific provision increased by a net amount of 10,492 thousand euro; the provision for corporate welfare costs instead recorded a net increase of 914 thousand euro.
- "Provision for charges pertaining to leave incentives", totalling 1,975 thousand euro, addressing possible liabilities that may arise from agreements already finalised or being negotiated concerning early retirement incentives. The Group used 25 thousand euro of this provision during the period.

30. Non-current financial liabilities

The item, which included the negative Fair Value of derivatives outstanding up to 31 December 2021, had already been zeroed as at 30 June 2022, with the Fair Value moving into positive territory owing to the rise in interest rates.

31. Non-current IFRS 16 financial liabilities

This item consists of the long-term portion of the financial liability arising from the recognition of rental and lease costs in accordance with IFRS 16. To view the overall impact of the related payable, it is necessary to add the value of "Current IFRS 16 financial liabilities"—shown here for the sake of completeness—to the value of the item. The balance as at 30 June 2024 was 15,115 thousand euro.

Below is the breakdown by due date of the future cash flows that make up IFRS 16 financial liabilities, for both the long-term and short term-portion. Details of non-discounted contractual flows are also shown, with the same breakdown by due date.

Thousands of euro

		Present value of IFRS 16 cash flows 30.06.2024	1 year	2 - 5 years	Beyond 5 years
ST/LT IFRS 16 Financial liabilities					
Non-current IFRS 16 financial liabilities		**15,115**	**-**	**14,738**	**378**
	IFRS 16 Property			10,929	378
	IFRS 16 Vehicles			3,808	-
	IFRS 16 ICT			-	-
Current IFRS 16 financial liabilities		**6,883**	**6,883**	**-**	**-**
	IFRS 16 Property		4,569		
	IFRS 16 Vehicles		2,237		
	IFRS 16 ICT		77		
Total		**21,998**	**6,883**	**14,738**	**378**

32. Other non-current liabilities

This item increased by 3,875 thousand euro compared to the previous year. A breakdown is provided below:

Thousands of euro

	30.06.2024	31.12.2023	2024 - 2023
Sundry payables	1,056	1,056	-
Deferred income for grants related to plants	61,097	57,764	3,333
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	297,073	296,532	541
Total other non-current liabilities	**359,226**	**355,352**	**3,875**

Deferred income for grants related to plants increased as a result of the portion accrued during the period, mainly driven by the contribution of Cilento Reti Gas grants.

Current liabilities

33. Short-term loans

This item was zero as at 30 June 2024.

34. Current portion of medium/long-term bank loans

This item stood at 507,808 thousand euro and includes bank loan instalments due to expire within the next 12 months (18,182 thousand euro), as well as the debenture loan tranche maturing in 2024 (489,705 thousand euro). Below are the details:

Thousands of euro	Carrying amount		Notional amount		Interest rate in force	Interest rate actual
	30.06.2024	31.12.2023	30.06.2024	31.12.2023		
Floating-rate debt	18,182	18,182	18,182	18,182	Eur+0.59%	4.26%
Debenture loan expiring 2024	489,705	489,705	489,705	489,705	3.00%	3.13%
Costs linked to loans (short-term)	(78)	(450)				
TOTAL SHORT-TERM	**507,808**	**507,437**	**507,887**	**507,887**		

35. Current portion of long-term and short-term provisions

Details and comments on this item, amounting to 97,406 thousand euro in the six-month period, are provided on an aggregate basis in the section on the provisions for risks and charges (note 29).

36. Trade payables

This item includes trade and operating liabilities that are certain in terms of amount and due date. Almost all reported payables were incurred in Italy.

This item decreased by 17,704 thousand euro compared to 31 December 2023, due to normal seasonal patterns.

The balance mainly consists of outstanding payables due to companies to which the Group outsourced gas distribution plant construction and maintenance operations, as well as purchases of electricity and gas for internal use.

37. Income tax payables

Income tax payables, amounting to 69,868 thousand euro in the six-month period, refer largely to payables for corporate income tax (IRES) and regional business tax (IRAP) and reflect normal advance payment and balance patterns.

38. Current financial liabilities

Current financial liabilities referred to accrued interest expense on the debenture and bank loan, which are due within 12 months. These liabilities rose as at 30 June 2024 as a result of the normal rolling effect caused by interest on the debenture loan becoming due.

Thousands of euro

	30.06.2024	31.12.2023	2024 - 2023
Accrued liabilities for interest on short-term bank loans and bank expenses	40,097	31,761	8,335
Other current financial payables	949	890	59
Total	**41,045**	**32,651**	**8,394**

39. Current IFRS 16 financial liabilities

The item includes the short-term portion of the financial liabilities generated by the application of IFRS 16. The balance of this item (6,883 thousand euro) must be added to the medium/long-term portion, which has already been commented on in section 31, in order to obtain a complete picture of the impact on financial debt of accounting pursuant to IFRS 16.

40. Other current liabilities

Other current liabilities increased in the period under review due to the interaction mechanism with CSEA. Other current liabilities are set out below:

Thousands of euro

	30.06.2024	31.12.2023	2024 - 2023
other tax payables	3,579	3,942	(363)
payables to social security and pension agencies	11,634	9,825	1,809
other payables	122,210	96,858	25,352
accrued liabilities	4,297	3,971	326
deferred income	16,416	15,460	956
Total	**158,136**	**130,056**	**28,080**

Other tax payables are set out below:

Thousands of euro	30.06.2024	31.12.2023	2024 - 2023
due to tax authorities for VAT	372	43	329
due to tax authorities for taxes withheld from employees	3,097	3,852	(755)
due to tax authorities for withholding taxes	109	47	62
other payables to tax authorities	1	-	1
Total	**3,579**	**3,942**	**(363)**

Payables to welfare and social security agencies are set out below:

Thousands of euro	30.06.2024	31.12.2023	2024 - 2023
due to INPS	10,142	8,772	1,370
due to other agencies	1,492	1,053	439
Total	**11,634**	**9,825**	**1,809**

Other payables are set out below:

Thousands of euro	30.06.2024	31.12.2023	2024 - 2023
Payables to employees	16,721	13,134	3,587
Payables to municipalities for rights and fees	1,048	1,048	-
Payables for connections, network extension and other payables to customers	19,443	12,536	6,907
Payables for security deposits and user advances	9,510	7,848	1,662
Payables to CSEA	70,916	56,256	14,660
Other payables	4,572	6,036	(1,464)
Total	**122,210**	**96,858**	**25,352**

Payables to CSEA, totalling 70,916 thousand euro, mainly consist of amounts due in respect of items transiting through the mechanism of invoicing to trading companies, which are then transferred to the Equalisation Fund. The 14,660 thousand euro increase compared to 31 December 2023 is related to the seasonal trend of billing and to the associated pass-through items.
Below is a breakdown of accrued liabilities and deferred income:

Thousands of euro

	30.06.2024	31.12.2023	2024 - 2023
Accrued liabilities			
Accrued liability for additional monthly salaries paid to employees	3,917	3,742	175
Other accrued liabilities	380	229	152
Total accrued liabilities	**4,297**	**3,971**	**326**
Deferred income			
Deferred income for grants related to plants	2,518	2,575	(57)
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	10,240	10,210	29
Other deferred income	3,658	2,674	984
Total deferred income	**16,416**	**15,460**	**956**
Total accrued liabilities and deferred income	**20,713**	**19,431**	**1,282**

25. Liabilities held for sale

During the half year, liabilities relating to a deposit on a property being disposed of were recorded as liabilities held for sale. As at the reporting date, these liabilities stood at 33 thousand euro.

Related party disclosures

Related parties are identified in accordance with international accounting standards.
The definition of related parties includes key management personnel—including their close relatives—of the parent company as well as of the companies directly and/or indirectly controlled by it, jointly controlled companies and companies over which the parent company has significant influence. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the relevant Directors.

The dividends distributed and paid to related parties, totalling 124,945 thousand euro, refer to the distribution of the 2023 profit to F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.) and Finavias Sarl.

Pursuant to art. 2427-bis of the Italian Civil Code, financial and trade transactions between the Group and related parties are part of ordinary operations and have always been carried out at arm's length.

Trade, financial and other transactions involving the Group, its parent companies, subsidiaries, other Group companies, and other related parties of the parent company are shown below.

Trade and other transactions

30 June 2024

Thousands of euro	Trade Receivables	Trade Payables	Trade Costs	Trade Revenue
F2i SGR S.p.A.	-	90	30	-
MEA S.p.A.	4	-	-	4
APG Infrastructure Pool 2017 II	-	10	10	-
Bonatti S.p.A.	17	7,023	1,573	12
2i Servizi Energetici S.r.l.	17	94	46	32
Key management personnel, including directors and statutory auditors	-	51	1,222	-
Total	**38**	**7,269**	**2,882**	**48**

31 December 2023

Thousands of euro	Trade Receivables	Trade Payables	Trade Costs	Trade Revenue
F2i SGR S.p.A.	-	60	60	-
MEA S.p.A.	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti S.p.A.	5	7,085	3,625	5
2i Servizi Energetici S.r.l.	28	194	66	62
Key management personnel, including directors and statutory auditors	-	70	3,057	-
Total	**42**	**7,428**	**6,829**	**76**

Financial transactions

30 June 2024

Thousands of euro	Financial Receivables	Financial Payables	Financial Costs	Financial Revenue	Dividends paid
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					79,887
Finavias S. à r.l.					45,058
MEA S.p.A.				5	
2i Servizi Energetici S.r.l.	1,372		29	43	
Total	**1,372**	**-**	**29**	**48**	**124,945**

31 December 2023

Thousands of euro	Financial Receivables	Financial Payables	Financial Costs	Financial Revenue	Dividends paid
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i sgr S.p.A.)					70,936
Finavias S. à r.l.					40,009
MEA S.p.A.				32	
2i Servizi Energetici S.r.l.	1,370		145	39	
Total	**1,370**	**-**	**145**	**71**	**110,945**

It should also be noted that the Group's financial statements also include Equity investments in related parties, namely MEA S.p.A. (3,553 thousand euro) and 2i Servizi Energetici S.r.l. (133 thousand euro).

41. Contractual commitments and guarantees

The company provided 146,705 thousand euro by way of guarantees in the interests of third parties. These guarantees refer to bank guarantees (117,984 thousand euro) and insurance and other guarantees (28,721 thousand euro).
These guarantees were provided as collateral for maintenance and extension work relating to distribution networks as well as participation in tenders for operating gas distribution services.
Furthermore, pursuant to section 22-ter of Article 2427 of the Italian Civil Code, it is noted that there are no agreements that have not been disclosed in the financial statements that might significantly impact the company's financial statements.

Operating segment reporting

The Group is managed as a single business unit engaging mainly in natural gas distribution through networks. As a result, the Group's operations are analysed as a whole by top management.
The reporting format used by top management to take operating decisions is consistent with the formats used in the consolidated financial statements shown herein, excluding the impact of IFRIC 12 highlighted in note 5.c as well as in the section covering costs.

Contingent liabilities and assets

Contingent liabilities

It should be noted that, in relation to the potential sale of shares by the two main shareholders referred to in the Directors' Report, on 29 May 2024, the Board of Directors resolved to approve a monetary incentive scheme for the Group's management for a total of 12.7 million euro, the disbursement of which is subject to the successful outcome of the sale of the equity investments. As at the reporting date, it is not possible to reliably determine the probability of such amount being disbursed.

Contingent assets

As at 30 June 2024, there were no contingent assets.

Market, credit, liquidity, and interest rate risk

Credit Risk

The 2i Rete Gas Group provides its distribution services to around 260 sales companies, the most significant of which is Enel Energia S.p.A.
In relation to invoiced volumes, no significant cases of non-compliance by the counterparties were found in the first half of 2024.
User access to the gas distribution service is governed by the Network Code, which, in compliance with the provisions of ARERA, establishes the rights and obligations of the entities involved in the distribution service process, as well as the contractual clauses that reduce the risk of breach by sales companies.
As part of gas distribution operations, commercial credit lines to external counterparties are closely monitored by assessing the relevant credit risk and requiring adequate guarantees and/or security deposits for the purpose of ensuring an appropriate level of protection against the risk of default by the counterparty.
Outstanding guarantees and security deposits on trade receivables totalled 261,097 thousand euro.
The Group constantly monitors the recoverability of these receivables and has adopted a specific policy regarding the possible creation of a provision for risks and bad debts.

As a result, credit risk is mitigated.

A summary quantitative indication of the maximum exposure to credit risk can be derived from the carrying amount of financial assets, before the relevant bad debt provision.
As at 30 June 2024 the maximum credit risk exposure was 874.5 million euro:

Millions of euro

	30.06.2024	31.12.2023	2024 - 2023
Non-current financial assets	13.4	12.8	0.7
Other non-current financial assets (gross of bad debt provision)	66.0	24.1	42.0
Trade receivables (gross of bad debt provision)	187.1	208.2	(21.1)
Other current financial assets	8.6	7.1	1.5
Cash and cash equivalents	310.3	324.9	(14.6)
Other receivables (gross of bad debt provision)	289.2	251.3	37.8
Total	**874.5**	**828.4**	**46.2**

Liquidity Risk

Based on the current financial structure and the expected cash flows as projected in the business plans, the 2i Rete Gas Group is able to autonomously meet the financial requirements of its ordinary operations and ensure business continuity.
In addition to the debenture loans issued, there are two loans provided by the European Investment Bank (EIB) totalling 343.2 million euro. Furthermore, the Group has been granted two revolving credit facilities for a total of 400 million euro, which as at 30 June 2024 were still fully available and had a maturity of more than 12 months. The Group has an EMTN programme in place for 4.5 billion euro, currently used for 3.2 billion euro.
In order to properly disclose liquidity risk as required by IFRS 7, below are details of the company's debt.

The contractual maturities of the financial liabilities outstanding as at 30 June 2024 and, for comparative purposes, 31 December 2023, are set forth below:

Millions of euro	1 year	1 - 5 years	Beyond 5 years
Financial liabilities as at 30 June 2024			
Long-term loans	-	297.7	27.3
Medium/long-term debenture loans	-	1,665.0	1,050.0
Medium/long-term debenture loans maturing within 12 months	489.7		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	41.0		
Non-current IFRS 16 financial liabilities		14.7	0.4
Current IFRS 16 financial liabilities	6.9		
Total	**555.8**	**1,977.5**	**1,077.7**

Millions of euro	1 year	1 - 5 years	Beyond 5 years
Financial liabilities as at 31 December 2023			
Long-term loans	-	297.7	36.4
Medium/long-term debenture loans	-	1,665.0	1,050.0
Medium/long-term debenture loans maturing within 12 months	489.7		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	32.7		
Non-current IFRS 16 financial liabilities		15.8	0.6
Current IFRS 16 financial liabilities	7.3		
Total	**547.8**	**1,978.5**	**1,086.9**

The projected liquidity requirements are estimated based on the cash flows expected from ordinary operations.
It should be noted that loans are regularly monitored for compliance with some financial covenants at a consolidated level.
As at 30 June 2024, the covenants relating to the level of default were fully complied with.

The "Medium/long-term debenture loans" and the "Medium/long-term debenture loans maturing within 12 months", totalling 3,204.7 million euro, refer to the aforementioned six debenture loan tranches issued by 2i Rete Gas and expiring between 2024 and 2033.
The Group's growth plan requires refinancing existing debt, but at present—given the Group's strong performance, the rating obtained, as well as the ongoing compliance with the financial covenants established by the lending banks—no difficulties are expected in obtaining such refinancing.
The Group constantly monitors opportunities to improve its financial structure.

To gain further insights into long-term loans, reference should be made to note 27 in these interim consolidated financial statements.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices as a result of changes in exchange rates, interest rates, or the prices of equity instruments.

Transactions that qualify for hedge accounting pursuant to the requirements of the accounting standards are designated as hedging transactions, while those that do not meet such requirements are classified as trading transactions, even though, from a management point of view, they have been entered into for hedging purposes.

As at 30 June 2024, the Group had no open derivative contracts.

In accordance with IFRS 7, the table below shows financial assets and liabilities, disclosing their carrying amount and fair value.
Furthermore, the Group has no financial assets held to maturity, available for sale or held for trading.

	carrying amount						
Thousands of euro	**Notes**	**Measured at fair value**	**Receivables**	**Available for sale**	**Other financial liabilities and payables**	**Total**	**Fair value**
Financial assets measured at fair value							
Non-current financial assets	16					-	-
Financial assets not measured at fair value							
Non-current financial assets	16		13,442			13,442	13,442
Other non-current assets	17		65,400			65,400	65,400
Trade receivables	19-25		176,939			176,939	176,939
Short-term financial receivables	20		2,409			2,409	2,409
Other current financial assets	21		6,167			6,167	6,167
Cash and cash equivalents	22		310,254			310,254	310,254
Other current assets	24		289,743			289,743	289,743
TOTAL ASSETS			**864,353**	**-**	**-**	**864,353**	**864,353**
Financial liabilities measured at fair value							
IRS Derivatives	38					-	-
Financial liabilities not measured at fair value							
Long-term loan	27				325,000	325,000	325,000
Medium/long-term debenture loans	27				2,703,411	2,703,411	2,561,775
Medium/long-term debenture loans maturing within 12 months	33-34				489,627	489,627	489,499
Non-current IFRS 16 financial liabilities	31	15,115				15,115	15,115
Other non-current liabilities	32				1,056	1,056	1,056
Short-term loans	33-34				18,182	18,182	18,182
Trade payables	36-25				205,103	205,103	205,103
Current financial liabilities	38				40,097	40,097	40,097
Current IFRS 16 financial liabilities	39	6,883				6,883	6,883
Other current liabilities	40			33	141,720	141,753	141,753
TOTAL LIABILITIES		**21,998**	**-**	**33**	**3,924,194**	**3,946,225**	**3,804,462**

In order to enable comparison, the same table as the one used in 2023 is provided:

Thousands of euro	Notes	carrying amount Measured at fair value	Receivables	Available for sale	Other financial liabilities and payables	Total	Fair value
Financial assets measured at fair value							
Non-current financial assets	16					-	-
Financial assets not measured at fair value							
Non-current financial assets	16		12,768			12,768	12,768
Other non-current assets	17		23,865			23,865	23,865
Trade receivables	19-25		197,365			197,365	197,365
Short-term financial receivables	20		2,853			2,853	2,853
Other current financial assets	21		4,249			4,249	4,249
Cash and cash equivalents	22		324,901			324,901	324,901
Other current assets	24		297,362			297,362	297,362
TOTAL ASSETS			**863,364**	**-**	**-**	**863,364**	**863,364**
Financial liabilities measured at fair value							
IRS Derivatives	38					-	-
Financial liabilities not measured at fair value							
Long-term loan	27				334,091	334,091	334,091
Medium/long-term debenture loans	27				2,702,205	2,702,205	2,537,939
Medium/long-term debenture loans maturing within 12 months	33-34				489,255	489,255	486,953
Non-current IFRS 16 financial liabilities	31	16,361				16,361	16,361
Other non-current liabilities	32				1,056	1,056	1,056
Short-term loans	33-34				18,182	18,182	18,182
Trade payables	36-25				222,807	222,807	222,807
Current financial liabilities	38				31,761	31,761	31,761
Current IFRS 16 financial liabilities	39	7,303				7,303	7,303
Other current liabilities	40				114,596	114,596	114,596
TOTAL LIABILITIES		**23,664**	**-**	**-**	**3,913,951**	**3,937,615**	**3,771,047**

With regard to the financial assets that are not measured at fair value, and to the value of trade payables and other current liabilities, the carrying amount is considered to be a reasonable approximation of the fair value, as shown in the tables above.

In order to determine the Fair Value of the debenture loan, the Group relied on market valuations at the end of the reporting period.

Interest rate risk

The company manages interest rate risk with the aim of achieving a balanced debt structure, reducing the amount of financial debt exposed to changes in interest rates and minimising funding costs over time, thereby limiting volatility in performance.
As at 30 June 2024, the debt structure was not subject to interest rate risk to the extent of 3,429.7 million euro out of 3,547.9 million euro reflected in the financial statements. As at the same date, the company did not hold any derivatives.

No further information is therefore provided.

Significant events after the reporting period

No significant events occurred after the end of the reporting period.

Management and coordination

The parent company manages and coordinates the subsidiaries Cilento Reti Gas S.r.l. and 2i Rete Dati S.r.l., whereas 2i Rete Gas S.p.A. is not subject to management and coordination by any company.

Corporate governance

The guidelines of the Group's corporate governance are described in the "Organisation, Management and Control Model" (model 231/2001) as well as in the "Code of Ethics". Both documents are available on the company's website.

XIII. Report of the Independent Auditors

2i Rete Gas S.p.A.

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
2i Rete Gas S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows and the related notes of 2i Rete Gas S.p.A. and its subsidiaries (the "2i Rete Gas Group") as of 30 June 2024. The Directors of 2i Rete Gas S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of 2i Rete Gas Group as of 30 June 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other matters

The consolidated financial statements for the year ended 31 December 2023 and the interim condensed consolidated financial statements for the half-year period ended 30 June 2023 have been respectively audited and reviewed by another auditor who expressed an unqualified opinion on the consolidated financial statements on 5 April 2024 and expressed an unqualified conclusion on the interim condensed consolidated financial statements on 28 September 2023.

Milan, 27 September 2024

EY S.p.A.
Signed by: Paolo Zocchi, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

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