

STRATEGIC PLAN 2024-2027



Pieve di Soligo, 18 March 2024



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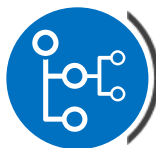
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1. Strategic guidelines



Ascopiave Group, listed on the STAR segment of the Italian Stock Exchange, is a solid, reliable and transparent counterpart for its stakeholders



Gas distribution

Gas distribution activities (874 k PDR¹) represent the core business of the Group, currently leader in the North-East and 5th largest operator at national level



Energy Services

Ad hoc Group company to enable rationalisation of consumption



Retail gas and electricity

Portfolio of investments in retail companies (EstEnergy and Hera Comm)

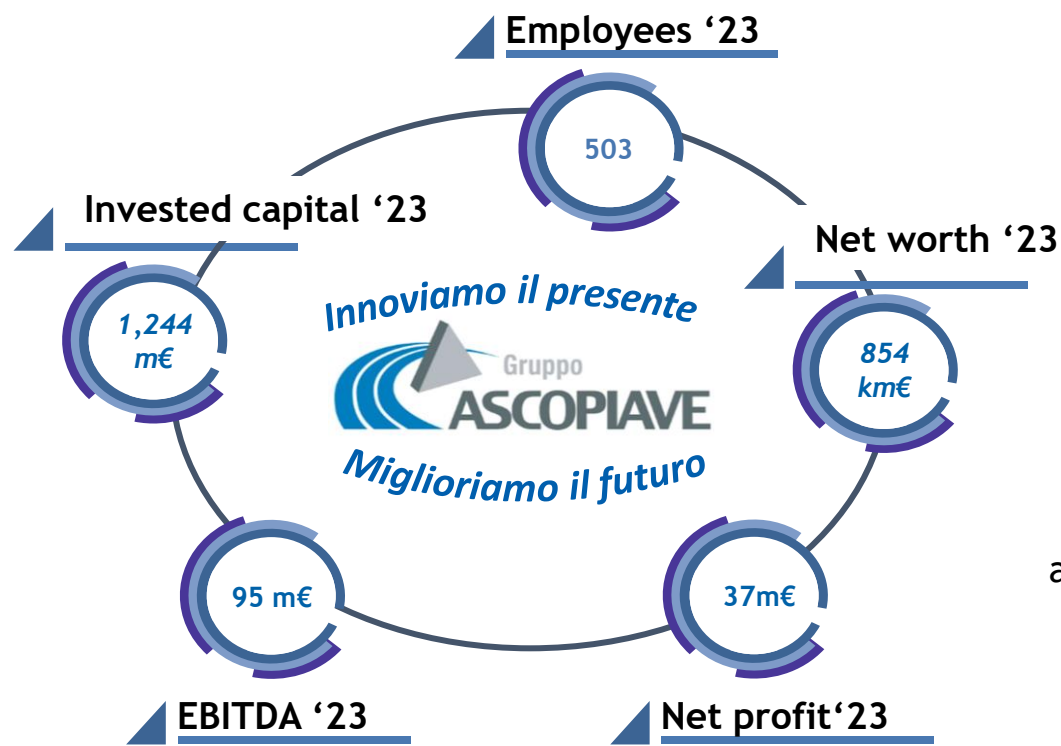
Water Management Services

Technological partnership in the Integrated Water Service business, synergistic with the other Group activities



Renewable energy production

Portfolio of hydroelectric and wind power plants and photovoltaic projects for development





Sustainable growth

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



Economic and financial objectives are combined with those of key stakeholders and integrated with social and environmental objectives in order to achieve sustainable success



Strategic pillars

Ascopiave Group's strategy is based on sustainable growth, developing resources and skills in order to seize the opportunities generated by new market trends

Ascopiave's positioning and expertise provide a solid foundation to support growth in its core businesses (Gas distribution, electricity generation from renewable energy sources)



By anticipating market dynamics, Ascopiave can leverage its expertise to expand business scope and diversify risk (water, hydrogen, green gases, energy efficiency)

Innovation management is a crucial activity for Ascopiave and targets both short and medium-long term goals

Improving economic and operational efficiency is at the heart of Ascopiave's management policies



The «Sustainable Development Goals» identified by Ascopiave through dialogue with its Stakeholders represent the elements on which the Group will base its sustainable growth path



The sustainability path undertaken by Ascopiave Group is inspired by the Sustainable Development Goals (SDGs) related on the one hand to its business activities (SDGs 6, 7, 8 and 9) and on the other hand to the impact and effects that the Group exerts on the territories in which it operates (SDGs 10, 11, 12 and 13). In this context, Ascopiave's strategy incorporates the concept of assuming responsibility that the 2030 Agenda requires of every reality, not only in terms of what it carries out at the business level, but also as an activator of change with a view to creating sustainable systems both locally and globally.

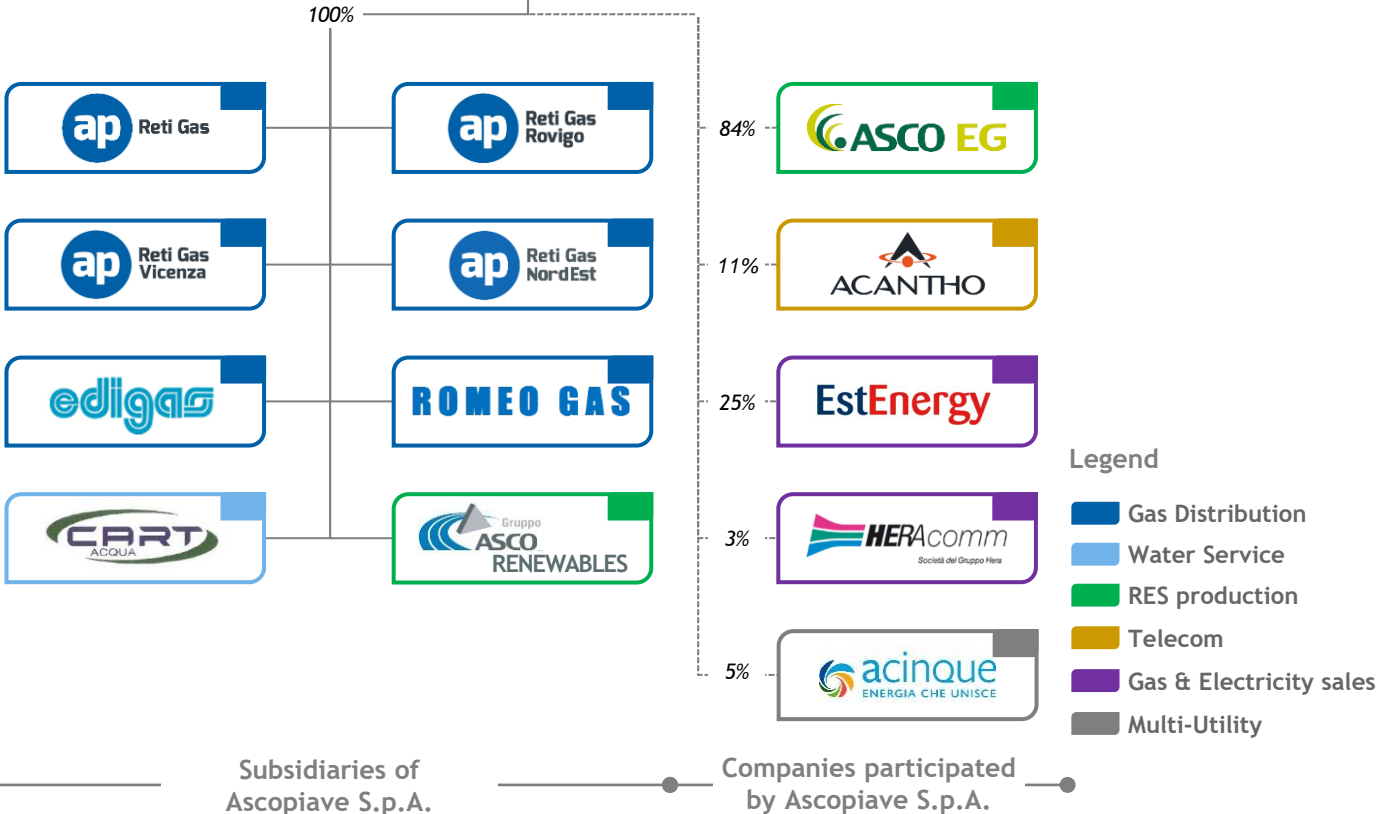


2. Ascopiave Group

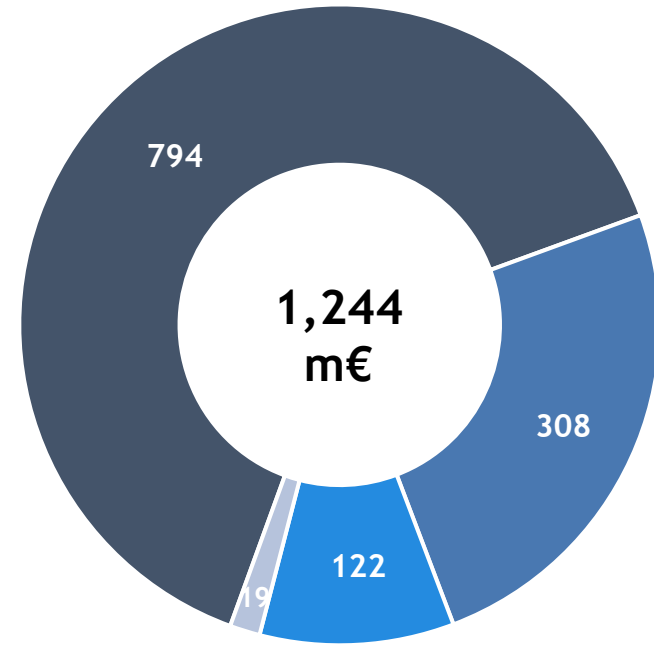


Corporate structure

Ascopiave Group holds a balanced portfolio of assets with a low risk profile



Net Invested Capital 2023

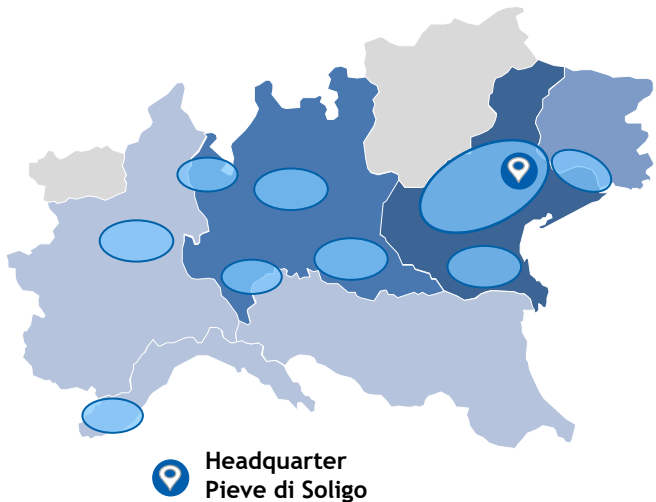


- Gas distribution
- Renewable energies
- Holdings
- Other consolidated activities

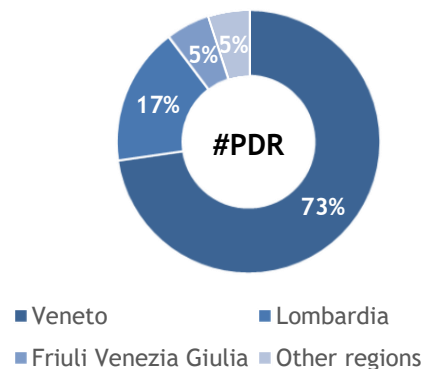


Gas distribution - Positioning and operating data

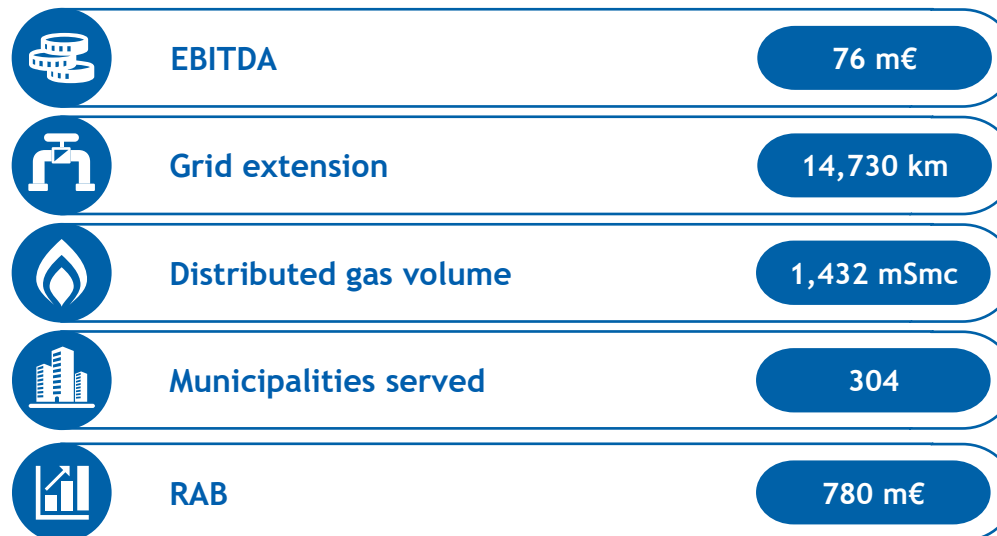
Thanks to its size and favorable territorial positioning, Ascopiave Group has been and will continue to be among the protagonists of the consolidation of the sector



Regional distribution of Ascopiave customers 2023



Ascopiave Group - Operating data 2023



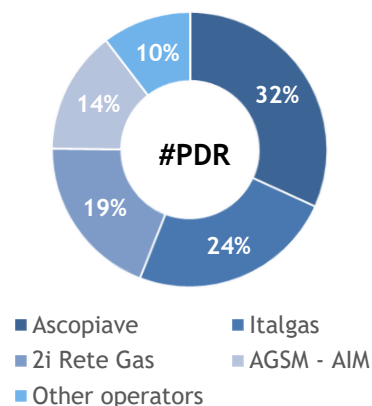
Group Consolidation

- Ascopiave Group has completed 13 company acquisitions since 2000
- Significant increase in the customer base and in the municipalities served
- Expansion of the geographic basin

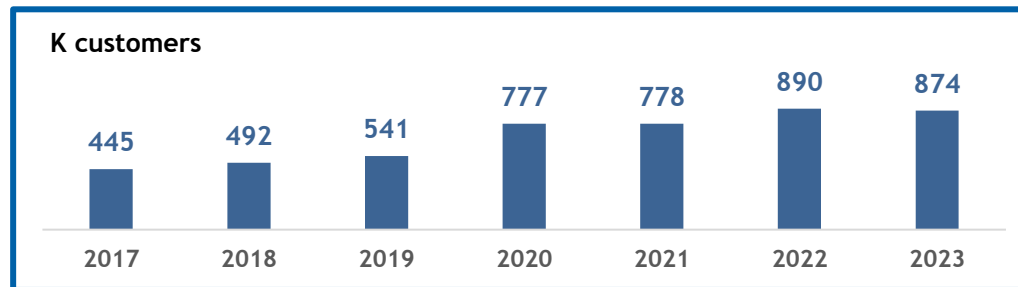
Current territorial presence

- 5th largest national operator in the sector
- Regional leader in North-East Italy
- Significant presence in some areas of Lombardia

Competitive context in Veneto¹



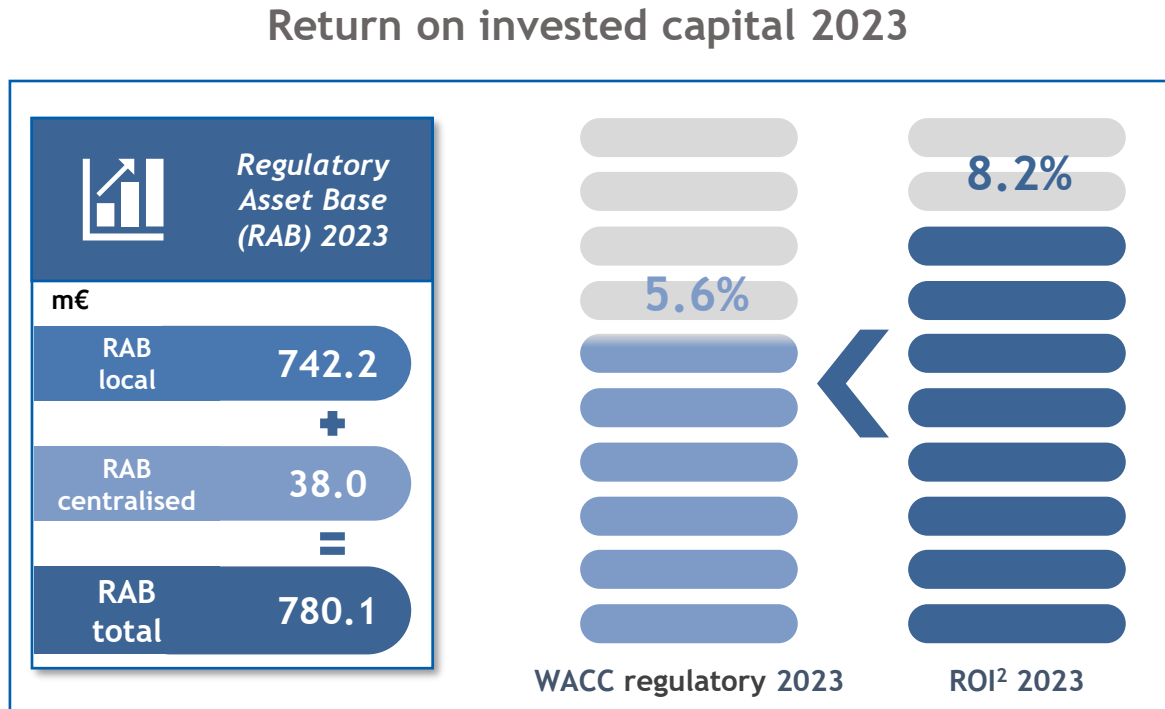
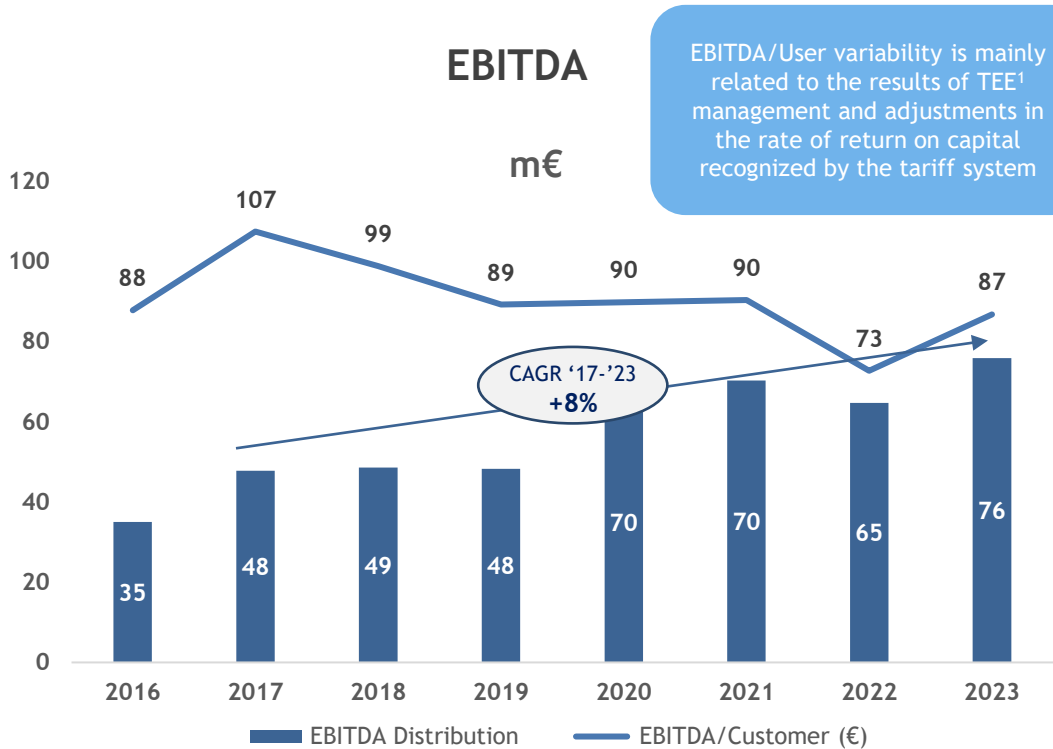
Customers served





Gas distribution - Main economic-financial data

Gas distribution is a regulated business, characterized by a low level of risk and mostly stable and predictable economic results



Sound financial results and cash flows ensured by stable regulation and increased EBITDA supported by the increase in the number of users managed over the years

There is an excellent profitability of operations, confirmed by a return on investment (ROI) higher than the regulator's expected rate of return (regulatory WACC)

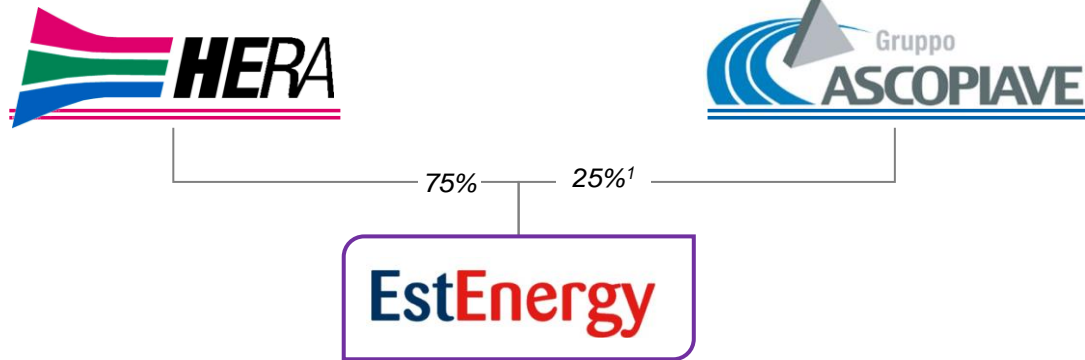


Investment in EstEnergy - Gas and power retail

Ascopiave holds a stake in the EstEnergy group, leader in northeastern Italy in the sale of gas and electricity

Extraordinary transaction completed with Hera in December 2019

- Strategic repositioning of the Group
- Valorisation of sales activities
- Risk mitigation of commercial activities



EstEnergy - Operating data 2023

	EBITDA	69 m€
	Retail customers gas	646 k
	Retail customers power	382 k
	Gas sold	736 mSmc
	Electricity sold	1,835 GWh

Governance



- Control by the Hera group
- Ascopiave's representation in the administrative and control bodies
- Veto rights on relevant decisions

Dividend distribution



- Annual distribution of 100% of generated profits



EstEnergy and Hera Comm - Put option

Ascopiave holds a put option on its current holdings in EstEnergy and Hera Comm, which are characterized by excellent conditions in terms of value and flexibility of exercise.

The plan assumes a full exercise of the puts on the holdings for the purpose of financing the planned investment plan

EstEnergy

- Option that can be fully or partially exercised by December 2026
- Strike price equal to the maximum between:
 - Fair market value;
 - Floor price: value of initial investment increased by 4% (net of dividends distributed);
 - Initial investment value (48% of Estenergy): equal to 395 m€.
- In 2020, Ascopiave subscribed a 32.5 m€ capital increase in EstEnergy to service the tax relief of the higher value of the equity investments it acquired compared to the net book value. The benefits for Ascopiave will come in the form of higher dividends in fiscal years 2023-2032.
- In 2022 and 2023, Ascopiave partially exercised its put on its stake in Estenergy, transferring an 23% share of the company's capital to the Hera Group, collecting 216.7 m€

HERA comm

- Option that can be fully or partially exercised by December 2026
- Exercise price equal to the value of the initial investment (54 m€) increased by 5% (net of distributed dividends)



Option exercise strategy

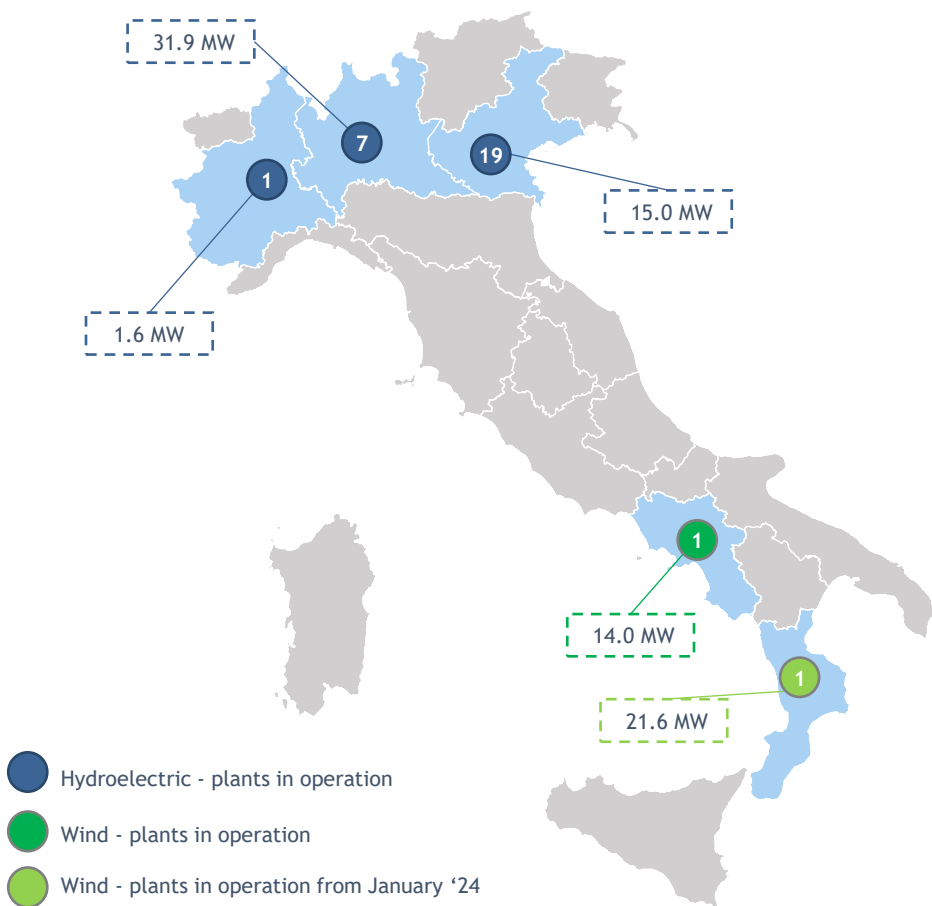
1. Maximisation of the strike price
2. Reinvestment of the proceeds from the sale



Power generation from renewable sources

In the period 2021-2022, Ascopiave entered the renewable energy sector through some extraordinary business acquisition transactions and the establishment of partnerships for the development of new generation facilities

Plant portfolio: number of plants and installed power¹



December 2021: acquisition of a portfolio of 6 hydropower plants from EVA Group in Lombardy and Piedmont. All plants operate under incentive regime (Feed in Tariff) with average expiration date beyond 2033

January 2022: acquisition of the 79.74% stake in Eusebio Energia S.r.l. (now Asco EG S.p.A.), owner of a portfolio of 21 hydroelectric plants in Lombardy and Veneto and 1 wind power plant

January 2022: establishment of a partnership with the Renco Group to develop new power generation plants from renewable sources through the acquisition of a 60% stake in Salinella Eolico S.r.l.. At the end of 2023, Ascopiave acquired the entire capital of the company.

January 2024: entry in operation of the wind farm in Calabria built by Salinella Eolico S.r.l with a nominal capacity of 21.6 MW

Operating data 2023 (excluding wind plant in Calabria, operational from January 2024)

	EBITDA 2023	11.3 m€
	Number of plants in operation	28
	Installed capacity¹	62.5 MW
	Energy produced of which abt. 22 GWh incentivized	151 GWh

The historical average of production is around 168 GWh of which approx. 37 incentivized



Investment in Cogeide - Water management services

Ascopiave is active in the Water Service in the Province of Bergamo, through its subsidiary Cogeide. Synergies with the gas distribution business operated by Ascopiave in the same geographic area



Synergistic activities

- Sharing the technology platform for managing the data flow detected by smart meters
- Integration at the level of the information system used to manage active users

17 Municipalities

67.51%



Technological partner

18.33%



14.16%

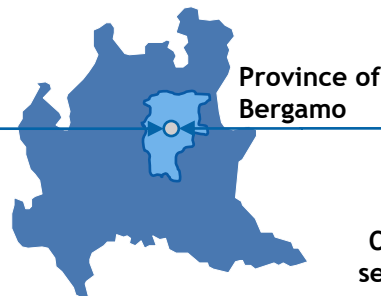


Cogeide - 2023 Data

	EBITDA	5.2 m€
	Grid extension	927 km
	Customers served	100 k
	Water sold	7.9 mmc
	Investments	3.5 m€



Current grid of Cogeide Spa in the Province of Bergamo

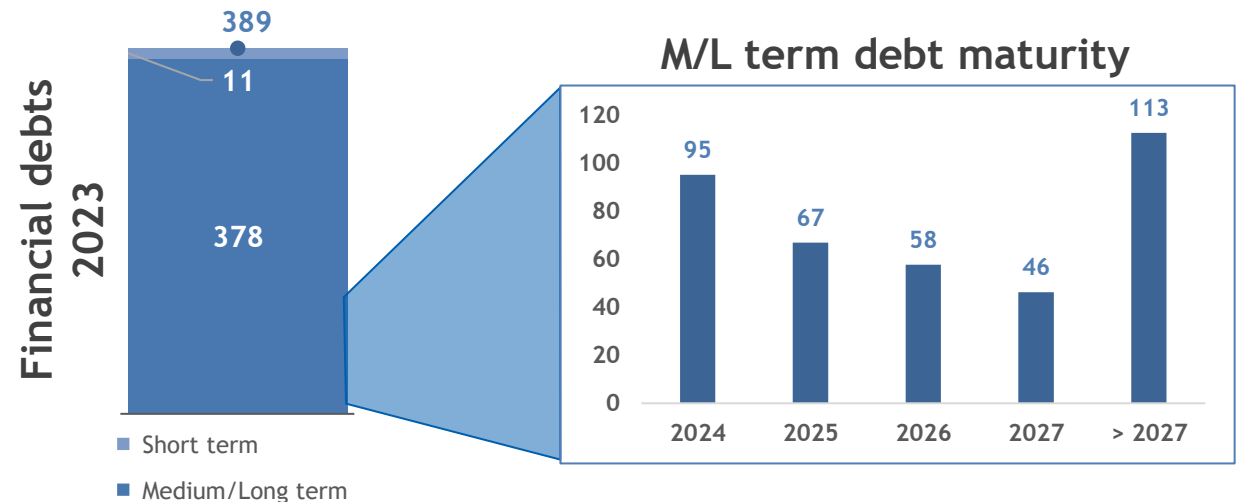
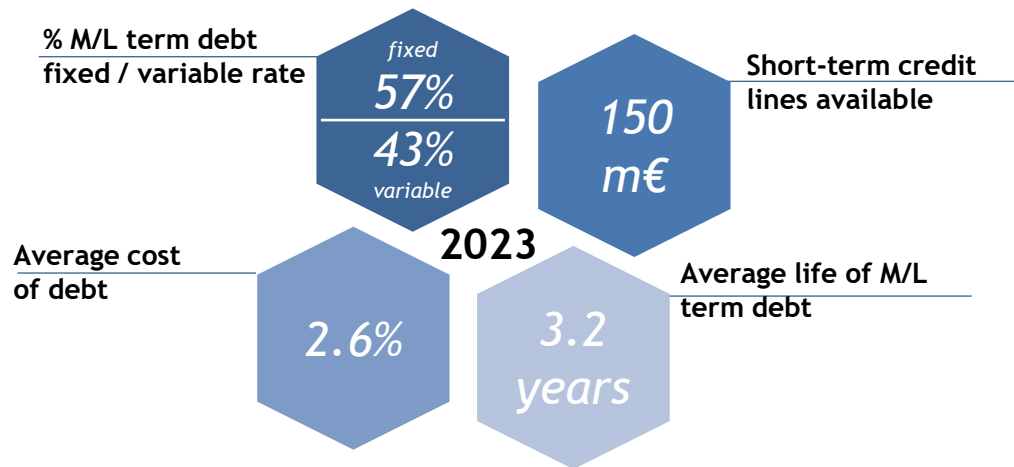
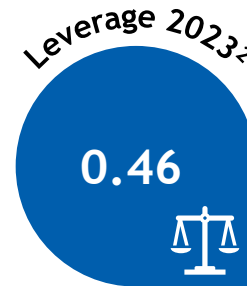


Province of Bergamo



Operator of the gas distribution service active in the areas where Cogeide is present

The low debt in relation to the risk profile of the assets held allows to seize new investment opportunities in line with the strategic pillars





Ascopiave underwrote a bond loan through a private placement "shelf program" with Pricoa Capital Limited to ensure additional funding for the Investment Plan



Key elements that lead to the operation:

- **Very long maturities** (up to 15 years)
- **Extremely competitive economic conditions**
- **Diversification of funding sources**
- **Possibility of partially reducing the use of bank finance**, in light of new extraordinary transactions
- **Introduction of a new long-term counterpart of excellent standing**, with knowledge of the Group and the will to support it in future growth



Main features of the shelf program:

- **Total amount of the shelf program:** 200 \$ / mln
- **Duration of each issue:** up to 12 years
- **Period for use:** 3 years
- **Financial covenants:** NFP / Ebitda, NFP / Net Equity, RAB



Residual amount to be issued by 2024:

~98 m€

First issuance

- Amount: 25 m€
- Duration: 10 years
- Average life time: 8 years

Second issuance

- Amount: 70 m€
- Duration: 10 years
- Average lifetime: 6 years





Ascopiave Group initiatives aim to combine sustainability and industrial growth, focusing on the optimisation of ESG objectives with a view to creating value for all stakeholders



Environmental

The Ascopiave Group's commitment to fighting climate change is translated into concrete actions aimed at reducing CO₂ emissions, producing clean energy and saving energy. Further attention is paid to initiatives to reduce the consumption of plastics at company sites.



Social

Ascopiave supports the improvement of social quality standards through initiatives and policies that promote social values in compliance with the principles of non-discrimination and equal opportunities within its organisation and in favour of local communities, for example through training and inclusion programmes aimed at employees.



Governance

Ascopiave, as a listed company, is aligned with industry best practices in the composition of its Board of Directors and Board of Statutory Auditors, complying, for example, with regulations on gender equality. Documents such as the Articles of Association, Code of Ethics, Remuneration Policy, and Management and Coordination Guidelines provide for sustainable success as a key principle.

Sustainable Finance



ESG linked loan: credit lines with a rate linked to the achievement of specific targets of some ESG indicators.

2020: First ESG linked loan with Intesa Sanpaolo S.p.A. for a total amount of **€ 50 million** and a duration of **3 years**

2021: Green loan with Mediobanca S.p.A. for an amount of **€ 20 million** and a duration of **5 years**, aimed at **covering investments in renewable energy**.

Sustainability Committee



Established in November 2021 by Ascopiave's Board of Directors, the Sustainability Committee has investigative, propositional and advisory functions in evaluations and decisions concerning environmental, social and economic sustainability and energy transition.





Ascopiave Group has always placed great emphasis and commitment on environmental issues, with the aim of minimizing the impact of its activities

Energy from renewable sources: Ascopiave has entered the renewable generation business, investing in hydroelectric (27 plants for an installed capacity of 48.5 MW) and wind power (2 plants for an installed capacity of 35.6 MW). At the company headquarters there is a 380 kW photovoltaic plant and a geothermal plant that guarantee a significant reduction in pollution and consumption.

CO₂ emission reduction: we have long been implementing the best technologies for constant consumption monitoring and implementing sustainable behaviors.

TEE management: through its subsidiary Asco Renewables (ESCo certified), Ascopiave manages the procurement of the Group's energy efficiency certificates in the most effective way.

Canteen Service: canteen service availability with focus on providing sustainable menus with the goal of reducing water use related to food production and consumption and CO₂ emissions. Ascopiave contributes to reducing food waste and spreading the culture of food value, proper nutrition, favoring supply chains with low environmental impact, supporting health and environment.

Extent of corporate green space: the main office has multiple green spaces totaling about 28,000 square meters equipped with an intelligent irrigation system that is not fed by the water service network. The green space/employee ratio is 150 sq. m.



Ascopiave Group promotes the involvement of its stakeholders in a context of mutual trust and collaboration to achieve its economic and social sustainability objectives

Supply chain: the Group gives preference to suppliers who hold certifications in environmental, quality and health & safety areas, and who operate in line with the Group's sustainability choices. The prevailing presence of local suppliers contributes to maintaining the level of employment in the territory.

Sustainability Report: during 2023, the Company continued the approach of communicating its social and environmental performance through the Non-Financial Statement, in addition to the Sustainability Report responding to the strategic goal of developing and nurturing relationships with the Stakeholder community over time.

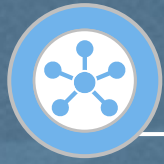
Training: the Group promotes the professional growth of its employees. In order to increase employees' skills, continuous training and development activities are carried out. In 2023, the average training hours per employee amounted to 28.7.

Inclusiveness: the Group promotes the principles of inclusion, non-discrimination and equal opportunities, both in personnel selection and career development, as set out in the Code of Ethics and the personnel selection policy.

Work/life balance: the Group pays particular attention to the work/life balance of its workers: in particular, through a 2nd level contractual agreement, the company provides for flexibility when entering and leaving the working day.

Parenthood: for workers, the Group allows them to obtain part time and/or a more conciliatory work schedule until their child reaches the age of 14.





3. Context and market trends



There is a deceleration in GDP growth in 2023, which is adjusted downwards to 0.8% from the 1.0% reported in the Economic and Financial Document ('DEF').

GDP deceleration causes are the erosion of household purchasing power due to high inflation, the uncertainty caused by the war in Ukraine, the stagnation of the European economy and the contraction of world trade.

Current situation in Italy



- ✓ **Inflation**, after peaking in August 2023, is expected to settle at 2.5% during 2024 and return to the 2.0% level between 2025 and 2026.
- ✓ This reduction is thought to be related in particular to the evolution of **energy commodity prices** (down from the previous year), and the **easing of volatility levels in energy goods**.

Market outlook



- ✓ **Short-term interest rates** are expected to rise in 2023-2024, as a consequence of the **ECB's monetary policy decisions**, while there are no significant changes in long-term yields.
- ✓ The **unemployment rate is expected to continue falling**, from 7.6% in 2023 to 7.2% in 2026, albeit with a slowdown in employment, affected by the broader GDP slowdown.

Outlook on investment and credit



- ✓ **Investment expenditure** in 2023 is **lower** than in the period 2021-2022, mainly due to **tighter financing conditions and higher interest rates**. These phenomena result from repeated interest rate increases by the ECB. The trend scenario sees investment expenditure increasing by 2.8% in 2024, with a lower growth trend in 2025 and 2026 (2.3% and 1.9% respectively).
- ✓ **The trend in public investment is affected by the grants and loans of the National Recovery and Resilience Plan**, as well as the reclassification of tax credits related to the superbonus. The result is a ratio of government gross fixed capital formation to GDP of 2.9% in 2023, 3.2% in 2024, 3.4% in 2025, and 3.2% in 2026.



The European and Italian decarbonisation goals

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



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

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



To boost the Italian economy in the wake of the pandemic situation, the government has allocated approx. **€235Bn to the PNRR**, of which more than **29%** is in the area of energy transition, with initiatives related to, for example, green gas, energy efficiency, circular economy and renewables.

European Green Deal

2030

42.5%
share of RES in energy consumption

55%¹
reduction of greenhouse gases

11.7%²
reduction of primary energy consumption



RePower EU

x2 biomethane production volumes³

x4 green hydrogen production/import volumes³

+27% housing efficiency³

2030

The ongoing conflict between **Russia and Ukraine** has exacerbated the energy market crisis already underway in 2021 related to the post-pandemic recovery, leading to a **further increase in volatility and energy commodity prices.**

One solution from the European Commission to reduce the EU's **energy dependence on Russian gas supplies** is the **RePower EU plan** that is part of the path of EU initiatives to foster Energy Transition.



2050

Note: ¹Compared to 1990 levels; ²Compared to projected energy consumption in 2030 (based on 2020 reference scenario); ³Compared with data from Fit for 55.



Role of the gas sector in the energy transition

In the energy transition pathway, gas represents a key source that will have to ensure the transition from a fossil fuel-based energy model to one with low emissions



Adjustment of infrastructure with a green perspective (Multi-vector network)



Integration with renewable electric system

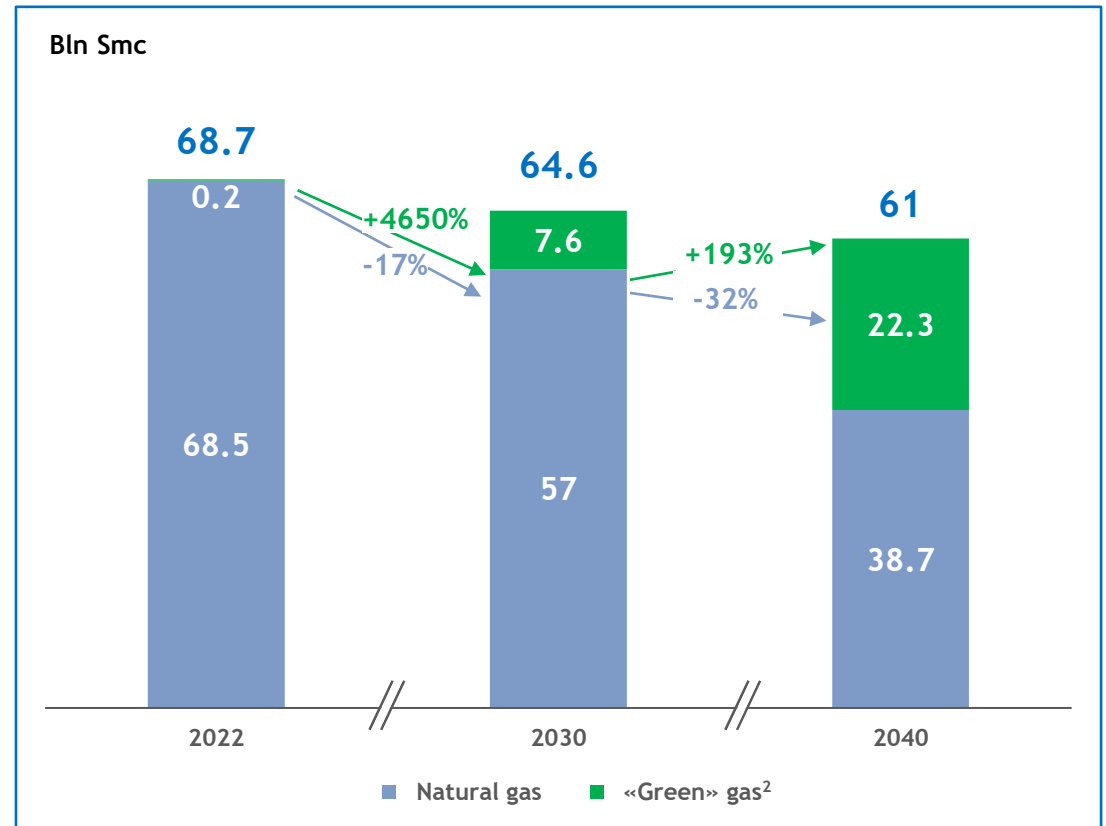
RISKS

- Reduction in final gas consumption
- Reduction of use of existing infrastructures
- Potential need for reconversion of the gas network for the transport of "green" gases²

OPPORTUNITIES

- "Green" gas² transportation and storage with existing infrastructure
- Non-programmable renewable energy storage
- New public sources of financing (e.g. allocation of PNRR funds)

Expected gas consumption in Italy¹





The new infrastructure grid - Green gases

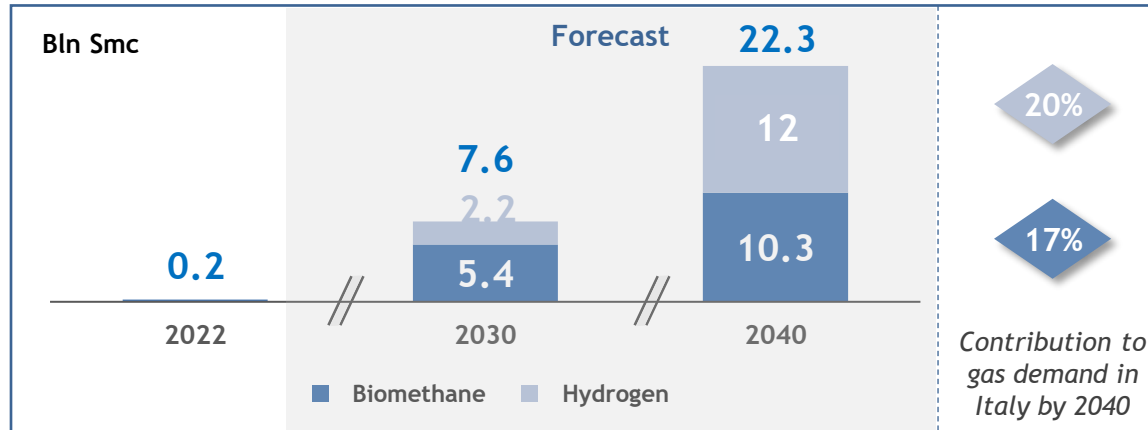
Significant growth in demand for green gas is expected in the coming years in order to accelerate decarbonization, increase energy independence, and foster integration with the electricity grid



Biomethane

- ✓ Renewable source (produced from biomass of agricultural origin) that already in the medium term can provide a sustainable alternative to natural gas
- ✓ Sustainable: carbon neutral source that can also significantly reduce emissions from the agricultural sector by promoting waste reuse and circular economy

Green gas demand in Italy¹



Hydrogen

- ✓ Carrier that can be produced emission-free from RES by electrolysis
- ✓ Viable alternative to natural gas in the long term, especially for decarbonization of hard-to-abate and heavy transport sectors
- ✓ Promotes integration between electricity and gas sectors

Potential benefits of green gases



Wide availability of production sources



Programmable electricity generation



Possibility of storage and transport with existing gas networks



Multiple end uses (e.g. transport, industrial uses, electricity generation)



Application in light of the integration with the electricity network (e.g. power-to-gas-to-power)

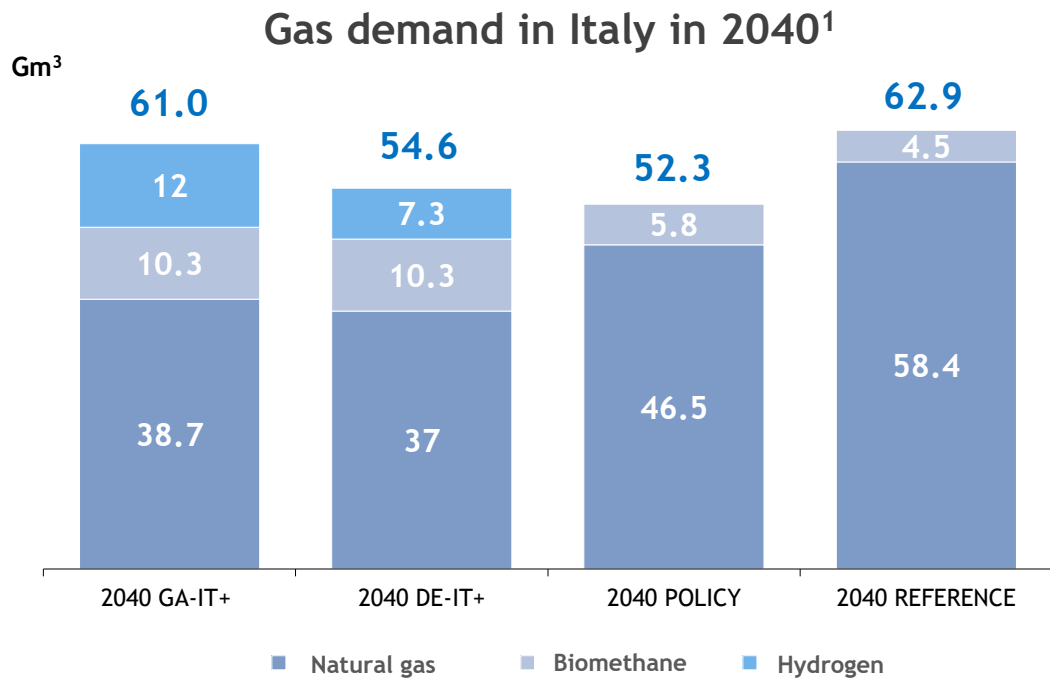


Significant contribution to the reduction of emissions

To achieve decarbonization levels by 2040, greater reliance on carbon capture and storage (CCS) is necessary.

Different scenarios

GA-IT+	Gas demand in 2040 is projected to be 61.0 billion cubic meters, representing a 34% reduction compared to the PNIEC REFERENCE inertial scenario
DE-IT+	Gas demand in 2040 is projected to be 54.6 billion cubic meters, representing a 37% reduction compared to the PNIEC REFERENCE inertial scenario
PNIEC POLICY	MASE scenario with the implementation of new measures to support the energy transition aimed at achieving national medium and long-term decarbonization goals consistent with those envisaged at the EU level.
PNIEC REFERENCE	MASE scenario that takes into account the evolution of the national energy system with current policies




The Italian Long-Term Strategy on Greenhouse Gas Emission Reductions foresees a contribution from CCS of 40 Mt/year




Focus: hydrogen incentives

PNRR makes approximately €3.65 billion available for projects suitable for hydrogen development

 **Mission 2 - Green revolution and ecological transition**
Component 2 - Renewable energy, hydrogen, grid and sustainable mobility


Hydrogen Investments	13.1	Hydrogen production in brownfields	500 mln€
	13.2	Hydrogen utilization in hard-to-abate sectors	2,000 mln€
	13.3	Hydrogen experimentation for road transport	230 mln€
	13.4	Hydrogen experimentation for rail transport	300 mln€
	13.5	Hydrogen research and development	160 mln€
	15.2	Hydrogen	450 mln€
		Total	3,640 mln€

I 3.1 Hydrogen production in brownfields

Objective
 Support local production and use of green H₂ where it is produced from RES in the area and used locally


Target
10-50 MW
Total installed capacity of brownfield hydrogen production by June 2026

I 3.2 Hydrogen utilization in hard-to-abate sectors

Objective
 Progressive decarbonization of the production process of hard-to-abate sectors through the increasing use of hydrogen


Target
-
Introduction of hydrogen into the industrial process in at least one industrial plant in hard-to abate sectors

I 3.3 Hydrogen experimentation for road transport

Objective
 Developing a hydrogen trial for road transport


Target
40
Construction of 40 hydrogen fueling stations on road network

I 3.4 Hydrogen experimentation for rail transport

Objective
 Experimenting with hydrogen on non-electrified and diesel-intensive rail lines


Target
10
Construction of at least 10 hydrogen-based storage and refueling stations along 6 rail lines

I 3.5 Hydrogen research and development

Objective
 Improve knowledge of hydrogen-related technologies at all stages: production, storage and distribution.

Target
4
Completion of at least 4 R&D projects

I 5.2 Hydrogen

Objective
 Realize an all-Italian supply chain with factories producing electrolyzers and associated components

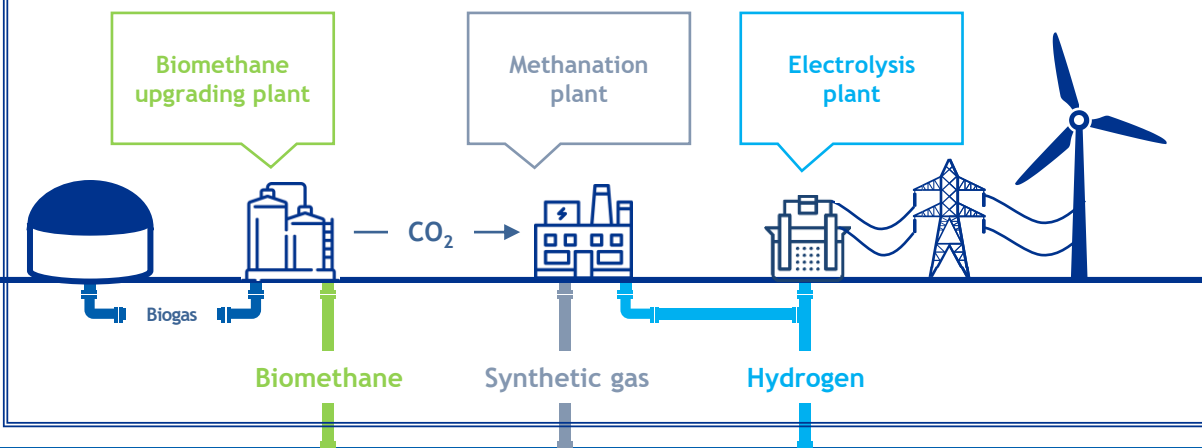
Target
1 GW
Construction of industrial plants for electrolyzer production with capacity of 1 GW/year



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

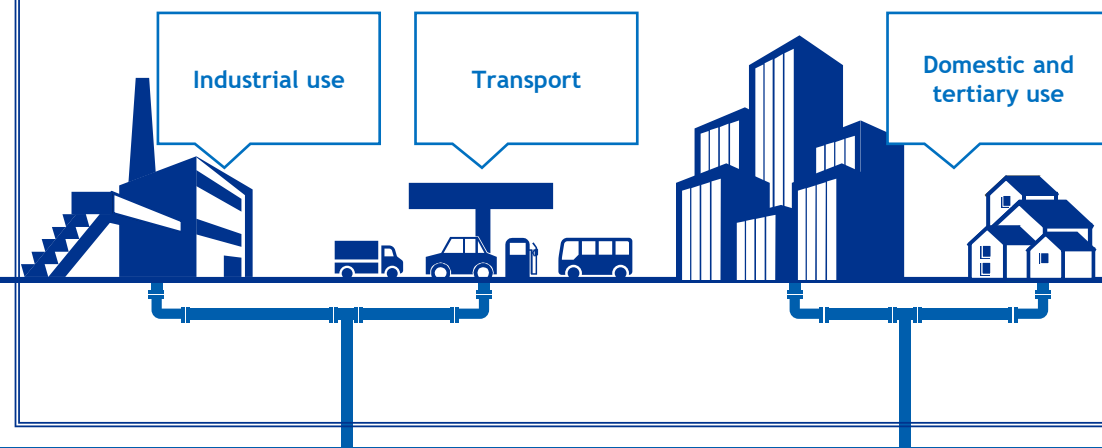
"Green" gas production and injection

- ✓ Starting with the significant production of biogas, a substantial increase in the production and injection of biomethane into the grid is expected
- ✓ Integration with the electricity system will allow the production and injection of both hydrogen and synthetic gas into existing networks, allowing for a reduction in emissions



Withdrawal and final uses

- ✓ Existing gas infrastructures can transport and store "green" gases and will be indispensable for supplying increasing quantities of gas to end users
- ✓ The final uses will be many: from industry to residential, from transport to the tertiary sector



Gas grid



Dynamics of the gas distribution sector in Italy



Gas distribution in Italy is now a mature and consolidated sector, with the need to renew itself to meet the challenges arising from the evolution of the energy system

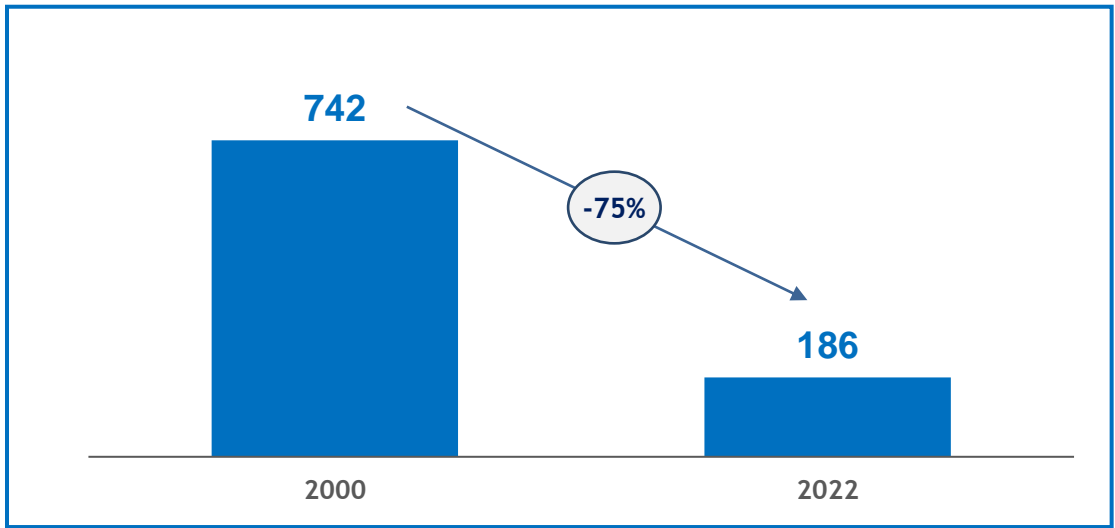
The gas distribution sector recorded a gradual consolidation, favored by:

- ✓ Rules for awarding concessions for ATEM¹
- ✓ Economies of scale deriving from centralised management

The energy system transformation scenario will require a renewal of the sector, in terms of:

- ✓ Technological and industrial renewal
- ✓ Rethinking of the business management methods

No. of gas distribution operators in Italy²



Examples of necessary renovations



Upgrade of distribution networks

- ✓ To safely allow the distribution of gas with increasing percentages of hydrogen



Reduction of CO₂ and CH₄ emissions

- ✓ Through operational efficiency measures aimed at greater sustainability of the activities



Current sector regulation ensures stability and risk containment while the regulatory evolutions expected by ARERA are geared toward total cost efficiency and encouraging innovation and solutions aimed at decarbonization

Current regulation

- The current legislative and regulatory framework is characterised by **stability and transparency** and guarantees:
 - ✓ **Stability of economic results and cash flows**
 - ✓ **Recovery of the value of the investments** made at the end of the concession
 - ✓ Recognition of operating costs based on **predefined productivity recovery rates**
 - ✓ Rate of return on capital **updated periodically** on the basis of market parameter evolution
- The current regulation therefore ensures a **limited operational risk** for gas distribution activities



Regulatory evolution

- ARERA proposes a gradual introduction of a tariff regulation for Expense and Service Objectives (ROSS), oriented to the total efficiency of the service (from 2026):
 - ✓ **Integrated recognition** of operational costs and efficient capital costs
 - ✓ Standard capitalization coefficients
 - ✓ **Revision** of the incentive mechanism
 - ✓ **Selectivity of recognizable investments**, to be justified with cost-benefit analyses
- The paradigm shift will support the rationalisation of the sector:
 - ✓ **Opportunity** for efficient companies to **improve their profitability**
 - ✓ **Risk** of under-remuneration of capital for **inefficient companies**
 - ✓ **Alignment of tariff regulations** for infrastructure services



Regulatory innovation

- **DCO 250/2021/R/gas - Pilot projects of innovative solutions**
 - ✓ **Optimized network management**
 - Bi-directionality, accumulation, loss reduction
 - ✓ **Innovative uses of networks**
 - Biomethane, hydrogen, "green" gas injection
 - Renewable gases in industrial processes
 - Electrolysers and methanation
 - Power to gas, power to hydrogen, CO₂ capture
 - ✓ **Technological / management innovation**
 - Network digitization
 - Energy recovery in decompression and re compression
 - Energy efficiency in preheating
 - ✓ **Convergence** between the gas and electricity sectors
 - ✓ **Reduction of methane emissions** into the atmosphere
- **Resolution 404/2022/R/gas** - Regulations for the application of the premium tariff mechanism to support the innovation of infrastructure in the natural gas sector in the areas of intervention identified by DCO 250/2021/R/gas mentioned above
- **Resolution 590/2023//gas** - Incentives disbursed to support the 21 projects admitted to incentivization: 30.8 m€

Tenders for the allocation of gas distribution services for ATEM are regulated by national-level legislation and regulation, subject to subsequent refinements. The market opening process is characterized by significant delays.



Genesis of the legislation

Over the past twenty years, the natural gas sector has undergone **profound changes**, which have also affected the methodologies and objectives of tariff regulation, as well as the methods for identifying the operators of natural gas distribution facilities.

- **Legislative Decree 164/2000** (known as the “Decreto Letta”) established the principle that the service must be entrusted through a public tender (competition for the market).
- A series of subsequent interventions have further defined the liberalization process:
 - ✓ **Identification of 177 ATEM** (later reduced to 171) for the allocation of concessions¹;
 - ✓ **Definition of criteria for evaluating bids** (Ministerial Decree 226/2011 and subsequent amendments): economic offer, investment plan, safety standards, and service quality.



Current status

In the aftermath of the issuance of ministerial decrees, the organization of tenders encountered numerous implementation obstacles, which delayed the start of the tenders.

- By the end of 2023, the tender procedures for 8 areas had concluded (Milano 1, Torino 1, Torino 2, Belluno, Valle d’Aosta, Udine 2, Napoli 1, La Spezia). However, only 4 concessions had actually been initiated (Torino 2, Milano 1, Napoli 1, Valle d’Aosta).
- Tenders in progress: **7**
- Tenders suspended or cancelled: **24**
- Calls sent to ARERA: **12** (4 of which are awaiting publication)

Recently, some significant measures have been adopted (or are currently being adopted) to simplify and expedite the process of publishing tender notices and to update the criteria for evaluating bids.



Disposal of networks owned by local authorities

- The Law of August 5, 2022, No. 118 (Article 6, paragraph 1, letter b) provides that if a local authority or a network asset company, during the tendering process for the natural gas distribution service, **intends to sell its ownership of the networks and distribution and metering facilities**, said networks and facilities shall be evaluated according to the **residual industrial value** calculated based on the "Guidelines on criteria and methods for assessing the reimbursement value of natural gas distribution facilities" of April 7, 2014, approved by the Minister of Economic Development on May 22, 2014.



Updating Ministerial Decree 226/2011 (tender criteria)

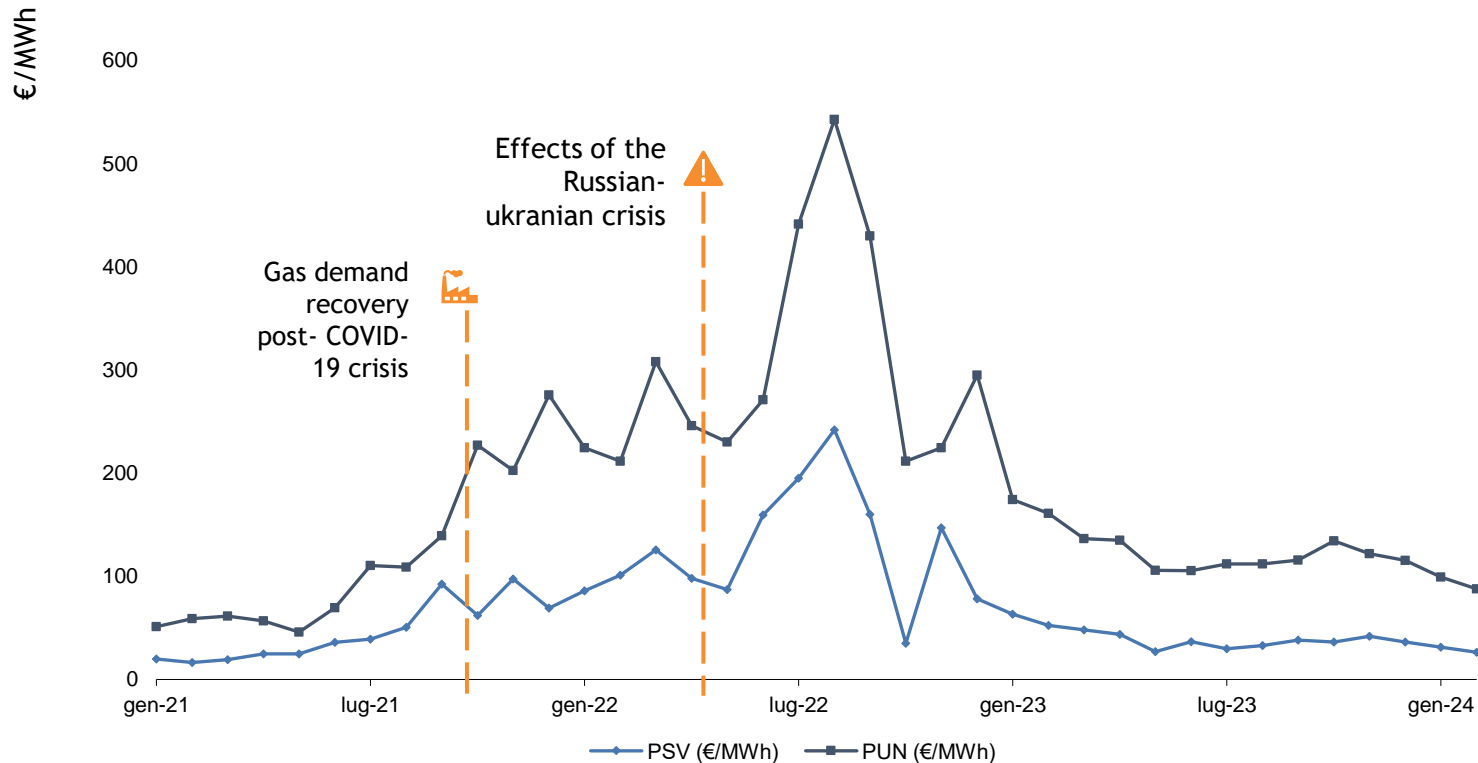
- The MASE¹, in implementing Law No. 118/2022, **aims to update Ministerial Decree No. 226 of November 12, 2011**, "Regulation for the tender criteria and evaluation of bids for the allocation of the natural gas distribution service" and subsequent amendments. To this end, it has initiated a consultation with ARERA, AGCM, and sector trade associations (the so-called "Cabina di regia").
- The future decree aims to:
 - ✓ Mitigate significant issues related to the existence of **informational asymmetries** in the trilateral relationship between outgoing operators, local authorities, and incoming operators;
 - ✓ Introduce important coordination elements between the **criteria for valuing interventions** and the objectives of **optimizing and rationalizing** the use of **energy resources**;
 - ✓ Introduce a significant **update of the criteria for technological innovation**, aiming to strike the right balance between the need to implement a forward-looking vision and the necessity to remain anchored to parameters of immediate feasibility as well as economic and financial sustainability..



Simplification of ARERA verifications

- ARERA intends to **consolidate** into a single procedure the two separate procedures currently provided for its two competencies regarding gas tenders, namely those related to **observations on reimbursement** values and those related to **observations on tender documents** prepared by contracting authorities. Additionally, ARERA aims to introduce provisions aimed at accelerating and streamlining procedures for verifying discrepancies between VIR (values of reimbursement) and RAB (regulated asset base) even for ongoing procedures.
- Relevant measures published by ARERA:
 - ✓ **Resolution 35/2024/R/gas**
 - ✓ **DCO 36/2024/R/gas**

Pandemic and geo-political crises have accelerated the path of energy transition while introducing a gradient of uncertainty.

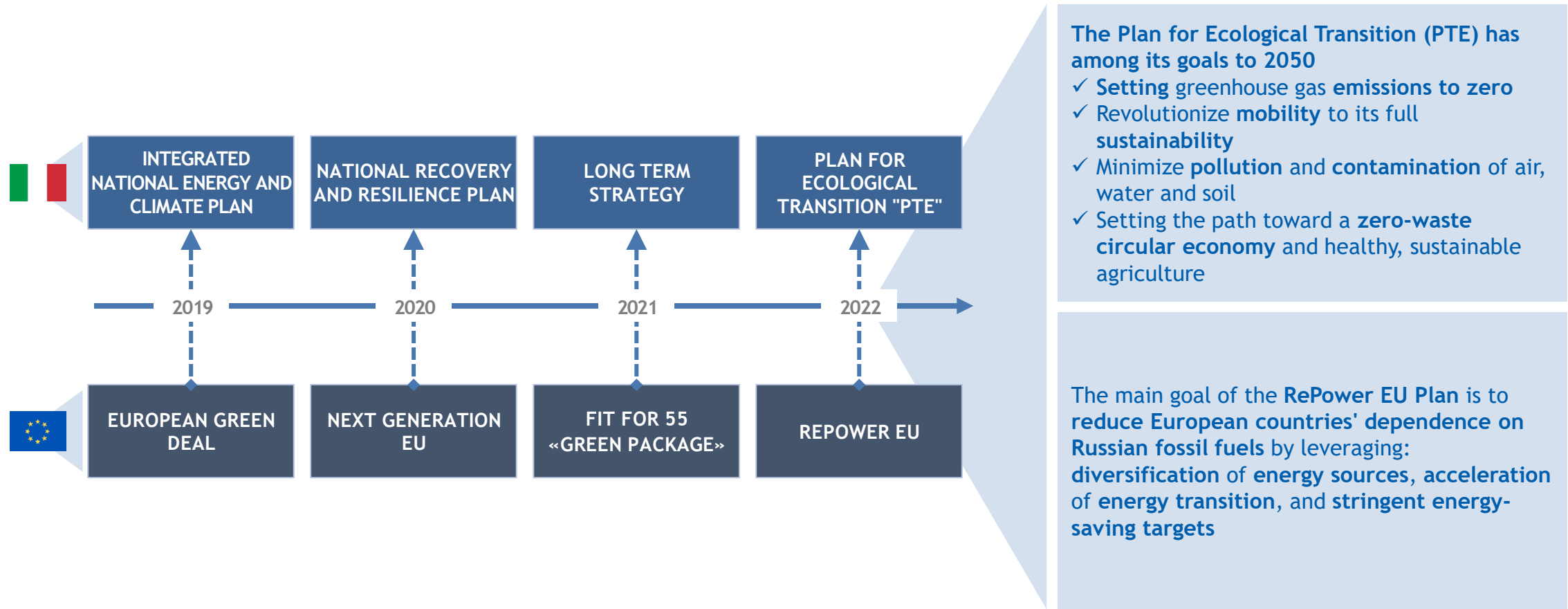


- Recovery of gas demand post production crisis from COVID-19
- Energy price volatility
- French nuclear plant maintenance
- Russian Gas Replacement

Russian gas supply replacement, progressive technology substitution for electric generation and electrification of consumption are the main substantive elements underlying an energy price outlook characterized by **significant levels of volatility** along the transition path. The last period has witnessed a **substantial decrease in prices** related to the **completion of storage**, the **availability of LNG** to compensate for the decrease in flows and concomitant **low demand levels** related to **decreased industrial production** and **off-normal temperatures**.



European energy policies have introduced increasingly challenging decarbonization targets, and national energy policies have followed the impetus from EU initiatives.

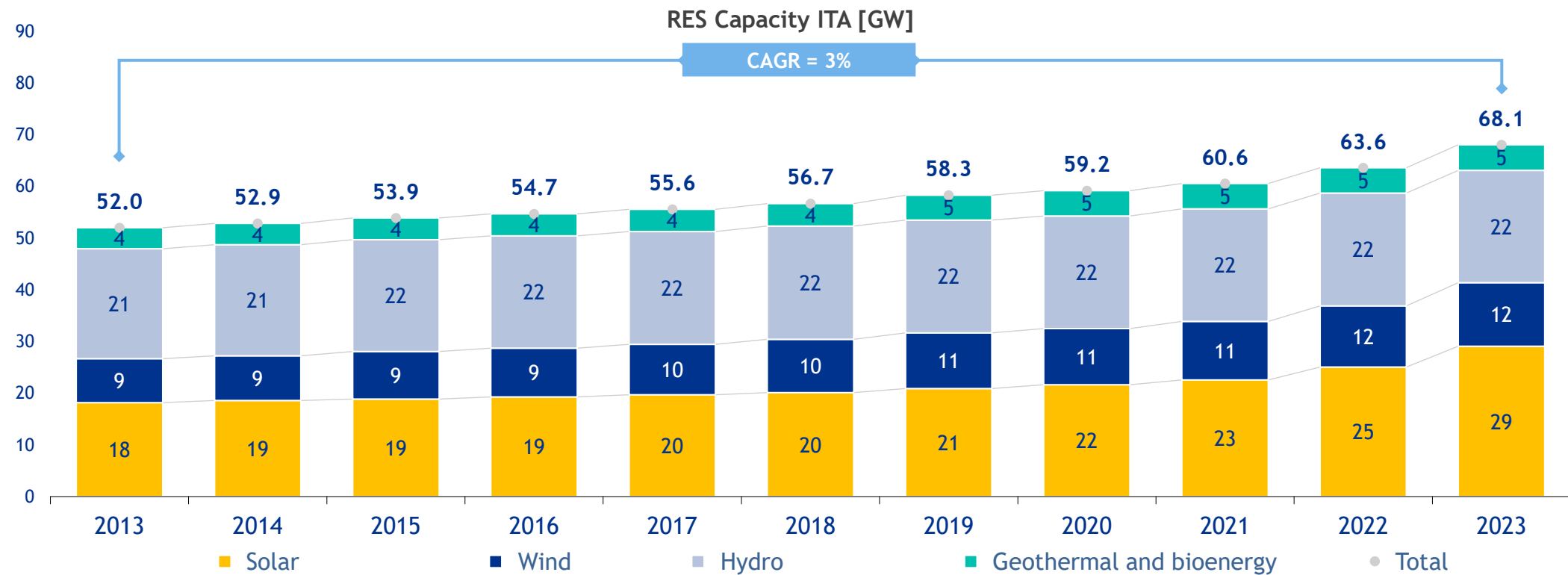




Dynamics of the renewable energy sector in Italy (2/4)



Renewables in Italy show a trend of substantial growth over the past 10 years with a total installed capacity of ~70 GW.



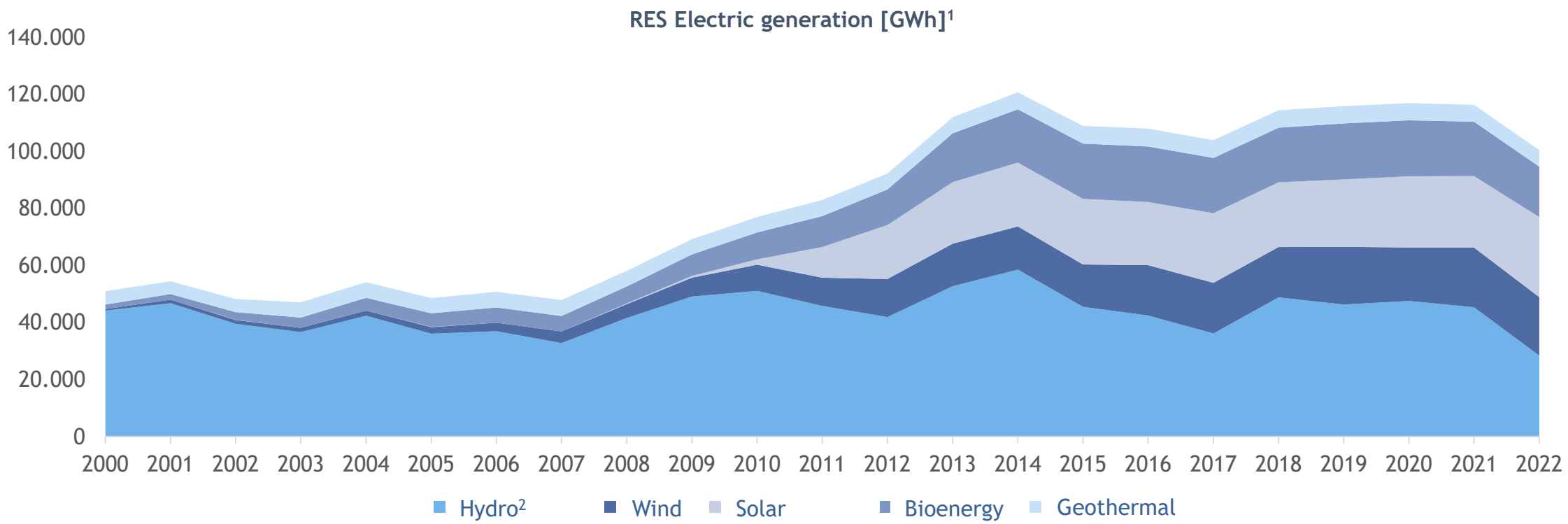
However, to achieve national decarbonization targets to 2030 will require at least 60-65 GW of new RES capacity to be installed in Italy establishing sound market conditions, investing in essential infrastructure and implementing effective regulatory and policy frameworks.



Dynamics of the renewable energy sector in Italy (3/4)



In 2022, renewable energy sources recorded a production of approximately 100 TWh (down by approximately 14% compared to 2021)

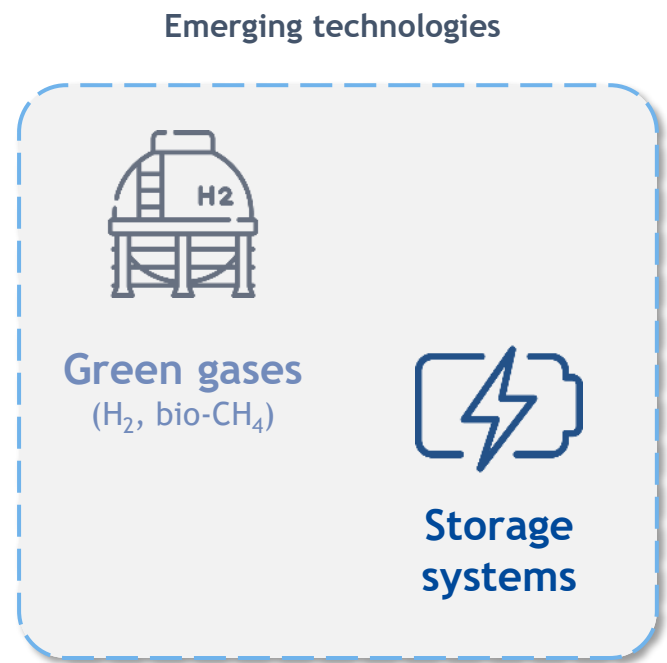
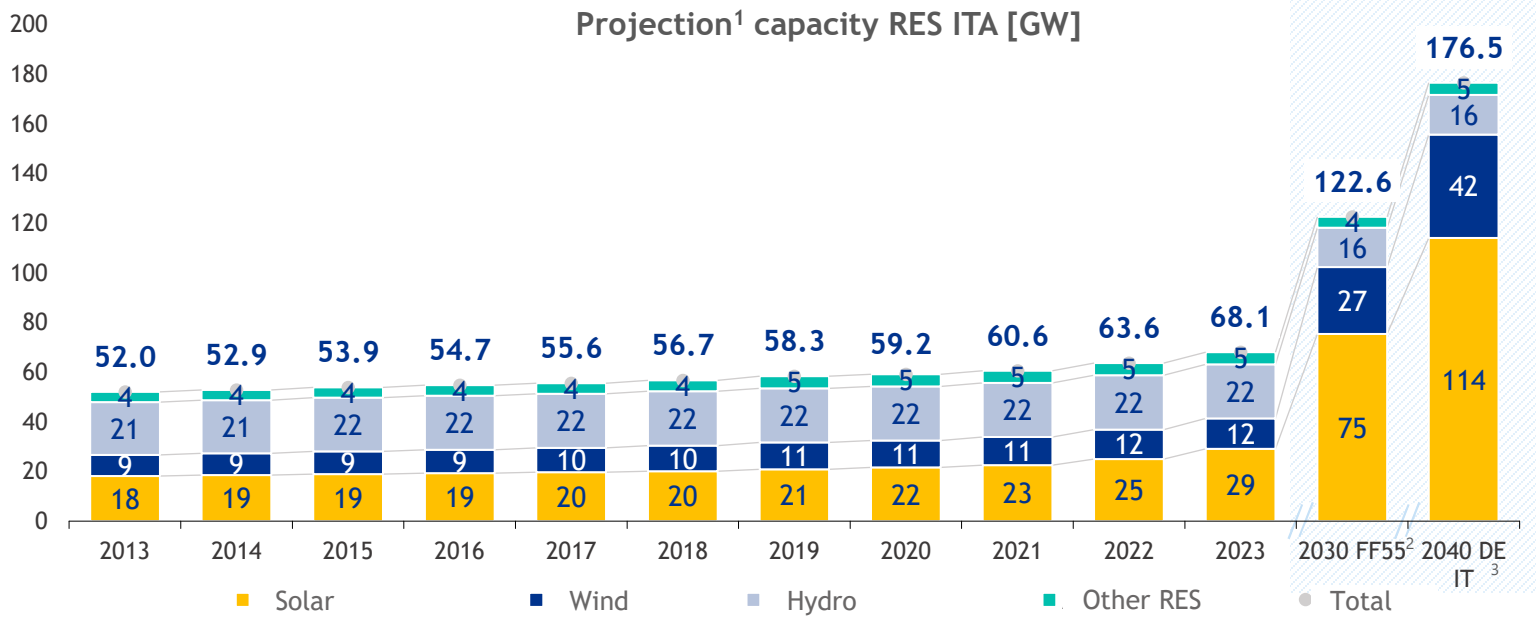


*Therefore, there has been a significant change in electricity production³: **traditional thermal** sources have decreased from **84%** share in **2005** to **64%** in **2022**, while renewable energy sources have increased from approximately **16%** to **36%** over the same period.*



Dynamics of the renewable energy sector in Italy (4/4)

Italy's renewable mix is characterized by a general growth trend, emphasized by measures implemented at the EU level to address the Russian-Ukrainian crisis. By 2040, 65% of the projected installed renewable capacity will consist of photovoltaic



CAGR 2020-2040

+9% Solar

+7% Wind power



4. Strategic plan 2024-2027

4. Strategic plan 2024-2027



Strategic pillars

Plan projections

**Shareholder
remuneration**

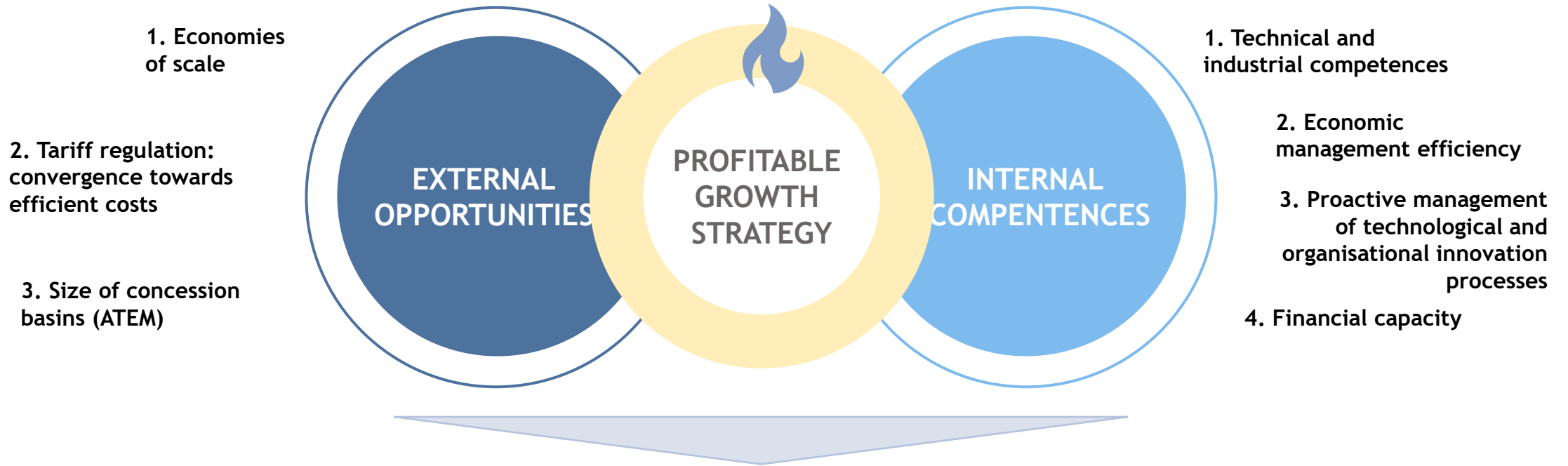
Growth

Diversification

Efficiency

Innovation

Ascopiave's current positioning and expertise in gas distribution provide a solid foundation to support the growth of the scope of activities under management in a sector undergoing consolidation

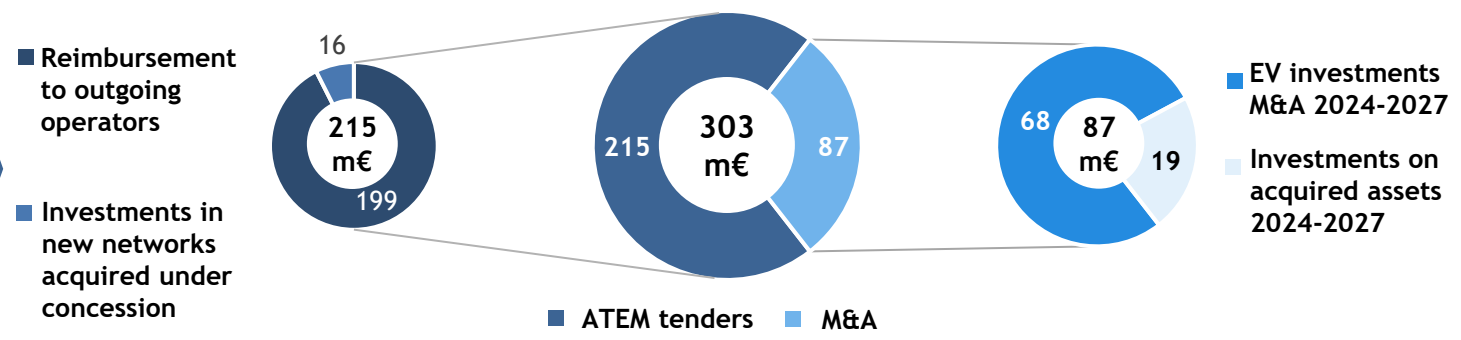


- 1. Awarding of a significant number of tenders of minimum territorial scope (ATEM)
- 2. M&A of small to medium-sized companies operating in the gas distribution sector
- 3. Establishment of partnerships aimed at joint participation in tenders

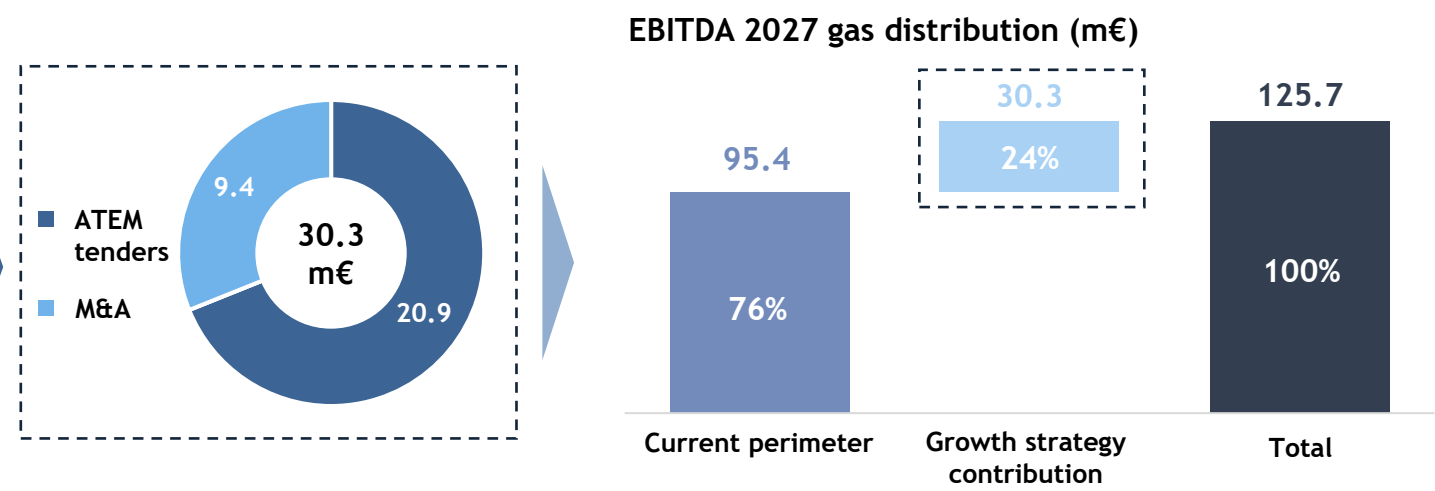
Growth Diversification Efficiency Innovation

Ascopiave plans to make significant investments as part of the implementation of its growth strategy

Cumulated investments @2027



Expected EBITDA @2027



Impact on operational KPIs

- +244 m€ RAB**
- +154 k Number of users**
- +2.5 k Network Length (Km)**



Growth

Diversification

Efficiency

Innovation

The Group has identified some tenders of interest, defining the different levels of priority with the aim of establishing a portfolio of territorially contiguous concessions

Selection criteria for ATEM of interest

- Valorisation of economies of scale and synergies
- Competitive advantages over potential competitors
- Fair risk/return balance

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

1. Priority to development in the North-East region, consolidating the current leadership position



2. Territorial focus: Northern Italy

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



Growth through M&A, partnerships and RTIs



Growth

Diversification

Efficiency

Innovation

Thanks to its characteristics and track record, Ascopiave is a credible counterpart in possible acquisitions and/or partnerships in the gas distribution sector

Partnership Model



Acquisition of control through M&A or qualified holding that guarantees the consolidation of activities for the Group



Balanced and functional governance for effective industrial management



Other possible directions of development:

- Recognition of put options
- Change of shares in relation to partnership capitalization needs
- Possibility of entering the capital of Ascopiave or other companies of the Group



PARTNER

Ascopiave is a partner with strong commitment to the sector characterised by:

- Financial capacity necessary to participate in tenders
- Decades of experience in business management
- Expertise in organising activities for participation in tenders



Ascopiave is looking for strategic partners with complementary competences to:

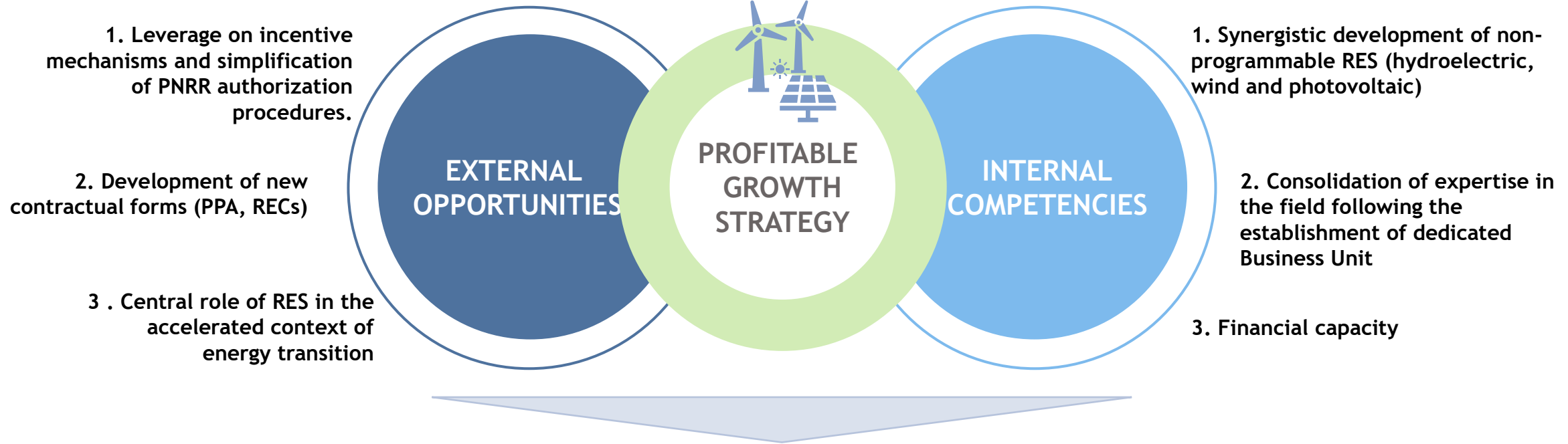
- Increase competitive chances
- Diversify financial and operational risks



TERRITORIAL EFFECTS

- The increase in the number of participants and the intensity of the competition allow administrations and users to benefit from better economic and service conditions

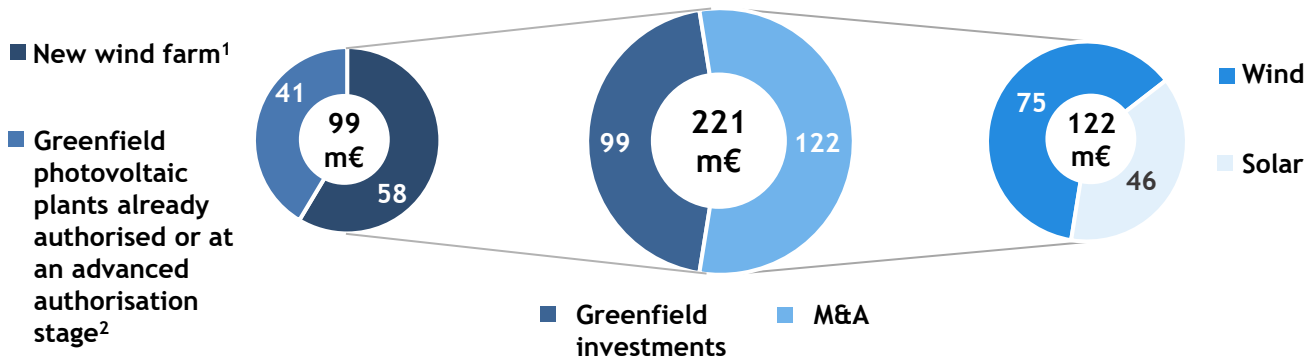
Further implementation of renewable energy expertise is the basis for supporting further growth of managed business in a rapidly developing sector



- 1. Development of greenfield plants
- 2. M&A of small- to medium-sized companies operating in the renewable energy sector
- 3. Establishment of partnerships aimed at the development of specific plants
- 4. Diversification of the type of renewable energy sources

Ascopiave plans to make significant investments in the renewable energy sector

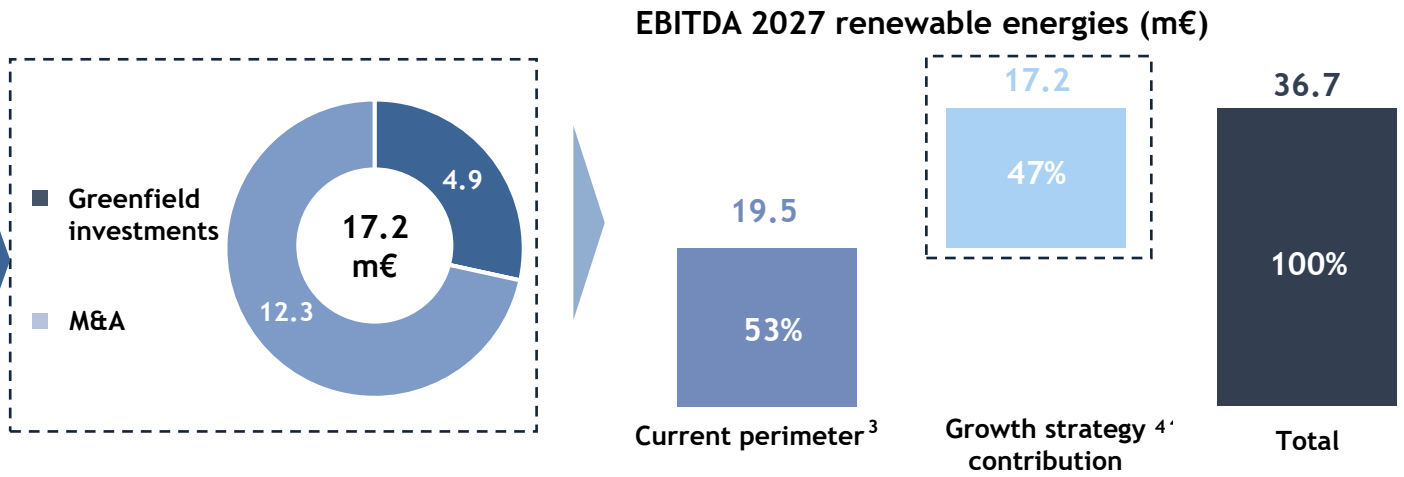
Cumulated investments @2027



Impact on operational KPIs

- +148.9 MW** Total installed capacity
of which:
 - +71 MW** Wind
 - +77.9 MW** Solar
- +165 GWh** Production

Expected EBITDA @2027



! In January 2024, in perfect alignment with what was outlined in the approved strategic plan last year, investments were completed for a new 21.6 MW wind farm in Calabria. The plant commenced operations in January of this year.

Notes: ¹Operation expected to commence after the planning horizon; ²Operation expected to begin partly in 2025 and partly in 2026; ³Includes the Calabrian wind farm (21.6 MW) which commenced production in January 2024; ⁴Excludes the contribution of the new wind farm, which is expected to commence production after 2027 (Expected EBITDA in 2028 is 6.7 m€).

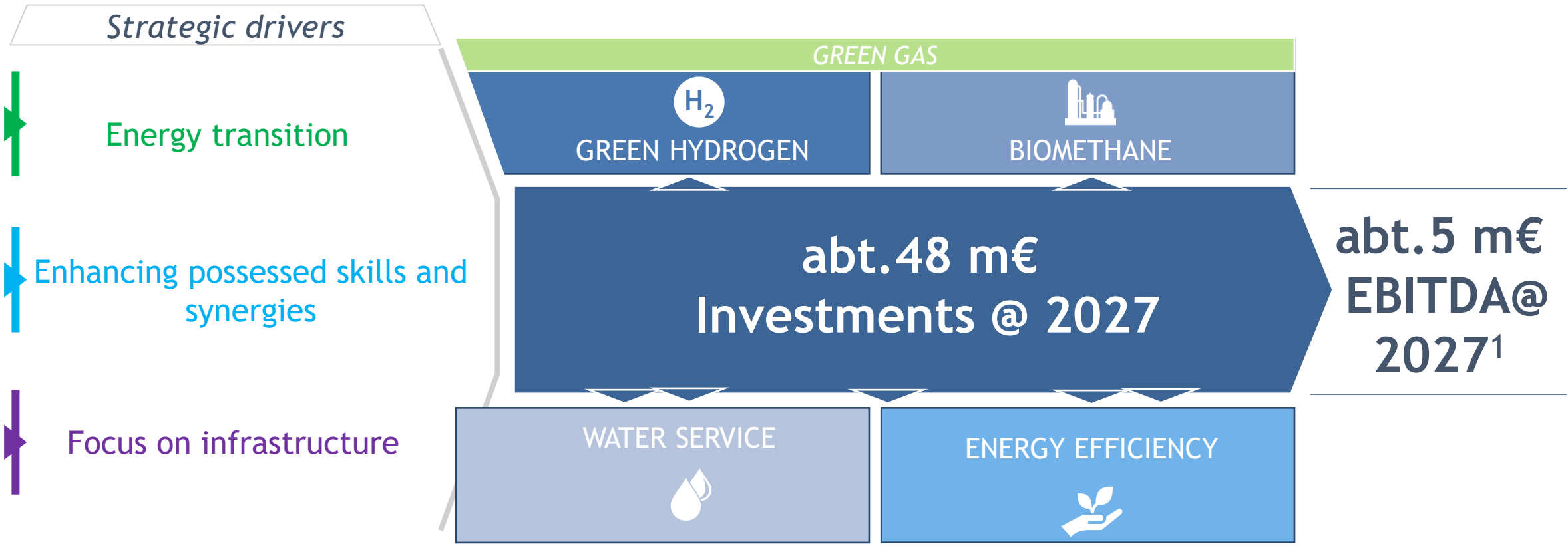
Growth

Diversification

Efficiency

Innovation

As part of the energy transition and business diversification process, Ascopiave Group aims, through a growth based on the enhancement of possessed skills, to maximize the value generated for stakeholders





Diversification strategy

Growth

Diversification

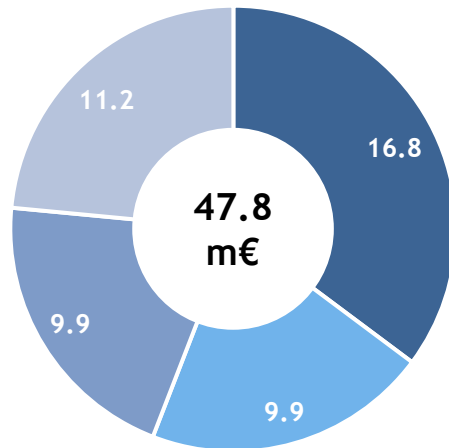
Efficiency

Innovation

The diversification strategy undertaken by Ascopiave plans to invest around €48m by 2027 to support projects related to green gases, energy efficiency and water service services

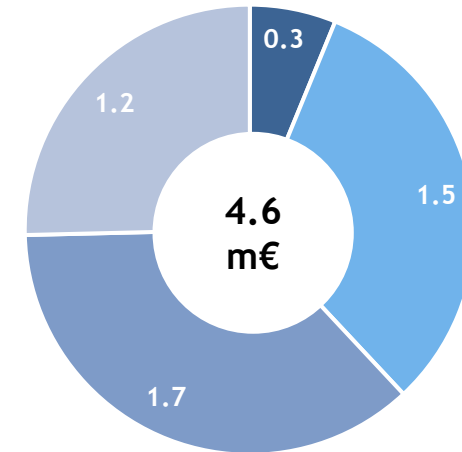
Cumulated investments @2027

- Green Hydrogen
- Biomethane
- Energy Efficiency
- Water Service



Expected EBITDA @2027

- Green Hydrogen¹
- Biomethane
- Energy Efficiency
- Water Service



Growth

Diversification

Efficiency

Innovation

H₂

GREEN HYDROGEN

- Implementation of **integrated project** from production to final distribution of green hydrogen
- Arrangements with end users for collection
- Potential **testing of the use of hydrogen in the gas grid**¹



BIOMETHANE

- Collaboration in the form of **"revenue sharing"** and/or **JVs** with agricultural companies and/or food industries for the valorization of processing waste
- Focus on **upgrading and enhancement of existing biogas plants** (in Veneto > 100 MW installed biogas-powered electrical capacity)



- Potential leverage on **public grants** for investment development
 - Focus on target territories

abt. 17 m€ Investments @ 2027²

abt.0.3 m€
EBITDA@ 2027

abt. 10 m€ Investments @ 2027

abt.1.5 m€
EBITDA@ 2027

Assume an important role in the energy transition of the target territories based on green gas deployment



Diversification strategy - green hydrogen

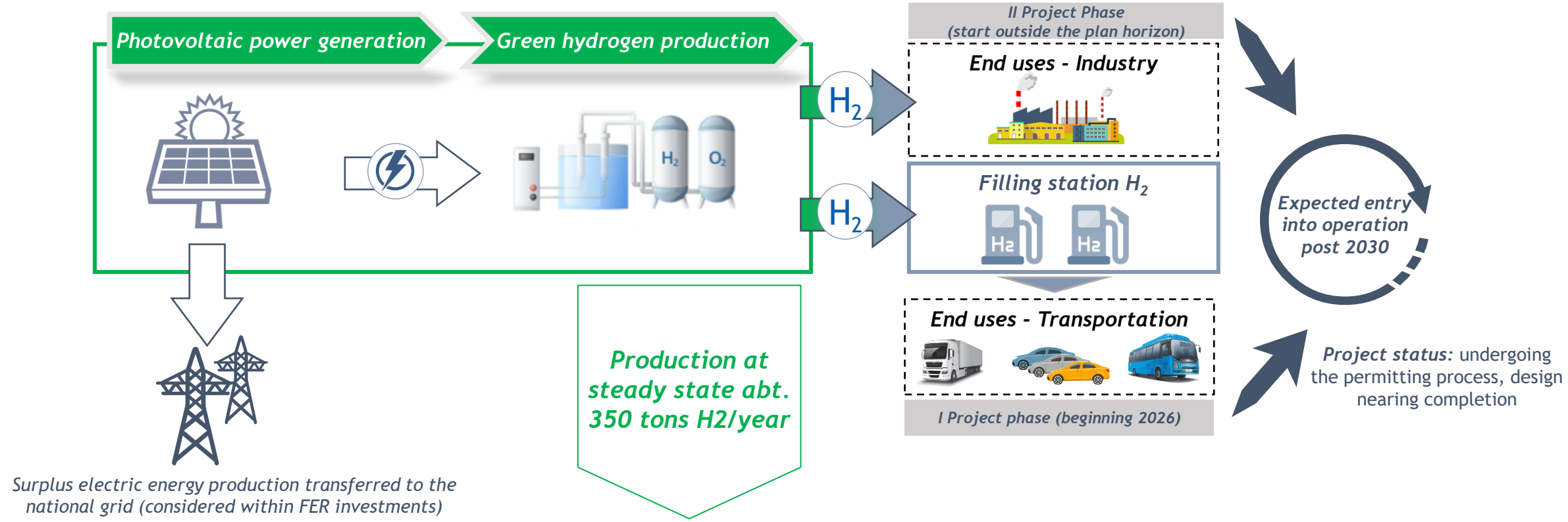
Growth

Diversification

Efficiency

Innovation

Development of an integrated project along the entire green hydrogen supply chain



abt. 17 m€ Investments¹ > abt. 1.6-1.8 m€ EBITDA at steady state



Diversification strategy - water service & energy efficiency

Growth

Diversification

Efficiency

Innovation



WATER SERVICE

- Collaboration with industry players/integrated water service operators to provide specialized services, software sharing to **push digitalization of the industry**
- Attention to possible investment opportunities (tenders for integrated water service management)

abt. 11 m€ Investments @ 2027

abt. 1.2 m€
EBITDA@ 2027

Realize synergies by enhancing the expertise gained in the core business of gas distribution



ENERGY EFFICIENCY

- Focus on Public Administration and Industry which are segments characterized by lower capillarity than household customers and higher investment size
- Long-term contracts (Energy Performance Contract, project financing) in order to **stabilize the flows generated by investments**

abt. 10 m€ Investments @ 2027

abt. 1.7 m€
EBITDA@ 2027

Contribute to the path of consumption rationalization by obtaining incentives (TEEs) useful to mitigate the effects of these obligations in the core business of gas distribution



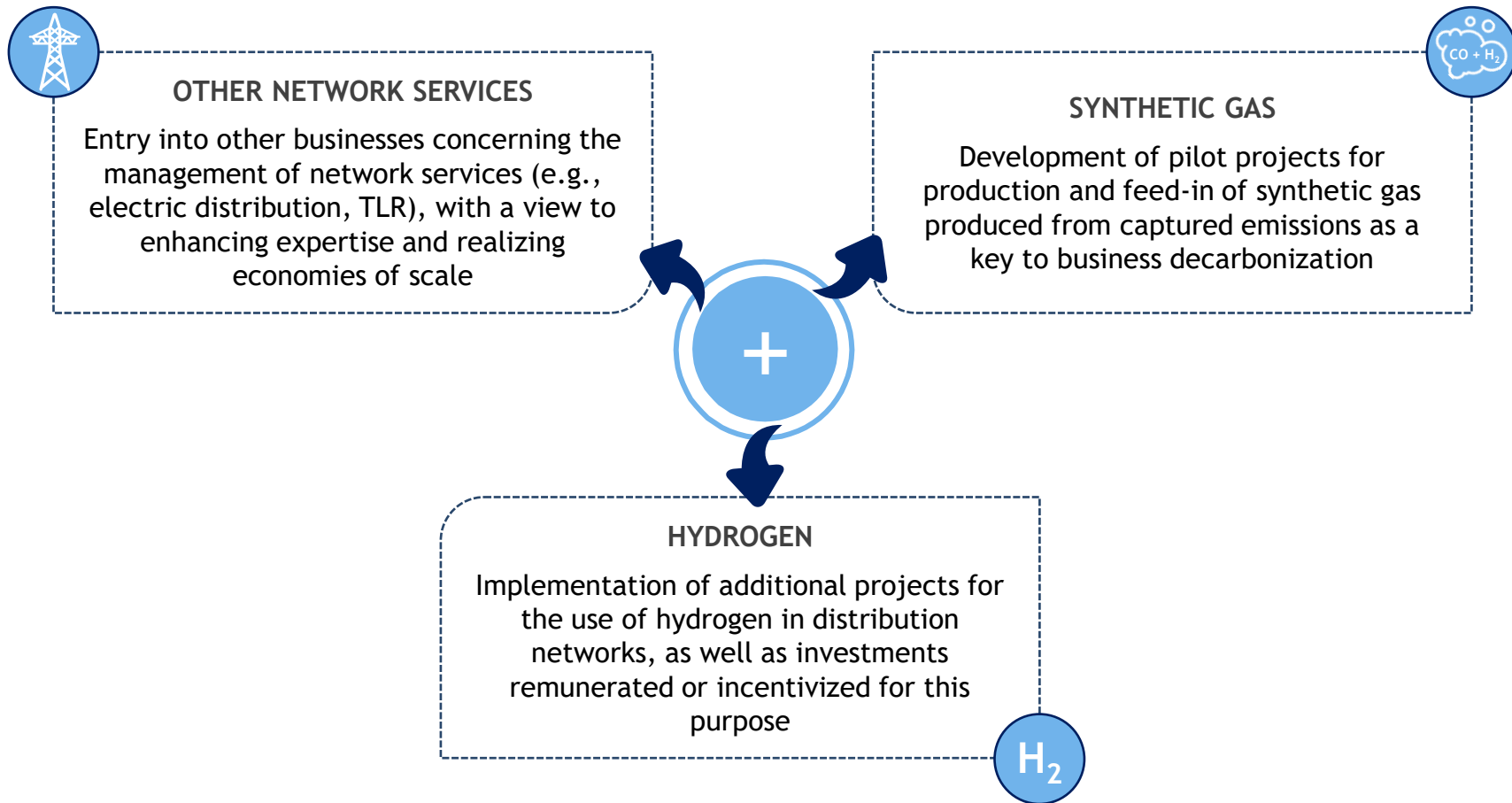
Growth

Diversification

Efficiency

Innovation

Based on the evolving market environment, regulatory framework and technological advancement, additional potential areas of development have been identified





Efficiency targets achieved

Growth

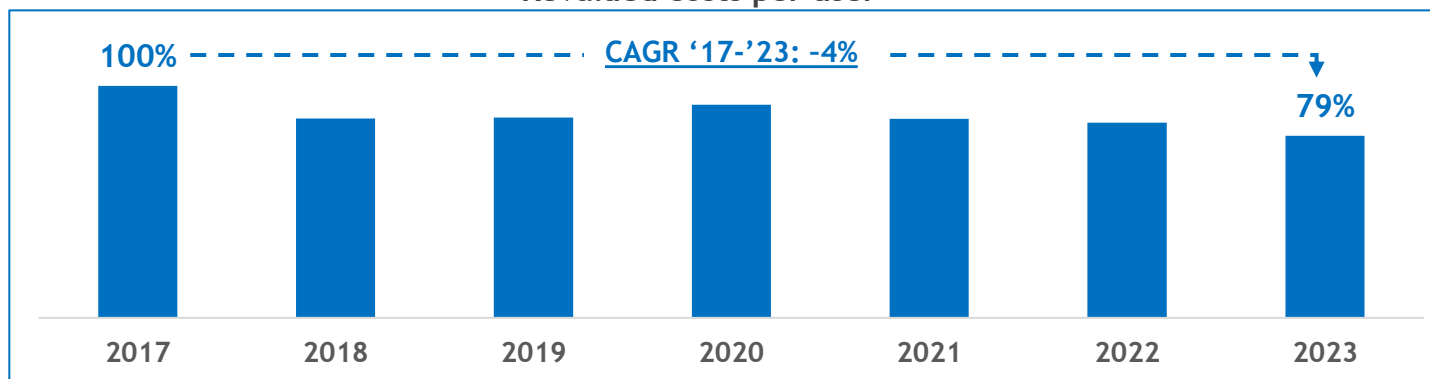
Diversification

Efficiency

Innovation

Ascopiave has achieved appreciable results on the management efficiency front, implementing organizational and technological solutions that are functional for the purpose

Revalued costs per user¹



Reorganization of activities

Beginning in 2016, an extensive reorganization process of distribution activities was initiated, affecting all Group companies:

- Renewal and reengineering of systems and procedures;
- Rationalization of operational and logistical locations across the territory;
- Centralized and integrated management of all major processes;
- Adoption of new state-of-the-art information systems for workforce management and distribution business services.

This has enabled optimization in the use of resources, allowing many activities contracted to third parties to be internalized in order to reduce operating costs and increase the possibility of making investments

Post-acquisition integrations

- Ascopiave has solid experience in integrating companies post-acquisition, with achievement of management improvements with cost reduction and increased service quality
- During 2023, the integration of the assets acquired by A2A in the Group's various distribution companies was completed.
- A study was launched to rationalise the number of distribution companies with the aim of further streamlining processes and the possibility of synergies in the management of the territory



Growth

Diversification

Efficiency

Innovation

Improving operational and economic efficiency is at the heart of Ascopiave's management policies, which aims to follow up on the excellent results achieved over the past few years

Business policies and practices to support efficiency

- Continuous monitoring of process efficiency through dedicated operational systems and organizational resources
- Incentive remuneration of staff, based on indicators of economic-management efficiency

Interventions on areas and tools targeted for potential improvement

- Innovative technological solutions/digitization
- Efficient internal organizational processes
- Optimized management of existing relationships with external suppliers



Plan objectives

- ✓ Reducing the incidence of overhead and industrial costs
- ✓ Maintaining a lean and flexible cost structure



Growth

Diversification

Efficiency

Innovation

Ascopiave plans to increase its operational and economic efficiency through digitization of networks and processes

SMART METER INSTALLATION

- Ascopiave Group was **one of the first companies** to experiment with the installation of intelligent mass market meters and aims to achieve **100% of smart meters installed throughout its networks @ 2024**
- **Internalisation of installation activities** is planned, in compliance with the objectives set by the Authority and with a view to planning these interventions in the most appropriate way
- The identification of the right mix between Radio Frequency and P2P¹ meters, and scale economies generated by the coverage of large areas of territory, will allow a significant **operating cost optimization**

DIGITISATION OF COMPANY PROCESSES

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

~5.1 m€

cumulated investments @ 2027

NETWORK DIGITISATION

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

~0.7 m€

cumulated investments @ 2027

Expected benefits from efficiency initiatives



Network balancing



Consumption profiling



Reduction of operating costs



Intervention prioritisation



Predictive maintenance



Reduction of network losses



Growth

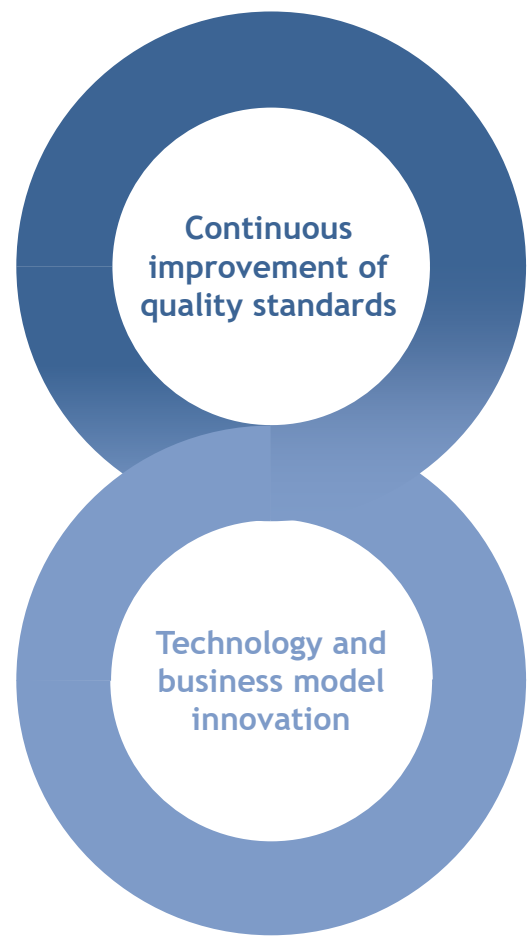
Diversification

Efficiency

Innovation

Innovation management is a crucial activity for Ascopiave and targets both short- and medium- to long-term objectives

Group guidelines to be pursued through innovation



Short term goals

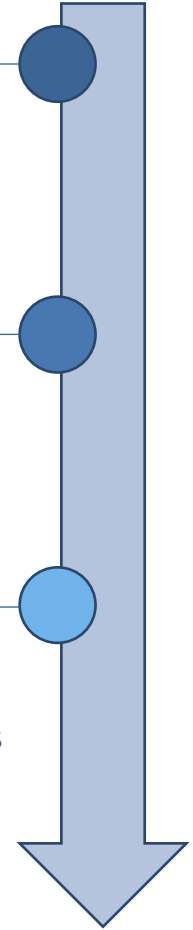
- Interventions with immediate positive effects on income:
- ✓ Operating costs optimization
 - ✓ Interventions encouraged by current regulations

Medium term goals

- Strategic investments:
- ✓ Competitive potential improvement in ATEM competitions
 - ✓ Offer improvement in innovation

Long term goals

- Strategic investments :
- ✓ Technological adaptation of networks and infrastructures as a contribution to the competitiveness of the "gas system" vs. alternative energy carriers:
 1. Cost competitiveness
 2. Convergence with environmental objectives





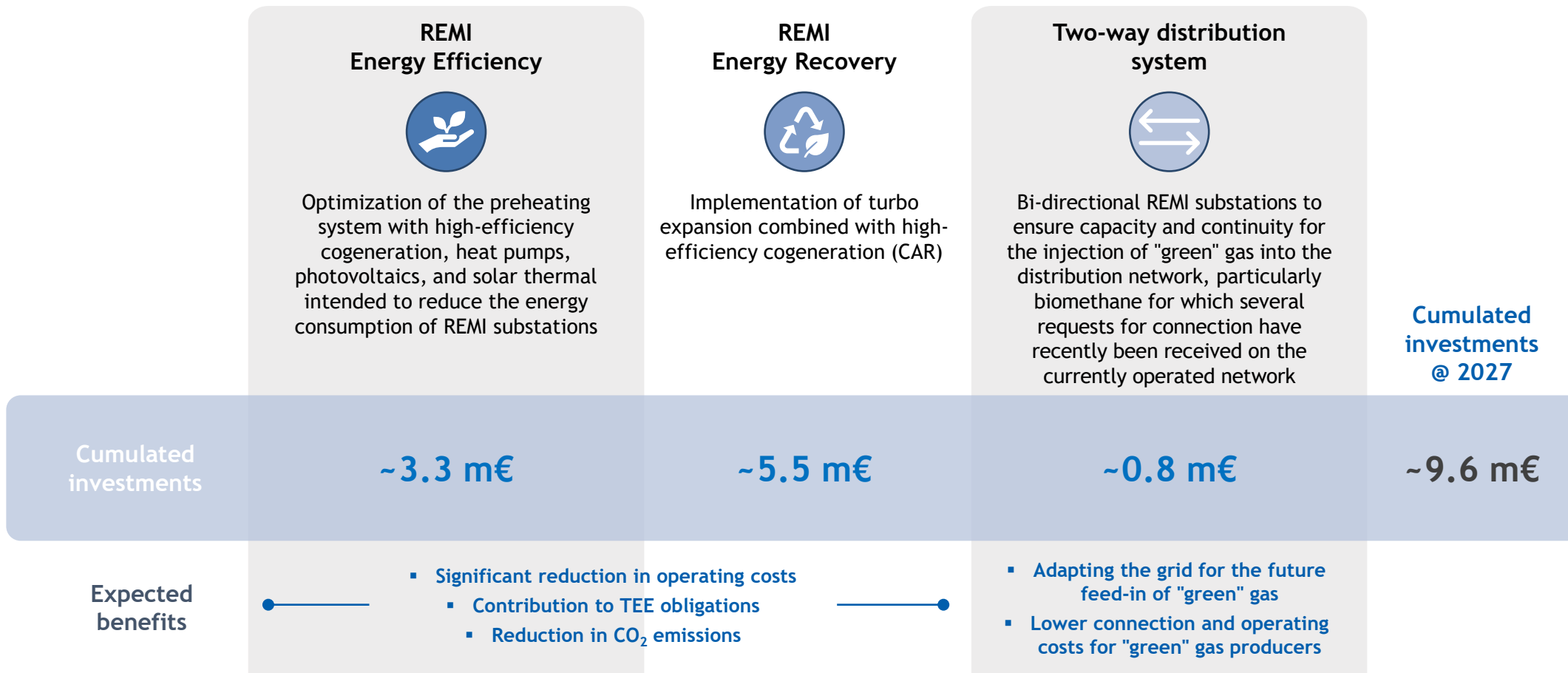
Growth

Diversification

Efficiency

Innovation

In the coming years, Ascopiave will execute an organic program of innovative interventions aimed at evolving the infrastructure and improving its safety and functional efficiency





Staff training: target of 29 hours/year of training per employee through enrichment of e-learning training offerings available to Group employees, and through further implementation of a dedicated training platform.



Average age: the Group intends to maintain the current average age of about 48 years, ensuring uniformity in the distribution of the different age groups of employees.



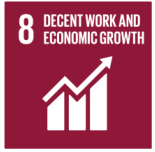
Gender Equality Certification: activities aimed at obtaining gender equality certification are ongoing.



Welfare: further expansion of the services available on the platform, ranging from education and instruction, social security and health benefits, to the purchase of other goods, while maintaining the current scope of involvement at 100% of employees.



Worker safety: the Group considers the protection of workers to be of primary importance, setting itself the goal of maintaining high levels of safety, promoting the integration of safety in all company activities and focusing on continuous staff training. Therefore, by 2025, the Group is committed to certifying all companies with operating personnel to the Occupational Health and Safety Management System (ISO 45001) (by the end of 2023, 96% of Group personnel will already be certified).



Sustainable vehicles: corporate fleet renewal according to the highest industry standards. By 2027, the electric/hybrid car fleet target is 23.5% (9.5% at 2023).



Waste: the Group is committed to maintaining the standards already achieved of sending more than 99% of special waste for recovery.



Renewable power: photovoltaic power installed at the company's headquarters that will save, in terms of tons of CO₂ avoided from 2023 to 2027, more than 1.3 ktons.



Gas distribution asset renewal: replacement of ageing networks to reduce fugitive emissions of natural gas. Digitisation and renovation of the network to facilitate the introduction of renewable gases (biomethane, hydrogen-methane blending, etc.).



Renewal of domestic meter fleet: selection of meters capable of receiving the new gas mixtures and made of recyclable material. Gradual replacement of meters with GPRS communication technology in favor of NB-IOT will allow reduction in quantity of spent batteries for disposal.



Reduction of CO₂ and CH₄ emissions: through the implementation of energy efficiency measures for the pre-heating cycle in REMI substations and the adoption of innovative methods to search for CH₄ leakage in networks.



4. Strategic plan 2024-2027



Strategic pillars

Plan projections

**Shareholder
remuneration**



The plan projections have been elaborated and defined taking into consideration both the main risk elements typical of the reference sectors, and the characteristics of Ascopiave

Main rationals



Uncertainty about the start of ATEM tenders

- The uncertainty about the timing of tenders and subsequent award of concessions suggested the development of a scenario analysis based on various hypotheses¹:
 - **Scenario A:** increase in the perimeter of activities managed in gas distribution sector only through M&A and organic growth as by the end of the plan period no ATEM tender is able to complete its award process;
 - **Scenario B:** in addition to the growth expected in Scenario A, **4 ATEM tenders** are assumed to be initiated and awarded in **2027** and, as a result, a significant increase in networks and users managed.



Pursuit of rational goals in terms of efficiency and investments

- The projections reflect the goals reasonably achievable by the Group
- Operating and investment costs incorporate:
 - Inflation dynamics (+)
 - Economic-management efficiency targets (-)



Implementation of M&A initiatives and diversification into other activities

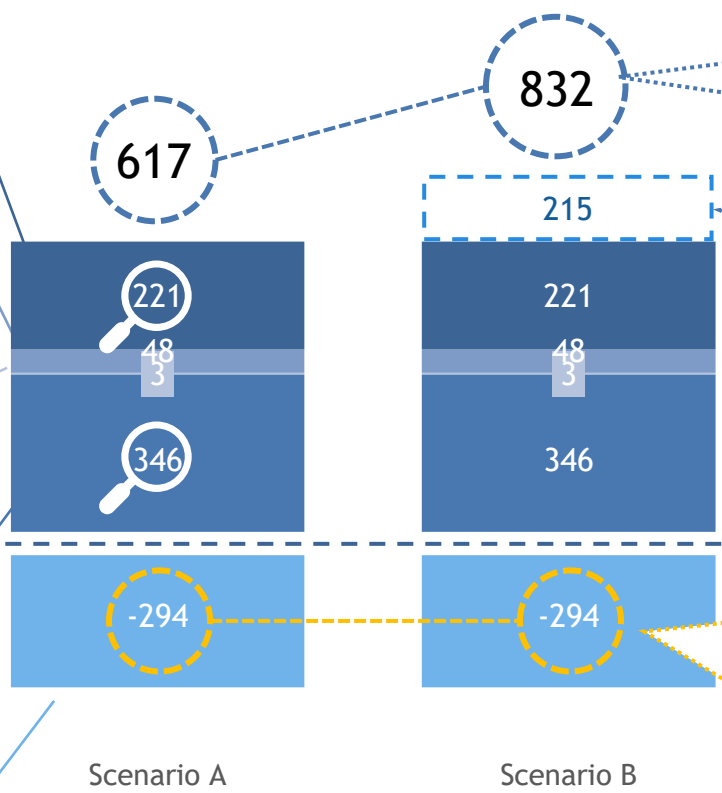
- Achieving reasonable growth targets through M&A and investment initiatives in the renewable energy sector and diversified businesses



The plan requires the undertaking of a significant amount of investment, directed both at the maintenance and development of the existing network and the expansion of activities on new synergistic businesses

- Investments in **Renewable Energy** related to:
 - Maintenance of plants in operation
 - Development of new wind and photovoltaic plants
 - M&A transactions on companies active in renewable energy
- Investments in **Diversification** directed to new business initiatives (i.e., Green Hydrogen, Biomethane, Energy Efficiency, Water Service)
- Corporate Investments
- Investments in **Gas Distribution** related to:
 - Maintenance and development of current network
 - M&A transactions on companies active in gas distribution and subsequent development and maintenance of acquired networks
 - Efficiency & Innovation
 - Metering equipment and infrastructure
- (Dis-)investments in investee companies not fully consolidated (EstEnergy / Hera Comm):
 - Exercise of put options
 - Distribution of excess dividends vs. consolidated result

Net investments¹ cumulated @ 2027



Partially financed through divestment in unconsolidated holdings

In case of ATEM tenders awarding

The plan also includes **funding investments by divesting the stakes held in EstEnergy and Hera Comm through the full exercise by 2026 of put options**, similarly for both scenarios

Details in next slides



Investments in gas distribution

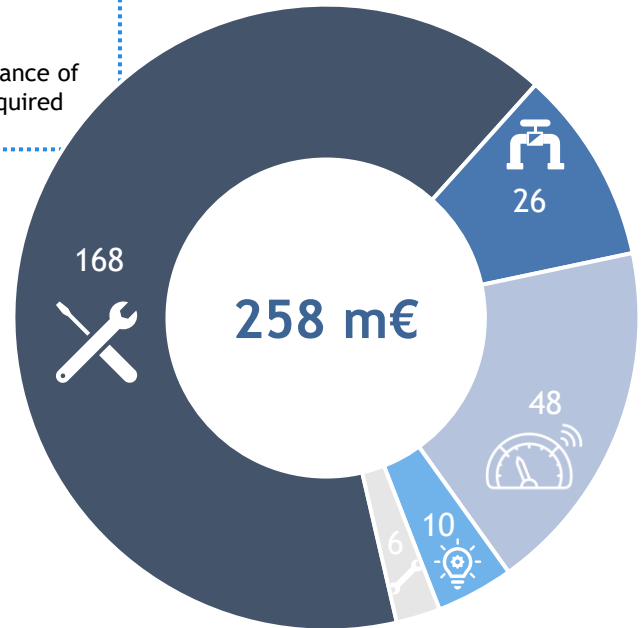
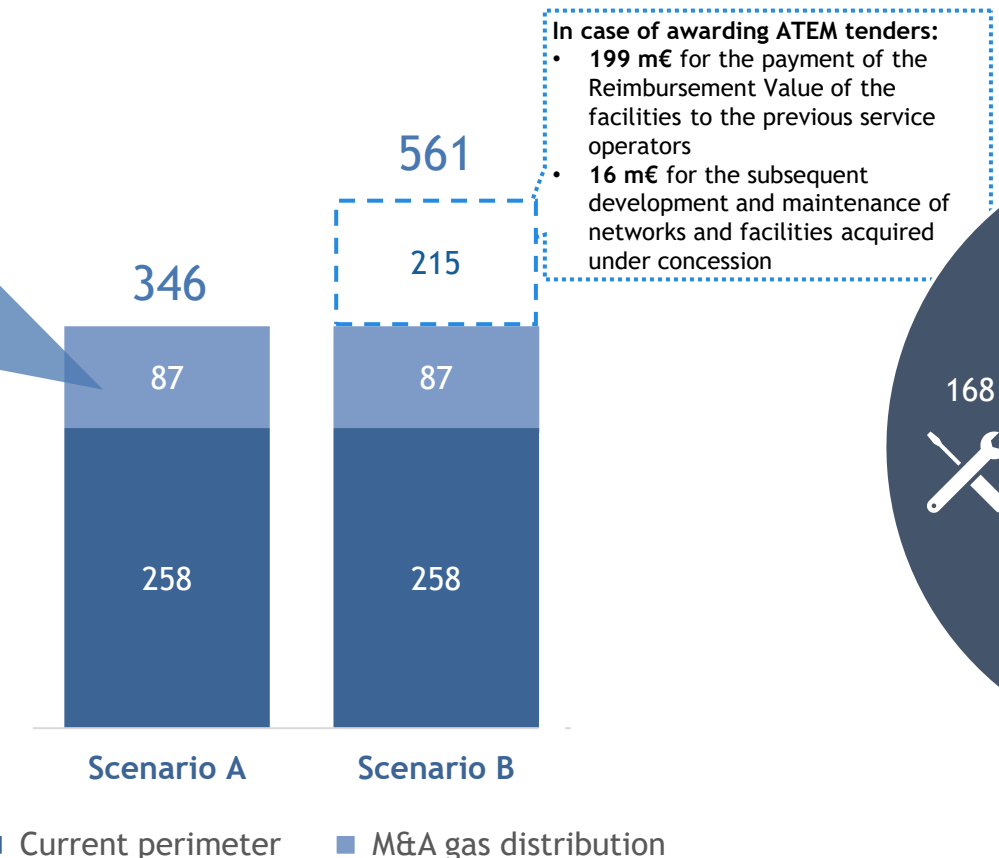
Most of the planned investments are in gas distribution, with significant interventions on current perimeter and possible additional gains in case of ATEM tender award

Net investment¹ cumulated @ 2027

Net investment¹ cumulated @ 2027 on the current perimeter

87 m€ of investments in gas distribution M&A:

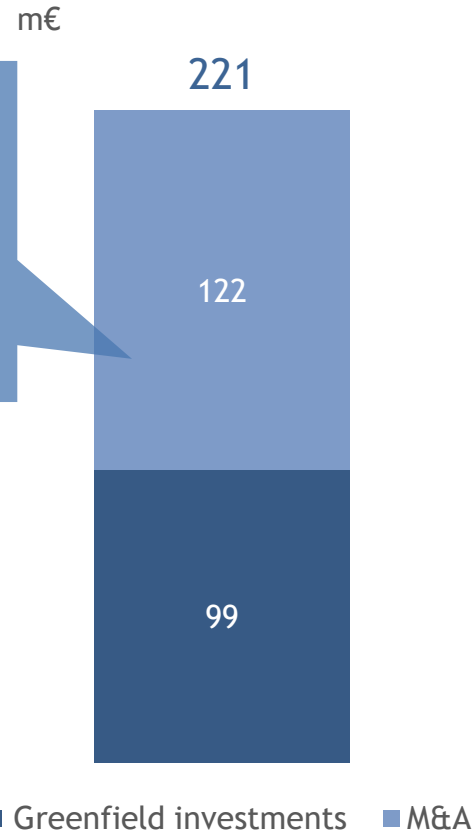
- 68m€ for Enterprise Value (to be carried out between 2024 and 2027)
- 19m€ for Enterprise Value of new companies (to be carried out between 2024 and 2027)



- Network and facilities maintenance:** ~284 km network, makeover of ~14.5k UDS² and ~180 FRG³ and cabins interventions
- Network and facilities development:** ~73 km of new pipelines and ~2.3k new UDS²
- Measurement equipment and infrastructure:** installation of ~288k meters
- Digitalization, efficiency and innovation**
- Other investments**

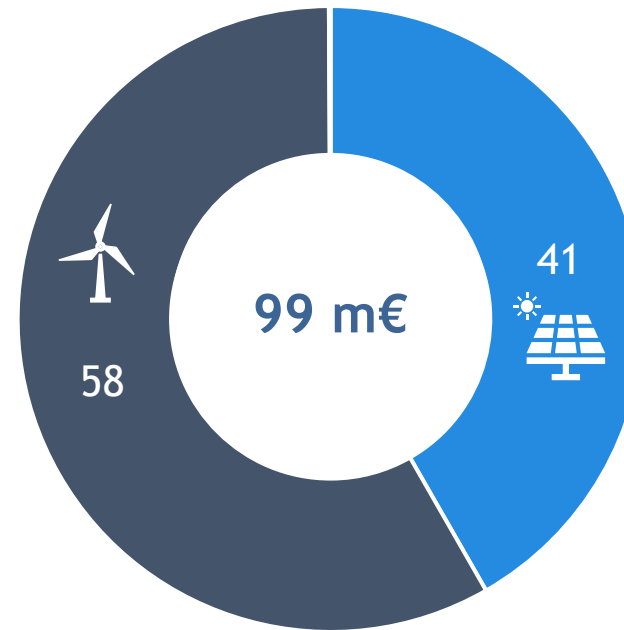
The Group aims to expand the portfolio of RES generation power plants both through M&A transactions and the development of new greenfield plants

Net investment¹ cumulated @ 2027



122m€ in M&A investments in renewable energies for the acquisition of wind (35 MW) and photovoltaic (40 MW) plants with a remaining useful life of 25 years, and an expected annual output of 119 GWh when fully operational

Net cumulative greenfield investments¹ @ 2027

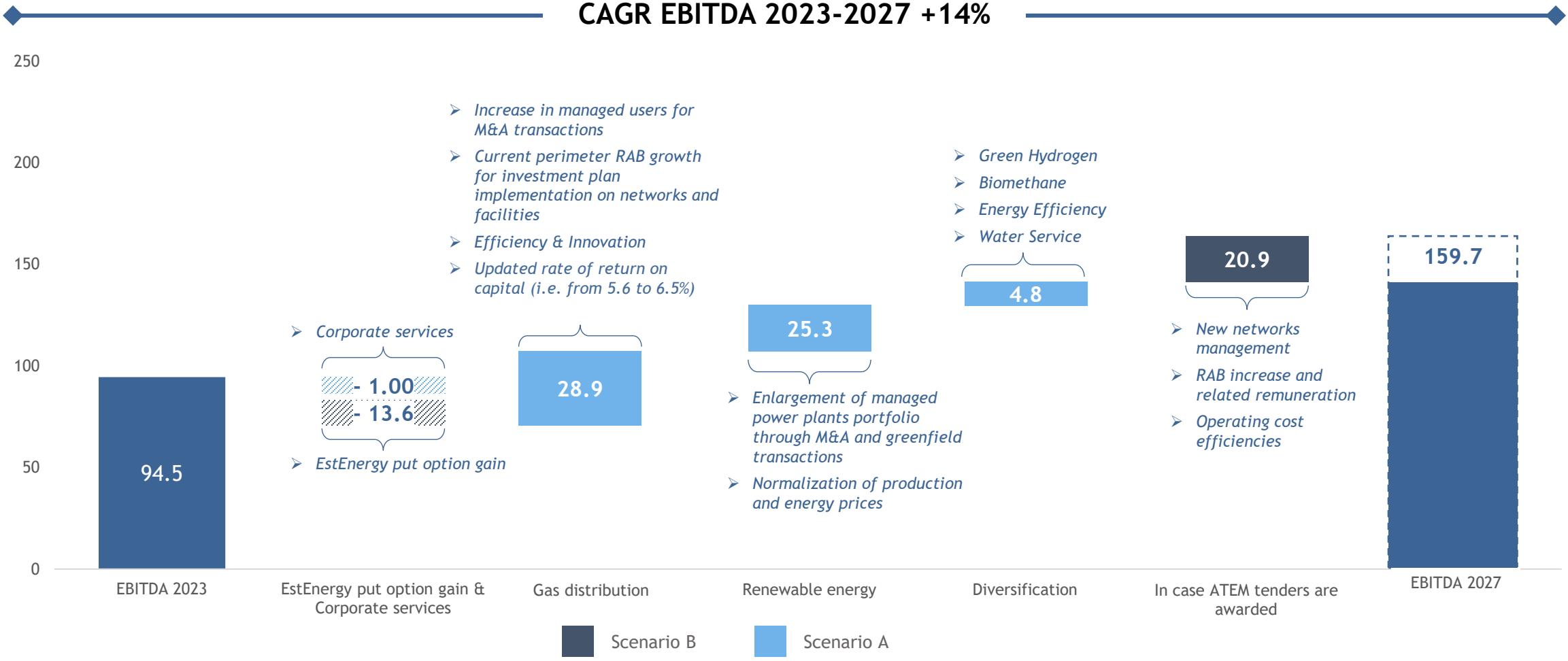


- **Development of greenfield photovoltaic plants:** plants already authorised or at an advanced authorisation stage with a nominal capacity of 37.9 MW and annual production when fully operational of 46 GWh. Planned commissioning in 2025 and 2026.
- **Development of greenfield wind farms:** plants with a nominal capacity of 36 MW for which the authorisation process is expected to start in 2024. Given the length of the authorisation procedures, a start of production is assumed after the plan horizon.

Gross operating margin evolution

The implementation of the considered initiatives will lead, over the plan horizon, to a progressive and stable growth in the value generated in terms of EBITDA

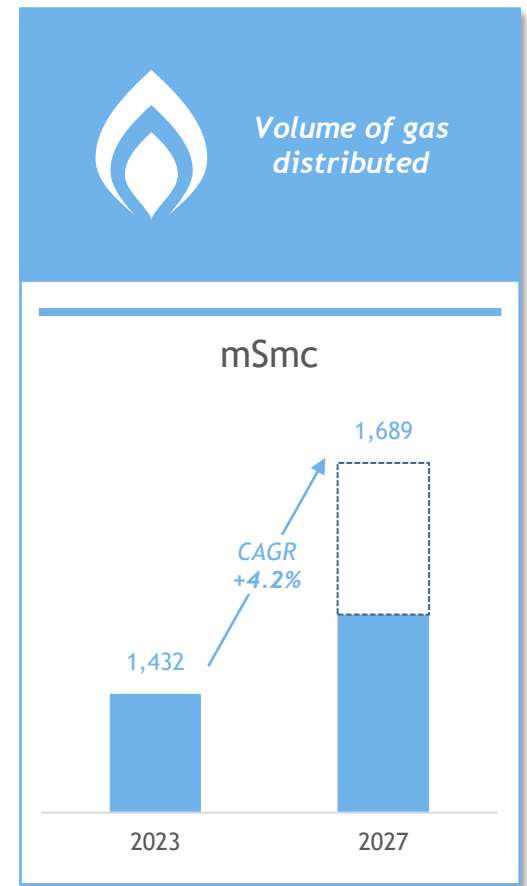
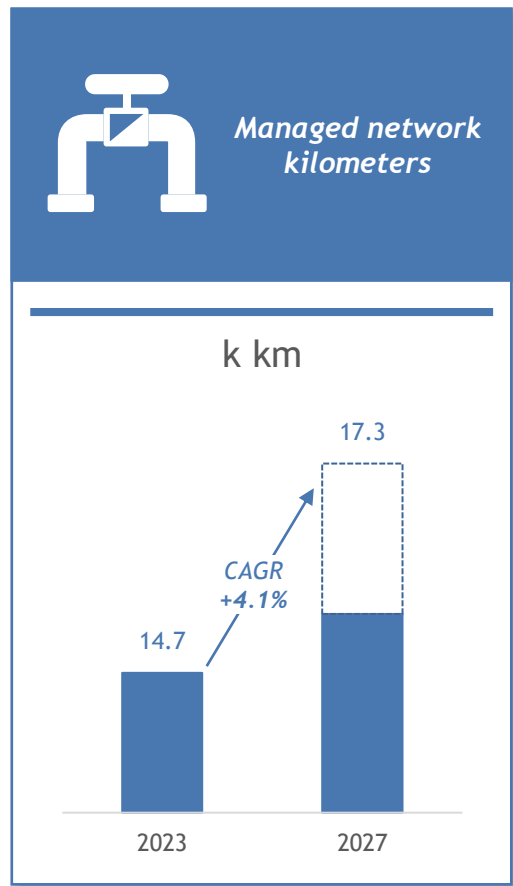
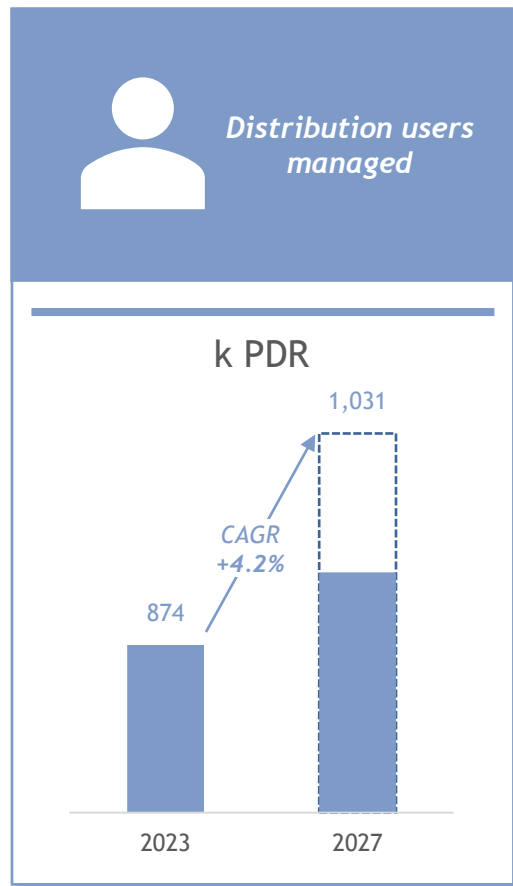
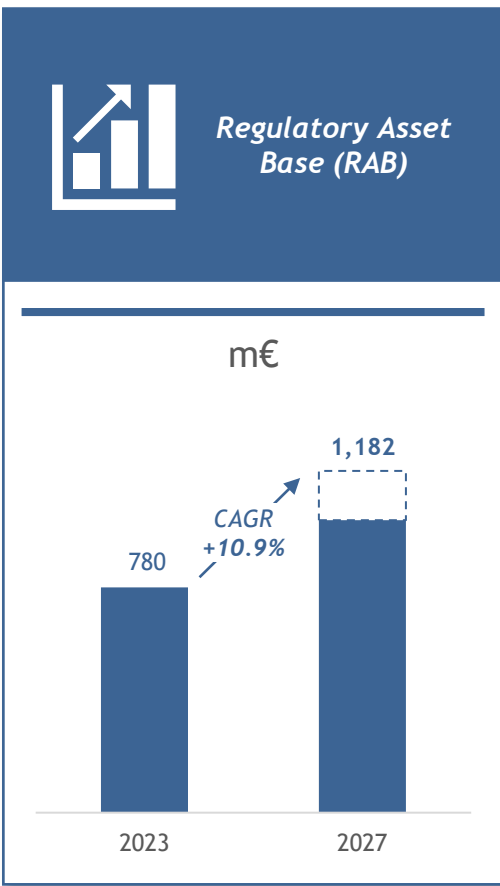
CAGR EBITDA 2023-2027 +14%





Key prospective data - Gas distribution

Growth prospects, both by internal and external lines, will result in further consolidation of the Group in the gas distribution sector

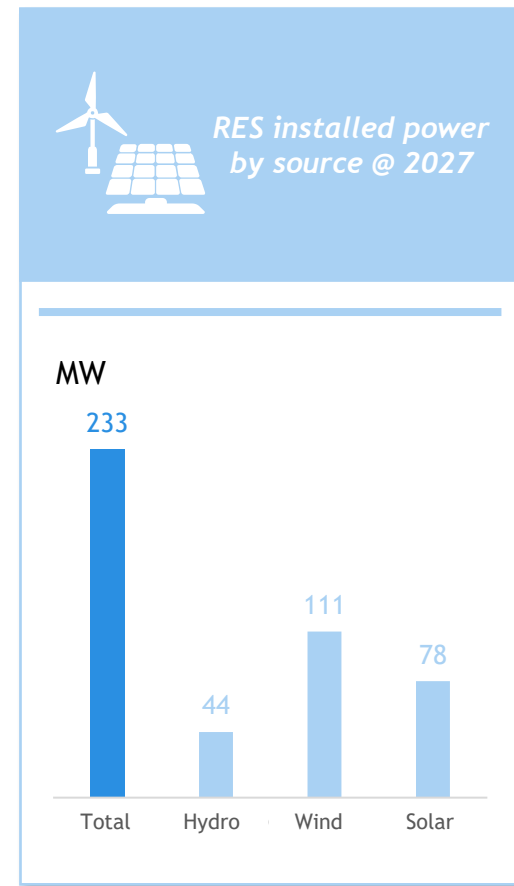
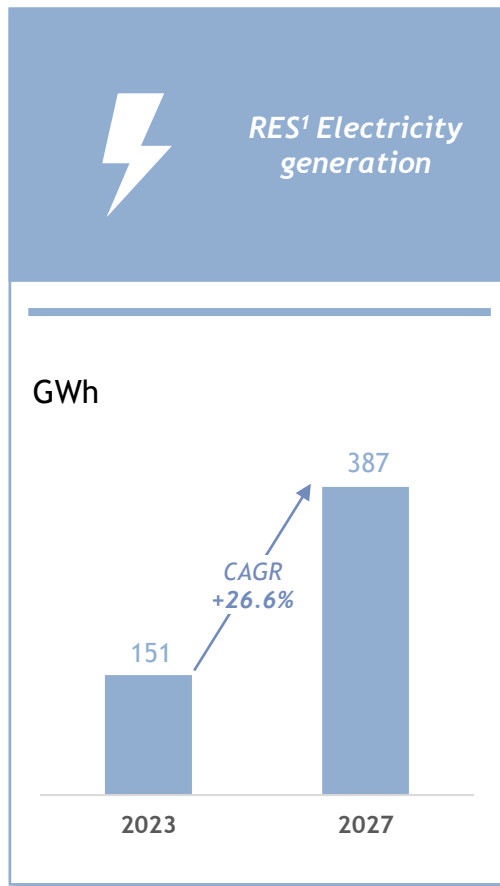
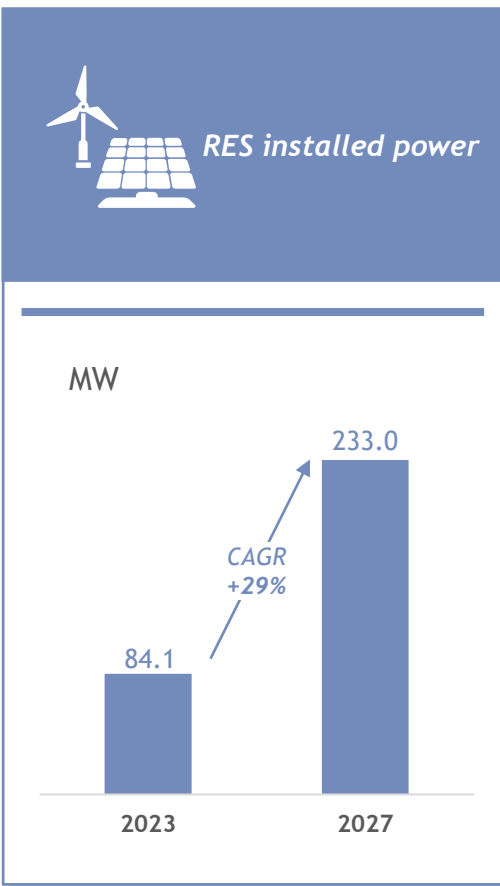
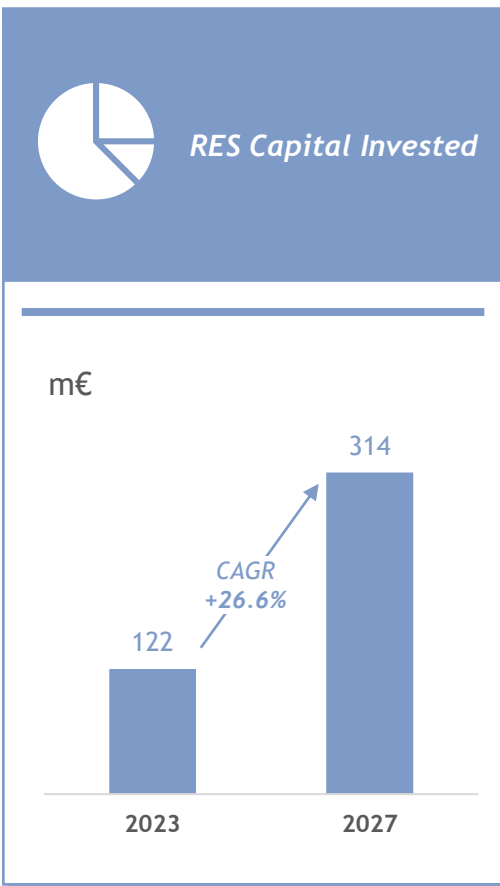


□ in case of ATEM tender award (Scenario B)



Key prospective data - Renewable energy

The growth strategy will also enable the Ascopiave Group to significantly increase its share in the renewable energy sector



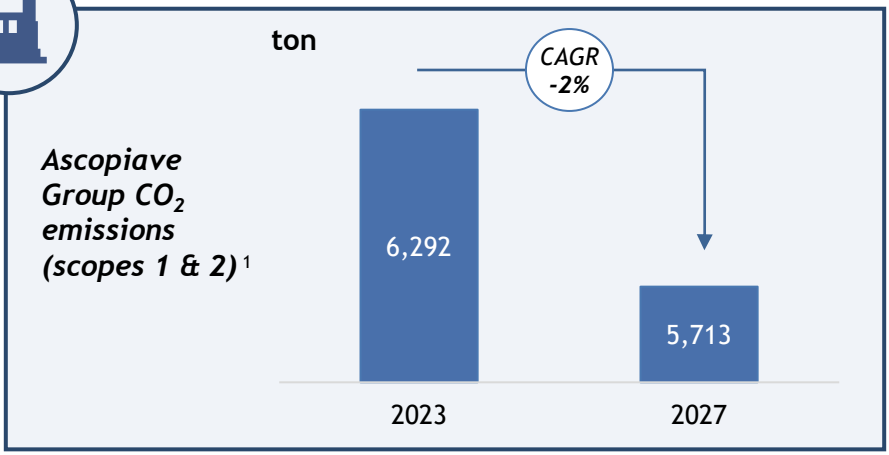
Note: ¹The amount 387 GWh as of 2027 does not include the estimated expected output of 65 GWh from a 36 MW wind power plant built by 2027 and that will enter in production in 2028.



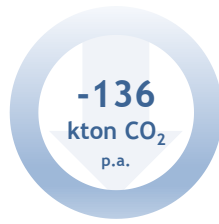
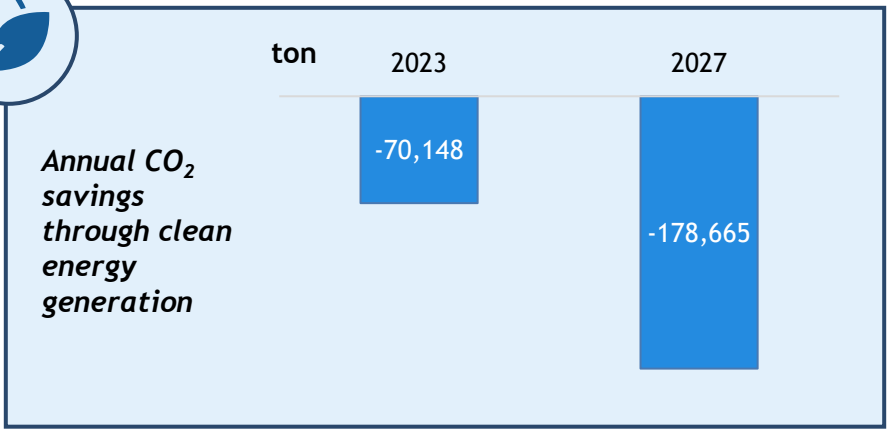
Key prospective data - Environmental sustainability



Through a strategy of energy efficiency and integration of renewable energy sources, the Ascopiave Group will be able to generate a positive climate impact by reducing CO₂ emissions



Through continuous efficiency gains in its consumption (-2% p.a.), Ascopiave Group will be able to save approx. 1.7 kton CO₂ emissions over the strategic plan period (scope 1 and 2)



Ascopiave Group's consolidation in the sector of green energy generation will contribute to an average annual emission reduction of about 136 kton of CO₂. A further contribution in terms of CO₂ savings is expected from initiatives related to Green Hydrogen and Biomethane.



Co-generative turboexpansion

Energy recovery from the decompression of network gas, using an innovative cogeneration turboexpansion process, shows that the amount of CO₂ emitted into the atmosphere will be reduced by approx. 533 tons compared to conventional decompression systems.

Note: ¹Estimate of emissions in 2027 does not consider the impacts of increased gas consumption resulting from the construction of cogeneration turbo-expansion plants.



Overall economic results

In both the scenarios examined, the economic results to 2027 are expected to show a growing trend

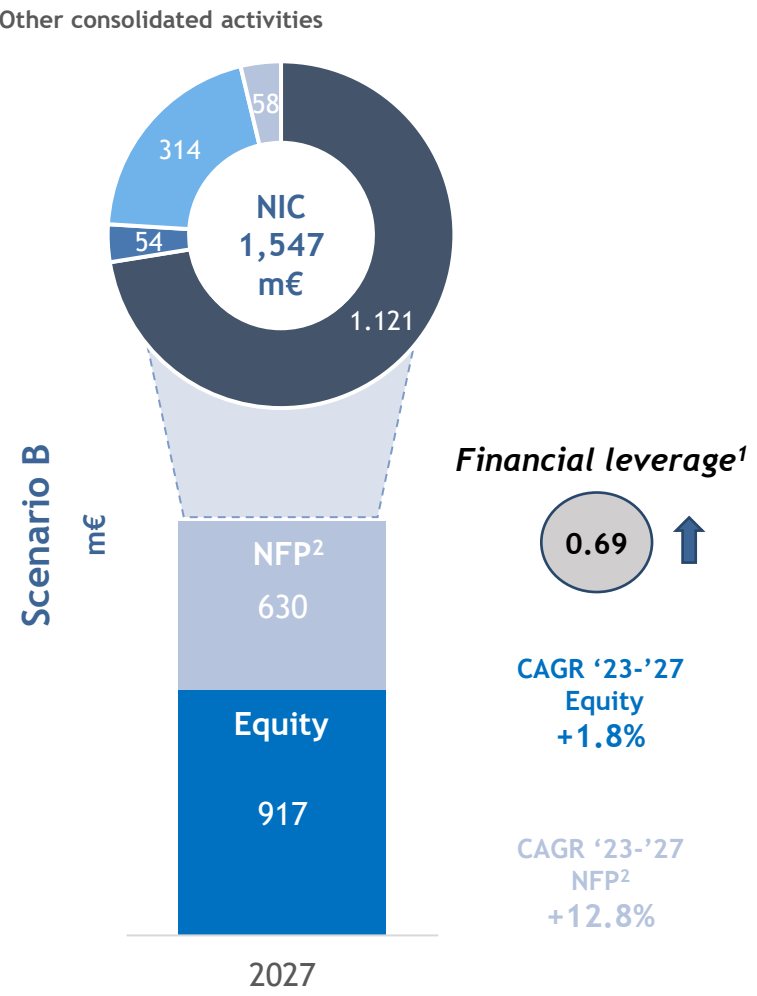
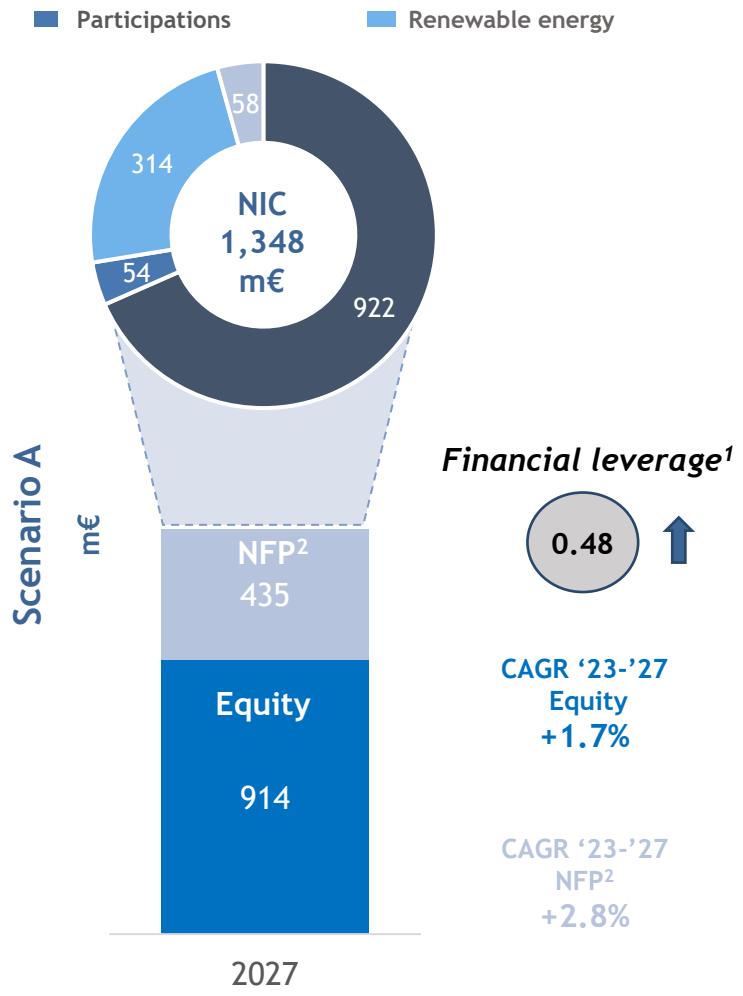
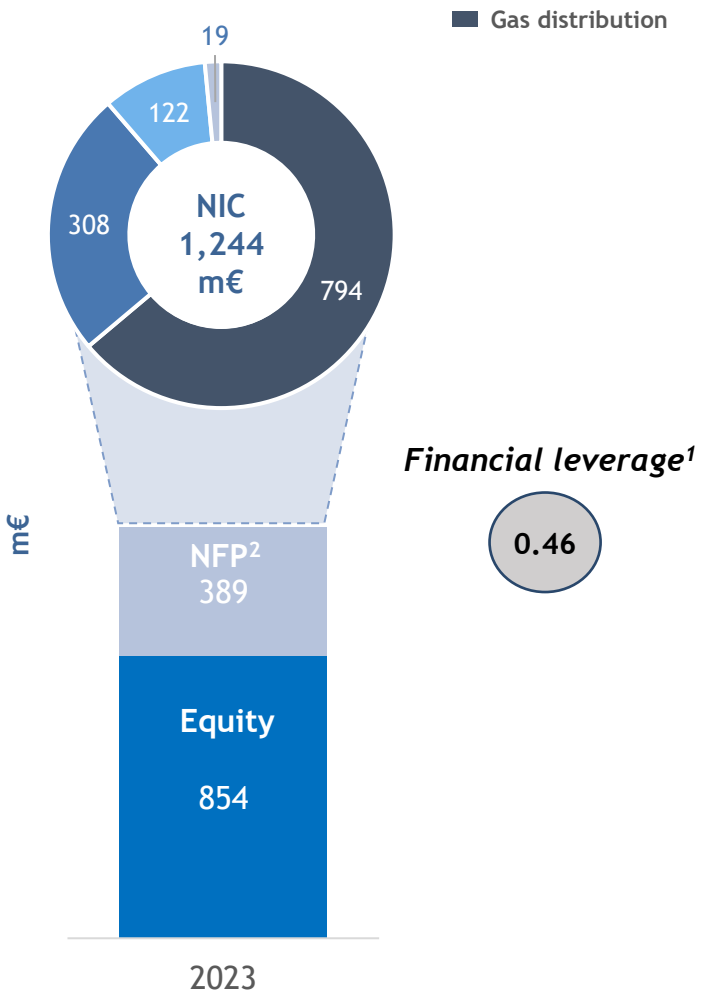
<i>m€</i>	2023	2027 Scenario A	CAGR	2027 Scenario B	CAGR	Δ 2027 Scenario B vs A
Revenues	181	260	10%	282	12%	22
EBITDA	95	139	10%	160	14%	21
EBIT	46	69	11%	79	14%	10
Net financial income ¹	-4	-9	21%	-15	35%	-5
Net income	37	42	3%	45	5%	3

2023 results include the capital gain realised on the partial exercise of the put on the stake held in EstEnergy for 13.6 m€



Invested capital and financial debt

Over the plan period, there is growth in net invested capital and optimization of the mix of financing sources

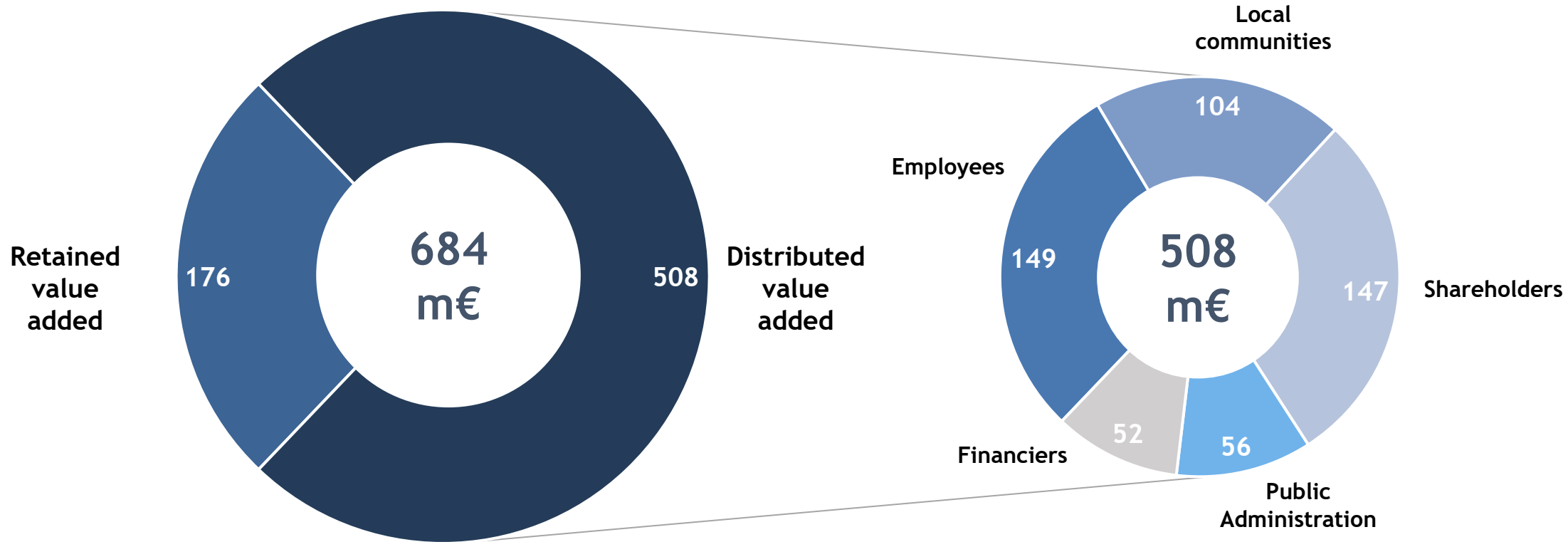




Distribution of economic value generated

Ascopiave's strategy aims to create value for its stakeholders, distributing the value generated to contribute to the economic and social growth of the context in which the Group operates

Value added¹ generated by Ascopiave's activities in plan arc 2024-2027 (Scenario A)



4. Strategic plan 2024-2027



Strategic pillars

Plan projections

Shareholder
remuneration



Ascopiave focuses on cost of capital efficiency and financial flexibility in order to create long-term shareholder value

Financial debt management



1. Identification of new banking and non-banking counterparties with which to collaborate, seeking to optimise the cost of debt
2. Proactive management of maturities
3. Optimized treasury management (cash pooling)
4. Consistency of timing maturities of sources and uses, with lengthening of average debt life



Equity management



1. No need to resort to new contributions from shareholders
2. Purchase of own shares for possible exchanges in extraordinary business transactions
3. Stable, profitable and sustainable distribution of dividends

Use of financial leverage to cover the needs of planned investments

1. Efficiency of the financial structure and cost of capital
2. Financial flexibility

Value creation for shareholders



Shareholder remuneration

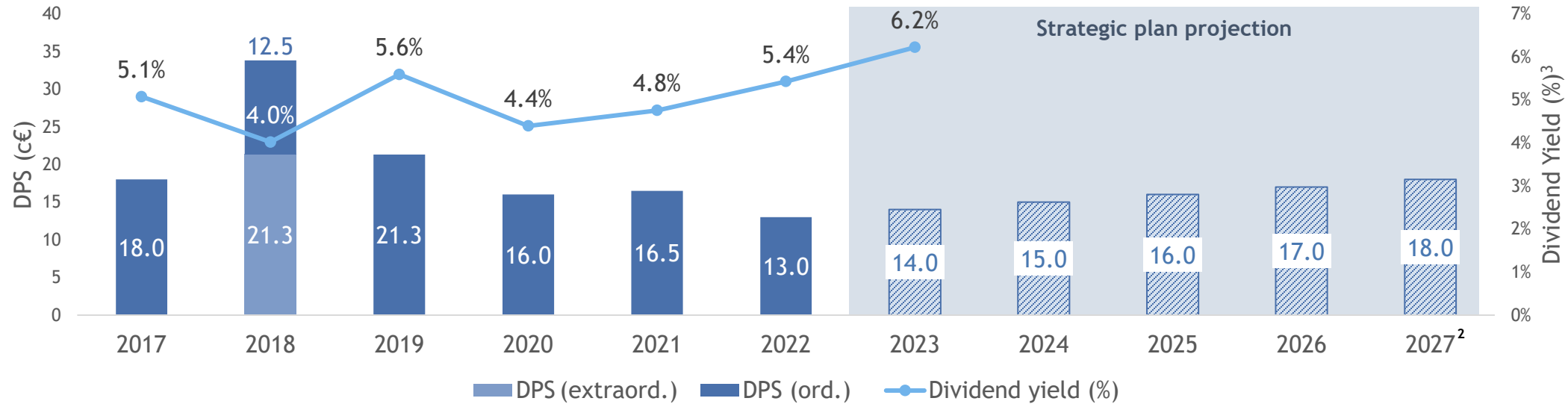
The Group has been regularly creating value for its shareholders, highlighted by a stable distribution of dividends. An attractive and sustainable dividend distribution is expected for the period 2023-2027

In the 2017-2022 period, Ascopiave distributed total ordinary dividends of approx. 214 m€ (annual average: 16 c€/share¹), thanks to:

- Stable cash flow
- Stable business profitability
- Balanced financial structure

Ascopiave plans to distribute a rising dividend from 14.0 c€/share to 2023 to 18.0 c€/share to 2027 (+29%)

Dividend distributed by Ascopiave and historical dividend yield 2017-22 and prospective dividend yield 2023-27



Notes: ¹Historic average dividend and dividend yield calculated by considering only the ordinary dividend; ²Dividend approved and distributed during 2028 with reference to fiscal year 2027; ³Dividend yield calculated as the ratio between distributed dividend and the share price at the end of the year



5. Closing remarks



Final considerations



Ascopiave Group is a well-established entity with a balanced portfolio of assets, characterized by a low risk profile, and a track record of growth



The strategy that will guide Group's actions in the coming years is based on the growth of core businesses, diversification into new synergistic activities, economic efficiency and innovation



The investment plan, of approximately 620 mln€ under the more conservative scenario, is equally allocated to the current perimeter and the expansion of the company's activities. Around 290 mln€ of the plan will be financed through resources from the exercise of put options in EstEnergy and HeraComm stakes



Expected results foreshadow sustainable growth that will create value for shareholders and stakeholders



The plan provides for the distribution of a remunerative dividend during the period to benefit the Group's shareholders



6. Attachments



Comparison between the two scenarios

Gas Distribution

Perimeter continuity

- None of the ATEM tenders manage to finish their process until adjudication. The assumption is justified by the length of the timeframe for adjudication encountered to date
- Limited business acquisitions post 2024: +51k users; +9m€ EBITDA to 2027
- Operating costs and investments consistent with assumption of business continuity

SCENARIO A

Adjudication of 4 ATEM tenders

- Assumption of the commencement and awarding of 4 ATEM tenders in 2027. The ATEMs were identified considering the current status of the associated procedure. New users to 2027: +103 k
- Operating costs and investments consistent with assumption of business continuity

SCENARIO B

Renewable energy

- Acquisition of new installed capacity through M&A and greenfield plant development for 149 MW¹
- Assumptions to 2027: expected production at 387 GWh. Production from currently operating plants assumed to be in line with historical average production
- Energy transfer prices in line with medium-term expectations (i.e. 116 €/MWh at 2027)

Diversification

- Areas of diversification:
 - Green Hydrogen
 - Biomethane
 - Energy Efficiency
 - Water Service
- Expected Capex: abt. 48 m€
- Expected EBITDA: abt. 5 m€

Parameter	Hypothesis
Inflation	2.36% - average annual inflation over the entire plan horizon (2024: 3.00% / 2025-2027: 2.15%)
Real pre-tax WACC (RAB distribution)	6.5% - in 2024-2027 (5.6% rate acknowledged in 2023)
Tariff operating costs	X-Factor currently provided by the regulation
Tariff capital costs	Continuity of cost recognition methodology (actual costs in distribution, maintenance of depreciation rates, etc.)
Electricity prices	Energy transfer prices in line with medium-term expectations (i.e. 116 €/MWh at 2027)
EstEnergy result	In line with the forecast of the Company's plan
Dividends other investments	Equal to dividends paid in 2023
Income taxes	IRES tax rate of 24% and IRAP abt. 5% assumed constant over the entire plan horizon
Cost of debt	3.25% approx.- Average annual passive rate over the entire plan horizon
Dividends	14.0 c€ in 2023 increasing by 1 c€/per year in subsequent years

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