

## **Management Report on the Financial Statements at 31/12/2023**

**Registered office:** Via I. Cocchi, 14 – 52100 AREZZO (AR)

**Administration office:** Viale Toselli, 9/A – 53100 SIENA (SI)

**Administration office:** Via U. Panziera, 16 – 59100 PRATO (PO)

**Share Capital** € 249,000,000 fully paid up

**Tax Code, VAT and entry number in the Companies Register of Arezzo:** 02166820510 – Economic and Administrative Index (REA) no. 166736

## **Corporate bodies**

### *Board of Directors*

#### Chairman

Roberto Rappuoli

#### Chief Executive Officer

Riccardo Matteini

#### Deputy Chairman

Giulia Barbiera

#### Directors

Enio Marchei

Claudia Cerreti

Andrea Porcaro D'Ambrosio

#### General Manager

Riccardo Matteini

### *Board of Statutory Auditors*

#### Chairman

Athos Vestrini

#### Standing Auditors

Daniele De Sanctis

Fiorenza Arrigucci

#### Alternate Auditors

Roberto Dragoni

Sabrina Bianchini

#### Auditing company

EY S.p.A.

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*The financial year ended 31/12/2023 shows a profit of € 994,189.*

## 1 INCORPORATION OF CENTRIA S.R.L.

With resolution of 18 October 2013, the Board of Directors of Estra S.p.A. approved the incorporation of **Centria S.r.l.** (hereinafter only Centria). At the same meeting, the assets and liabilities intended to make up the business unit were also defined in principle.

Centria was created with the specific target of developing and carrying out the following activities:

- natural gas distribution;
- distribution and marketing of LPG;
- carry out minor activities.

On 22 October 2013, Centria was initially incorporated with a share capital of € 10,000.00 and was temporarily managed by a Sole Director.

Centria's Articles of Association were drawn up to meet the regulatory unbundling requirements, as governed by the Italian Electricity and Gas Authority ("Autorità per l'Energia Elettrica ed il Gas" – AEEG), and to include all the activities that would be transferred to the business unit. The transfer became effective from 1 January 2014.

On 18 December 2014, an Extraordinary Shareholders' Meeting followed up on the contribution and resolved to increase the capital to € 180,000,000.00. Subsequently, in 2017, a further contribution for share capital increase was made by Energie Offida. Finally, a further share capital increase was carried out during the 2022 financial year following a contribution by the parent company Estra Spa.

At 31 December 2023, Centria's share capital was € 249,000,000.

Therefore, Centria brings together the Group's activities in the natural gas distribution sector and in the distribution and marketing of LPG. The scope of the business unit transferred from E.S.T.R.A. S.p.A. is summarised as follows:

- **Fixed assets:** the transfer mainly concerns the ownership of the gas and LPG networks and related facilities; land, buildings and vehicles registered in public registers relevant to the business are also included.
- **Customer portfolio:** all active contracts and all resources needed to manage them.
- **Payables:** these consist mainly of short- and medium-term borrowings (loans) and trade payables.
- **Staff and Organisational Structure:** employed staff and employee severance indemnity charges and related accruals for about 250 employees (at the time of incorporation) are conferred.
- **Contracts:** any other service or supply contract currently in place relating to the Networks and LPG business, in order to enable Centria to establish an organisational structure aimed at conferring management autonomy and the independent capacity to produce income.

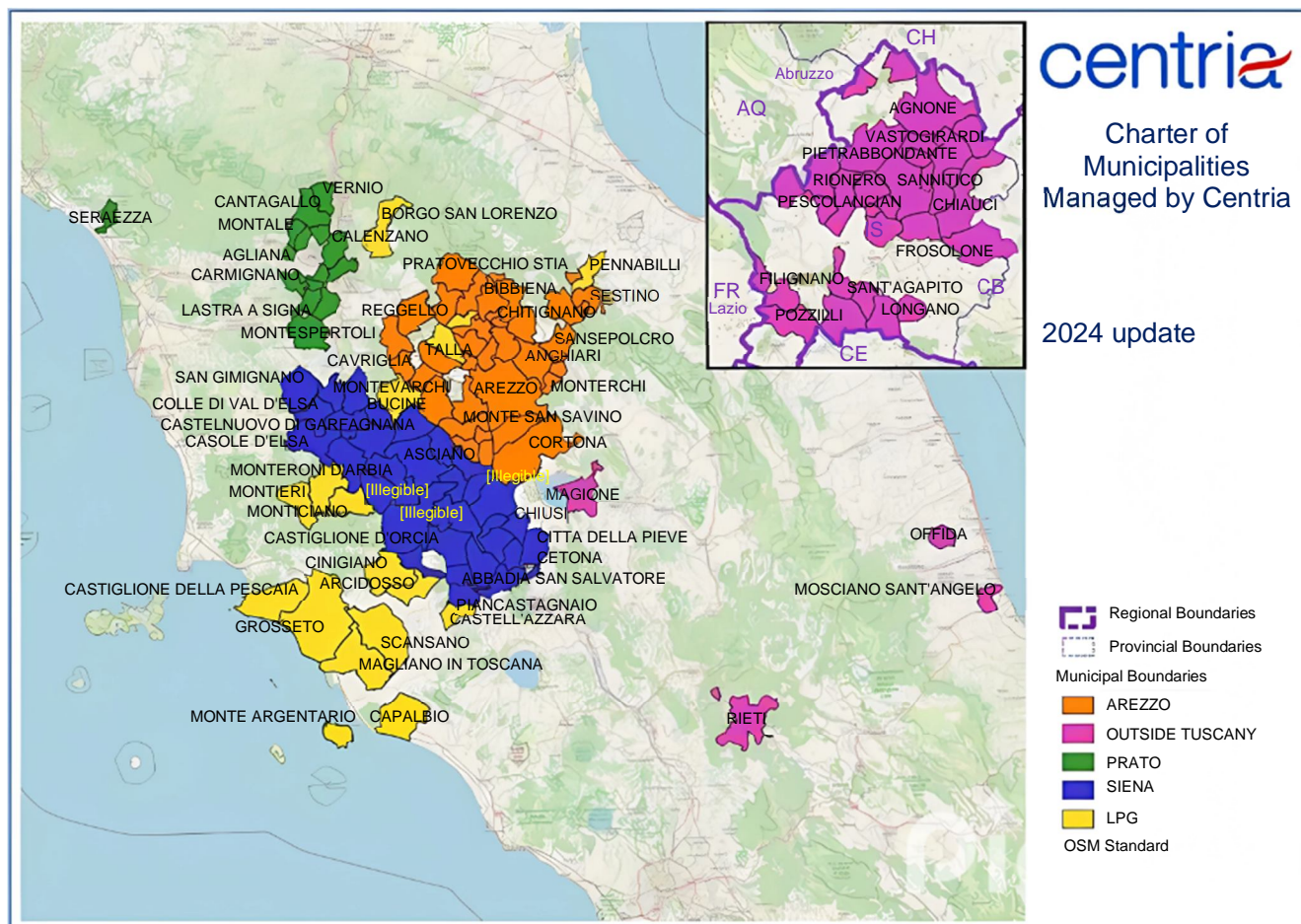
The activity is managed through three local units (Arezzo, Prato and Siena) in order to ensure a better coverage of the territory where most of the networks are located. The registered office and administrative office is in Arezzo.

The operations required for network management in the municipality of Offida (CH) are carried out by local resources that were already in place at the time of the acquisition but are now fully integrated into Centria's procedures and vision.



The management of the undertaking was entrusted to a Board of Directors, which consists of 6 members, one of whom is also the General Manager.

The main aim of the strategic and structural reorganisation of the ESTRA group was the creation of a single entity owning the gas networks and managing the natural gas distribution activities, which is the first totally public Tuscan operator, operating in about one hundred municipalities in the provinces of Prato, Florence, Pistoia, Siena, Grosseto, Arezzo, Lucca, Perugia, Teramo, Rieti, Ascoli Piceno and Isernia.



## 2 CORPORATE PURPOSE AND MISSION

**Centria** carries out its activities in the national context of energy undertakings, networks and regulated markets, with the primary purpose of creating value for its Shareholders and managing the services offered with high levels of quality and efficiency, to the benefit of customers, citizens and the territory.

To achieve these objectives, the company constantly develops its management activities by striving for the best quality of service, paying the utmost attention to health protection in the workplace, environmental sustainability issues, social responsibility and the continuous enhancement of the skills of its human resources, seeking development opportunities both at a geographical level and through strategic diversification related to the core business.

Centria's objective is to achieve maximum satisfaction for Customers, Users and Stakeholders to develop competitiveness and profitability in strict compliance with current regulations and certain fundamental principles that Centria has adopted as its primary values, such as and not limited to:

- ensuring service continuity and reliability;
- ensuring timeliness and effectiveness in ordinary and extraordinary operations as well as in emergencies;
- preventing and containing the environmental impact of its activities;
- adopting the best technologies in business process management;
- promoting staff skills and motivation.

To achieve these goals, the company is committed to optimising its business processes to ensure operations according to efficiency, effectiveness and cost-effectiveness criteria by identifying and implementing synergies with other Group companies through an integrated organisational model. To this end, Centria pursues maximum staff involvement in the sharing of its Policy and targets and is committed to actively maintaining its Integrated Management System, covering Quality, Environment, Safety, Energy, Information Security and Social Responsibility, in compliance with the ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, EMAS, SA 8000, ISO 50001: 2011, ISO 27001:2017 standards, seeking continuous improvement.



Centria is constantly committed to pursuing an open and constructive relationship with Customers, Users, Public Authorities, Operators and Stakeholders, also through the implementation of communication campaigns tailored to the different stakeholders, identifying appropriate and effective disclosure channels.

Centria's activities are carried out according to the rules of functional unbundling for vertically integrated undertakings in the natural gas sector, in compliance with the principles of cost-effectiveness, profitability and company data confidentiality, aiming at the best efficiency and quality in the provision of services while guaranteeing the neutrality of the management of infrastructures, which are essential for the development of the free energy market.

In line with its Parent Company E.S.TR.A. S.p.A., Centria's mission is geared towards becoming a "centre of excellence" aggregating a competitive and sustainable "territorial system" over a vast area, aimed at constantly enhancing its ability to act as not only an economic but also a social "engine" in the communities in which it operates.

### 3 THE REGULATORY AND TARIFF FRAMEWORK

#### 3.1 Tenders for the gas distribution service

During the 2023 financial year, only the Trento ATEM reached the conclusion of the process of publishing the call for tenders for the concession of the natural gas distribution service.

On the whole, however, a situation of widespread stagnation persists, resulting in the prolongation, beyond all expectations, of the provisional operation of expired concessions (*ope legis* management) and the emergence of potential disputes with the granting bodies concerning the concession fees to be paid in this phase, which is increasingly taking on the features of a genuine concession.

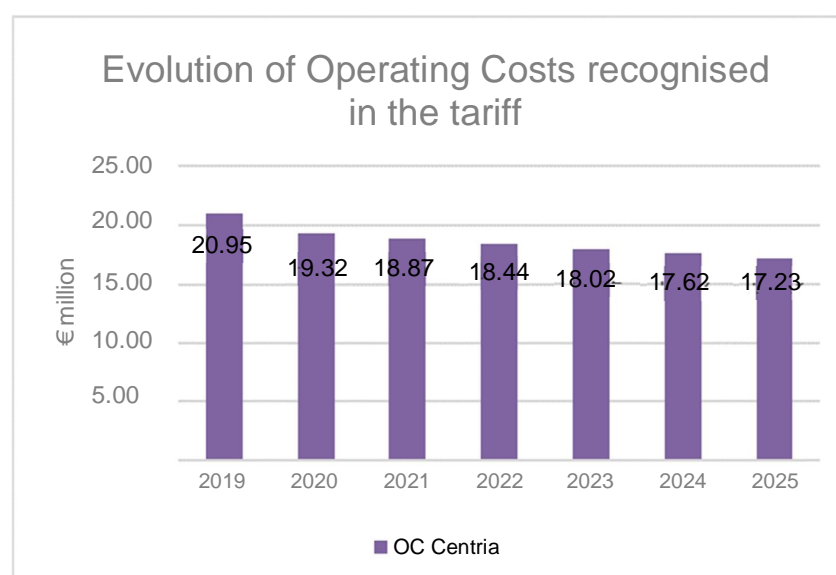
In its meeting of 4 November, the Italian Council of Ministers approved the draft decree law for the market and competition for the year 2021, converted into Italian Law no. 118 on 5/08/2022, which corresponds to one of the targets identified by the government in the NRRP. Among other things, Italian Law 118/2022 will aim to properly enhance the gas distribution networks owned by local authorities, relaunch investments in the natural gas distribution sector, and at the same time speed up the procedures for carrying out tenders for the natural gas distribution service. This legal provision also provides for a revision of Italian Ministerial Decree 226/11 (regulation of ATEM tenders) initially planned for early 2023 but not yet issued to date.

In general, there remains a certain scepticism among those involved in the sector about the short-lived celebration of ATEM tenders, on the other hand, in 2023 there was a significant acceleration in some of our main ATEMs (SIENA, AREZZO, PRATO) of contracting stations which would suggest the possibility of publishing some calls for tenders already in 2024.

Also in 2023, the Company's activities as outgoing operator continued for the supply of functional data for the ATEM tenders envisaged by Italian Ministerial Decree 226/11. In particular, for Siena and Arezzo ATEMs, all the information required for the publication of the tender and for the valorisation of the outgoing operator's networks were produced, updated at 31/12/2021 and 31/12/2022, respectively.

#### 3.2 Tariff aspects

The year 2023 was the fourth year of the 2020-2025 regulatory period, which is substantially in line with the previous period from the point of view of the regulatory framework, but the passage from the 4th to the 5th period involved a significant reduction overall in the operating costs recognised by the tariff.



Over the period, a strong reduction in productivity recovery is expected in distribution management costs (t(dis)opex), for a total of about 30 percentage points. The productivity recovery imposed by ARERA in the 2020-2025 regulatory period was distributed, half in 2020 and the remaining half in the following 5 years at a rate of 3.5%/year. Thus, for 2023, the reduction was 3.5% for about € 420 thousand.

With resolution no. 01/2023 of 12 October 2023, ARERA provided for the opening of an extraordinary collection of information for the recognition of residual costs of smart meters of class lower than or equal to G6 with manufacture year from 2012 to 2016 and installed up to 31/12/2018 replaced because malfunctioning. The tariff service has quantified the estimated recovery of the capital losses except when best determined at the data collection stage.

On 21 June 2022, ARERA published resolution 269/2022/R/gas which introduced compensation to be paid by Distribution companies to end customers in the event of failure to provide actual readings for G4-G6 Smart Meters within the anticipated timeframe depending on the meter consumption band. Compensation started to be applied on 1 April 2023.

In particular, there are 2 types of compensation depending on the Annual Consumption (CA - consumo annuo) of the meter:

- CA ≤ 500 smc → compensation of € 10 (failure to make reading available for 6 consecutive months → 2 compensations/year)
- 500 < CA < 5000 smc → compensation of € 10 (failure to make reading available for 3 consecutive months → 4 compensations/year)

With Resolution 60/2023, the Authority also gave a value to the partial recognition in Equalisation of the compensation paid by the Distributor, recognising a certain organic failure rate for Smart Meter communication (C\_ind component equal to 80% of the compensation paid on about 5% of the meter fleet).

Beginning from the fourth quarter of 2021, in order to manage the sudden increases in energy costs related to geopolitical tensions between Russia and the West, whose repercussions were felt by households and undertakings, the government planned a reduction in system charges in the gas sector.

From 1 January 2022, with resolution 635/2021/R/COM, Art. 3 confirmed the cancellation of some pass-through components (RE, UG1, GS, UG3) and the increase of the planned gas bonuses.

In the following quarters, in addition to confirming the zeroing of the above-mentioned pass-through components, a negative portion of the variable UG2 component was introduced.

With Resolution 148/2022/R/gas, Art. 1, a price of -11.50 €/cents per smc was introduced for the first 5000 smc consumed and with Resolution 296/2022/R/gas, Arts. 4 et seq., this "discount" was raised to -34.66 €/cents per smc for the first 5000 smc consumed.

Substantial increases in gas bonuses granted to households in difficulty in the fourth quarter (amounts in some cases almost doubled compared to the 1st quarter of 2022) and the physiological increase in consumption linked to seasonality, resulted in Centria issuing invoices for negative amounts.

This situation persisted throughout the first half of 2023.

### 3.3 Functional unbundling

During the year, no new significant measures were issued in the area of functional unbundling.



### 3.4 Accounting unbundling

During the year, no new significant measures were issued in the area of accounting unbundling.

### 3.5 Smart metering

After the publication of Resolution 269/2022/R/gas, which had defined new outputs and performance of the metering service, no further measures have been issued on the subject of smart metering; guidelines are currently being evaluated regarding the transition from annual (MY) to monthly (MM) treatment of small-sized smart meters (G4 and G6) for settlement purposes following the approval of Resolution 269/2022/R/gas.

### 3.6 Integrated Information System (IIS)

In 2023, in line with what happened in 2022, the central role of the IIS was further strengthened. Among the most relevant:

- establishment of the concept of inconsistent consumption with respect to the metering group, for all types of treatment: verification of registered consumption according to the class of the metering group in use by the user;
- new sterilisation mechanism for the balancing of missing or anomalous consumption (in accordance with the provisions of Resolution 555/2022/R/gas), start of the k coefficient for PDRs equipped with a volume corrector; multiplication factor of the maximum plausible consumption as a function of the user's operating pressure.

### 3.7 Social bonus

With Resolution 622/2023/R/com of 28 December 2023, ARERA amended the methods for updating and quantifying social bonuses and revised, for the protection of customers/users, certain operating methods for recognising social bonuses governed by Annexes A, B, C and D to Resolution 63/2021/R/com.

### 3.8 Gas settlement

With Resolution 494/2023/R/gas, ARERA made changes and additions to the provisions relating to the responsibility of distribution companies in the management of the delta in-out; in particular, it re-evaluated the reference scope for the first session of calculation of the P penalty associated with the mechanism, confirming the three-year 2020-2022 reference period, but envisaging the use for all three years of the results of the multi-year adjustment session to be held in 2024.

The resolution also provides that, in order not to adversely affect the time taken by the distribution company to report fraudulent consumption, it is not necessary to quantify the volumes already in that act, while a request is accepted to change the deadlines by which the distribution companies themselves can report information on losses and fraudulent consumption, envisaging that up to two calculation sessions may be submitted following the last three years that include the year in which the consumption took place.

The method for the valuation of parameter  $\alpha$  is then set equal to the average over the three years of the values recognised by the tariff regulation for the GNC adjustment for each year included in the three-year reference period.

### 3.9 Energy efficiency

With the Decree of 21 May 2021, the Italian Ministry of Ecological Transition, now the Ministry of the Environment and Energy Security (MASE), determined the national quantitative energy savings targets for the obligation years 2021 to 2024, revised downwards the target for the year 2020 and approved the guidelines for the preparation, execution and evaluation of energy efficiency projects.

As stated in the regulations, the starting date of an obligation year is from 1 June of the current year to 31 May of the following year.

As a result of the above, two obligation years pertain to the 2023 calendar year:

- 1 January 2023 to 31 May 2023 – second part of the 2022 obligation year;
- 1 June 2023 to 31 December 2023 – first part of the 2023 obligation year.

The specific target for each obligated party is defined by ARERA on the basis of the quantity of gas distributed in the year  $n-2$  with respect to the obligation year.

Specifically, Centria's targets for the 2022 and 2023 obligation years are reported:

- 2022 obligation year: Determination no. DMRT/EFC/7/2022 of 12 October 2022 in which Centria S.r.l. is listed with a specific target of 20,283 TEEs;
- 2023 obligation year: Determination no. DSME 3/2023 of 31 October 2023 in which Centria S.r.l. is listed with a specific target of 27,914 TEEs;

With Resolution no. 270/2020/R/efr of 14 July 2020, ARERA published the methodology for determining the tariff contribution to be recognised to distributors in the context of the energy efficiency certificates mechanism in execution of the Lombardy Regional Administrative Court's ruling no. 2538/2019.

This Resolution defined the algorithm for calculating the tariff contribution, which refers to the TEE market quotations, whose maximum value (cap) is 250.00 €/TEE.

The same Resolution also defined the algorithm for calculating a fee additional to the tariff contribution, which refers to the amount of TEEs available compared to the national targets, with a maximum value of 10 €/TEE.

With Resolution 340/2023/R/EFR of 25 July 2023, ARERA published the value of the tariff contribution, equal to 250.00 €/TEE, and of the additional fee, equal to 0.68 €/TEE, to be paid to distributors within the framework of the energy efficiency certificates mechanism for the 2022 obligation year.

The tariff contribution and the additional fee for the 2023 obligation year will be defined after the end of the period, i.e. after 31 May 2024.

During the year 2023, the average price in the organised market did not fluctuate much, about € 14, between about 244.84 €/TEE and about 258.79 €/TEE.

The absolute minimum quotation was 242.00 €/TEE while the maximum market value was 259.00 €/TEE.

The publication of the Italian Ministerial Decree of 21 May 2021 has in fact relaxed the tensions experienced in the organised market in the first months of the 2021 calendar year and which had been the cause of a sharp increase in prices. At the same time, the legislator's intervention has partially succeeded in supporting the generation of more liquidity in TEEs.

As a result of the above, the 2023 calendar year was characterised by a market in which prices stabilised around 250.00 €/TEE in the second half of the year, effectively aligning with or falling below the cap value for the tariff contribution mentioned above.

This made it possible to make regular purchases, supporting the opportunity not to resort to the purchase of virtual TEEs for compliance with the obligation.

As highlighted in last year's report, it is reported that the Italian Decree of 21 May 2021 provides, in Article 6-bis, that in order to contribute to the achievement of the 2030 energy savings targets, a new system of saving incentives through downward auction procedures is to be introduced, which will make it possible to intercept – in particular, but not only – projects with investment levels that are difficult to incentivise with the price signal expressed by the organised market.

With the introduction of this system, it is hoped that the liquidity of TEEs in the organised market will be boosted and, consequently, that prices will become more stable.

This system has not yet been regulated.

## 4 THE GAS DISTRIBUTION SECTOR

In recent years, the sector has shown moderate growth in revenue, albeit with some fluctuations.

Despite its declining profitability, gas distribution continues to be a sector in which investment remains worthwhile.

In 2023, ARERA determined the new WACC for the remuneration of capital invested in distribution and metering activities, which will increase from 5.6% in 2023 to 6.5% in 2024, with important repercussions on tariff revenue in 2024, as well as the recovery of inflation, already recorded in 2022 and 2023, which will have a +8.9% impact on 2024 tariffs.

The gas distribution sector was reformed by Art. 46bis of Italian Decree-Law no. 159/07, later converted into Italian Law no. 222/07, as amended by Art. 2, paragraph 175, of Italian Law no. 244/2007 and by Art. 23bis, paragraph 1, of Italian Decree-Law no. 112/2008, later converted into Italian Law no. 133/2008 and subsequently amended by Italian Law no. 99/2009.

In order to guarantee the natural gas distribution sector greater competition and minimum quality essential service levels, these regulations introduced the determination of ATEMs (Minimum Territorial Areas) for the holding of tenders for the entrusting of the gas distribution service.

Paragraph 1 of Article 23bis of Italian Decree-Law no. 112/2008, as most recently amended, provided that the ATEMs referred to in paragraph 2 of the aforementioned Article 46bis were to be determined, by 31 December 2012, by the Italian Minister of Economic Development, in agreement with the Italian Minister for Relations with the Regions, after consulting the Unified Conference referred to in Art. 8 of Italian Legislative Decree no. 281/97 as subsequently amended, the Authority for Electricity, Gas and Water Service (now the Italian Regulatory Authority for Energy, Networks and Environment – ARERA), also taking into account the interconnections of the distribution plants and with reference to the territorial specific characteristics and the number of end customers.

These circumstances are certainly suitable to justify and legitimise the extension of the term of the relationship at least until the time the ATEM tender is carried out, in accordance with the aforementioned legislative provisions, and that the one now proposed is a correct and consistent reading of the current regulatory framework, which was further confirmed by the fact that the Legislator, with Art. 24, paragraph 4, of Italian Legislative Decree no. 93/2011, has excluded that the Administrations may still proceed with the assignment of the service through individual tenders, thus having to wait for the relevant tender.

In the meantime, the municipalities will have to consider the relationships already in place as valid, also pursuant to Art. 14, paragraph 7 of Italian Legislative Decree no. 164/2000, which provides that "the outgoing operator remains in any case required to continue to operate the service, limited to ordinary operations, until the effective date of the new assignment".

The slow pace at which the tenders are being carried out throughout Italy to assign the area operations is not favouring the expansion, renewal and modernisation of the plants with a widespread slowdown in the level of investments, especially in the territories where there are no reference operators.

This prospect, which sees operators being drastically reduced, seems to open up interesting growth scenarios both through acquisitions of smaller operators and through tenders provided that competitive projects are presented, in terms of technology, innovation and finance.



## **5 SIGNIFICANT EVENTS DURING THE 2023 FINANCIAL YEAR**

### **5.1 Our organisation continues its renewal process**

During the year 2023 Centria continued to move from an organisation structured almost exclusively on autonomous units on a territorial basis, with inevitable duplication of functions and roles, to an organisation that operates above all on a functional basis, which ensures fewer inefficiencies and greater control over the achievement of both qualitative and quantitative targets.

It also continued the new phase of its reorganisation, in order to introduce all useful innovations in its processes and operations and to be ready to manage the planning and organisational challenges it will be called upon to face as a result of the area tenders.

The model we are moving towards goes beyond the previous one, which was organised strictly by functions, to one that is also organised by projects.

For this reason, the Company has trained and certified the "project manager" culture and initiated its dissemination, in order to be able to quickly organise flexible teams with precise, time-limited targets in order to seize opportunities or meet temporary needs.

Innovation and continuous improvement are now incorporated into Centria's DNA and this can only be achieved with a skills-based organisation that is both solid and controlled on the one hand, and flexible and dynamic on the other.

### **5.2 Renewal of the Board of Directors and the Board of Statutory Auditors**

The Board of Directors and the Board of Statutory Auditors were renewed in 2023, as their mandate was due to expire with the approval of the Financial Statements for the year at 31/12/2022.

Below are the names and positions held, which are also listed at the beginning of this document:

#### *Board of Directors*

##### Chairman

Roberto Rappuoli

##### Chief Executive Officer

Riccardo Matteini

##### Deputy Chairman

Giulia Barbiera

##### Directors

Enio Marchei

Claudia Cerreti

Andrea Porcaro D'Ambrosio

### *Board of Statutory Auditors*

#### Chairman

Athos Vestrini

#### Standing Auditors

Daniele De Sanctis

Fiorenza Arrigucci

#### Alternate Auditors

Roberto Dragoni

Sabrina Bianchini

They will remain in office until the approval of the Financial Statements for the year ending 31/12/2025.

### **5.3 Publication of the tender for the assignment of the public service of natural gas distribution in the municipalities of the Prato Territorial Area**

On 22/12/2020, the municipality of Prato proceeded with the partial publication of the restricted procedure "Assignment of the public service for the distribution of natural gas through pipes in all the territory of the municipalities of the Prato Territorial Area", proceeding with the publication on 23/12/2020 in the Official Gazette of the Italian Republic no. 150 of the call for tenders in question and the completion of the publication of the tender acts and templates relating to the phase of sending the application for participation.

The tender procedure in question concerns the entire Prato ATEM, i.e. the municipalities of Calenzano, Campi Bisenzio, Cantagallo, Carmignano, Lastra a Signa, Montale, Montemurlo, Montespertoli, Poggio a Caiano, Sesto Fiorentino, Signa Vaniano and Vernio, in addition to the municipality of Prato, which issued the tender individually in 2011, awarded by Toscana Energia in 2015 with a validity of 12 years. Therefore, the territory of the municipality of Prato will be managed by the entity awarded the ATEM tender when the contract expires in 2027.

The tender will be conducted following a "restricted procedure" and the award criterion is the economically most advantageous tender.

The duration of the assignment is envisaged as 12 years. The contract amounts to € 251 million, of which € 92 million until 30/8/2027 and € 160 million after that date, i.e. with the start of operations in the municipality of Prato.

The reimbursement value to be paid to the outgoing operators provisionally amounts to € 169 million, of which about € 39 million for the municipality of Prato alone and about € 130 million for the remaining municipalities, managed by Centria.

There are 191,555 PDRs (Redelivery Points) in the ATEM, of which 81,555 relate to the municipality of Prato alone and 110,000 relate to the remaining municipalities, managed by Centria.

The tender is of strategic importance for Centria with a view to consolidation in the regulated gas distribution market.

During the 2023 financial year, the contracting authority cancelled the 2020 call for tenders and announced its intention to update the entire functional data set for the call for tenders at 31/12/2023. Therefore, in the first half of 2024, the Company will be engaged in the production of this update.

## 6 OPERATIONAL PERFORMANCE RELATED TO GAS VOLUMES AND BUSINESS DEVELOPMENT

In the year 2023, Centria was the concessionaire for the natural gas distribution service in 108 municipalities, included in 12 provinces (Ascoli Piceno, Arezzo, Florence, Grosseto, Lucca, Perugia, Pistoia, Prato, Rieti, Siena, Teramo, Isernia), located in the Marche, Tuscany, Umbria, Lazio and Abruzzo regions.

At 31/12/2023, the Municipalities where Centria managed the natural gas distribution service are those listed below:

N.	Municipality	Province	N.	Municipality	Province	N.	Municipality	Province
1	Abbadia San Salvatore	SI	38	Citerna	PG	75	Poggibonsi	SI
2	Acquaviva d'Isernia	IS	39	Civitanova del Sannio	IS	76	Poggio a Caiano	PO
3	Agliaia	PT	40	Civitella in Val di Chiana	AR	77	Poggio Sannita	IS
4	Agnone	IS	41	Colle di Val d'Elsa	SI	78	Poppi	AR
5	Anghiari	AR	42	Cortona	AR	79	Pozzilli	IS
6	Arezzo	AR	43	Figline e Incisa Valdarno	FI	80	Pratovecchio Stia	AR
7	Asciano	SI	44	Filignano	IS	81	Radicondoli	SI
8	Badia Tedalda	AR	45	Foiano della Chiana	AR	82	Rapolano Terme	SI
9	Bibbiena	AR	46	Forlì del Sannio	IS	83	Rieti	RI
10	Bucine	AR	47	Frosolone	IS	84	Rionero Sannitico	IS
11	Buonconvento	SI	48	Lastra a Signa	FI	85	Roccasicura	IS
12	Calenzano	FI	49	Longano	IS	86	San Casciano dei Bagni	SI
13	Campi Bisenzio	FI	50	Lucignano	AR	87	San Gimignano	SI
14	Cantagallo	PO	51	Macchia d'Isernia	IS	88	San Quirico d'Orcia	SI
15	Capolona	AR	52	Magione	PG	89	Sansepolcro	AR
16	Caprese Michelangelo	AR	53	Marciano della Chiana	AR	90	Sant'Agapito	IS
17	Carmignano	PO	54	Miranda	IS	91	Sarteano	SI
18	Carovilli	IS	55	Montalcino	SI	92	Scandicci	FI
19	Casole d'Elsa	SI	56	Montale	PT	93	Seravezza	LU
20	Castel del Giudice	IS	57	Monte San Savino	AR	94	Sessano del Molise	IS
21	Castel del Piano	GR	58	Montemurlo	PO	95	Sestino	AR
22	Castel Focognano	AR	59	Montenero Val Cocchiara	IS	96	Sesto Fiorentino	FI
23	Castel San Niccolò	AR	60	Montepulciano	SI	97	Siena	SI
24	Castellina in Chianti	SI	61	Monterchi	AR	98	Signa	FI
25	Castelnuovo Berardenga	SI	62	Monteriggioni	SI	99	Sinalunga	SI
26	Castelpizzuto	IS	63	Monteroduni	IS	100	Sovicille	SI
27	Castelverrino	IS	64	Monteroni d'Arbia	SI	101	Subbiano	AR
28	Castiglion Fibocchi	AR	65	Montespertoli	FI	102	Talla	AR
29	Castiglion Fiorentino	AR	66	Montevarchi	AR	103	Terranuova Bracciolini	AR
30	Castiglione d'Orcia	SI	67	Mosciano Sant'Angelo	TE	104	Torrita di Siena	SI
31	Cavriglia	AR	68	Murlo	SI	105	Trequanda	SI
32	Cetona	SI	69	Offida	AP	106	Vaiano	PO
33	Chianciano Terme	SI	70	Pescolanciano	IS	107	Vastogirardi	IS
34	Chiauci	IS	71	Pescopennataro	IS	108	Vernio	PO
35	Chitignano	AR	72	Piancastagnaio	SI			
36	CHIUSI	SI	73	Pienza	SI			
37	Chiusi della Verna	AR	74	Pietrabbondante	IS			

The local distribution network operated by Centria in the territory of these Municipalities covers a total of approximately 5,991 km.

Approximately 481 million cubic metres of natural gas were distributed to end customers in 2023.

The monthly volumes of gas distributed in 2023 are shown in the table below:

YEAR Months	2023 smc
January	79,300,794
February	74,439,664
March	54,790,554
April	37,748,574
May	23,553,186
June	18,754,043
July	17,050,071
August	13,919,103
September	18,369,929
October	21,031,477
November	49,790,075
December	72,669,849
<b>TOTAL</b>	<b>481,417,319</b>

At the end of the financial year, the total number of active Redelivery Points (PDRs) connected through the local gas pipeline network operated by Centria was 397,627.

The end customers connected to the network at 31/12/2023 were distributed as follows:

- 54.44% supplied by the Group's sales company (Estra Energie S.r.l.);
- 45.56% by the remaining 154 sales companies with access to the distribution network in 2023.



## 6.1 Operating performance of the LPG Division

Centria LPG Division is the concessionaire for the LPG gas distribution and sales service in 47 municipalities, included in 6 provinces (Arezzo, Florence, Grosseto, Siena, Rimini and Rieti), spread over 3 central Italian regions (Emilia Romagna, Lazio, Tuscany). The LPG Division operates in particular in the Shareholder Municipalities of Intesa S.p.A. (Municipalities in the Siena Area, within the Provinces of Grosseto and Siena), in the Shareholder Municipalities of Alia S.p.A. (Municipalities in the Prato Area, within the Province of Florence), and in the Shareholder Municipalities of Coingas S.p.A. within the Province of Arezzo.

At 31/12/2023, the municipalities where the LPG Division managed the LPG distribution and sales service were those listed below:

Province	Municipality	PDRs active at 31/12/2023	Smc 01/2023-12/2023	Province	Municipality	PDRs active at	Smc 01/2023-12/2023
AR	Anghiari	24	2,210	GR	Magliano In Toscana	202	29,898
GR	Arcidosso	25	5,842	SI	Montalcino	224	35,226
AR	Arezzo	100	25,739	GR	Monte Argentario	24	2,427
SI	Asciano	63	10,215	SI	Monteriggioni	20	6,166
AR	Badia Tedalda	62	6,292	SI	Monteroni D'arbìa	8	668
AR	Bibbiena	40	4,665	SI	Monticiano	356	44,318
FI	Borgo San Lorenzo	20	1,192	GR	Montieri	176	13,141
AR	Bucine	59	5,008	SI	Murlo	53	4,284
SI	Buonconvento	42	7,941	AR	Ortignano Raggiolo	126	16,116
GR	Capalbio	35	4,555	RN	Pennabilli	22	2,599
AR	Capolona	10	1,487	SI	Poggibonsi	3	310
AR	Caprese Michelangelo	77	2,876	AR	Poppi	398	40,309
AR	Castel Focognano	46	5,661	AR	Pratovecchio	74	5,758
GR	Castell'azzara	110	11,674	RI	Rieti	169	15,926
SI	Castelnuovo Berardenga	1	8,750	SI	San Casciano Dei Bagni	340	50,755
GR	Castiglione Della Pescaia	219	27,835	SI	San Gimignano	4	532
SI	Castiglione D'orcia	2	2,146	GR	Scansano	606	71,106
SI	Chiusdino	274	45,223	AR	Sestino	199	36,241
AR	Chiusi Della Verna	85	6,201	FI	Sesto Fiorentino	35	4,909
GR	Cinigiano	353	58,281	SI	Siena	29	3,501
AR	Civitella In Val Di Chiana	76	14,909	SI	Sinalunga	1	94
AR	Cortona	73	16,687	SI	Sovicille	48	4,628
SI	Gaiole In Chianti	43	4,512	FI	Vicchio	4	214
AR	Loro Ciuffenna	19	607				
					<b>Total</b>	<b>4,979</b>	<b>669,634</b>

The distribution network constituting the managed facilities in the territory of the above-mentioned municipalities covers a total of approximately 142.7 km.

Approximately 0.669 million cubic metres of LPG were distributed to end customers in 2023, a decrease of 7% compared to 2022 due partly to a decrease in consumption and partly to the conversion of some LPG networks to natural gas.

Since 2014 LPG tariffs have been determined by AEEGSI with Resolution 633/13 only for municipalities with a number of active PDRs greater than 300, which means that tariff regulation is only in place for the 5 municipalities with more than 300 PDRs, for the rest of the municipalities Centria's Board of Directors decided to extend the same tariffs applied to the 5 regulated municipalities. For 2023, the discount for regularity of payments was confirmed with the aim of improving the service's competitiveness and at the same time promoting customers' regularity of payment.

## 7 HUMAN RESOURCES, TRADE UNION RELATIONS, TRAINING, UPGRADING AND QUALIFICATION

At 31 December 2023, Centria's functional staff numbered 231. Furthermore, in the year 2023, 15 training internships aimed at future employment were activated, of which 6 were in the economic field, 5 in the engineering and 4 in the technology field.

On 23/11/2023, Centria's organisational structure changed to integrate the DPL Division.

In the area of communication, during 2023 Centria met several times with the Workers' Representatives at the periodic safety meeting (Article 35 of Italian Legislative Decree 81/2008) for the presentation of the management reviews prior to the SA8000 social responsibility certification audits. In addition, Centria made a communication system available to staff, both via email and QR Code, to report near misses and proposals for improvement to the company.

### Risks assessment

In 2023, the risk assessment for occupational health and safety was updated, in particular the general Risk Assessment Document (DVR) and specific risk assessments for mother workers, electrical risk, atmospheric discharges and artificial optical radiation.

### Accidents and work-related ill health

In 2023 there were 7 accidents, of which 2 were commuting accidents and 1 with a prognosis of no more than three days, totalling 133 days of absence from work. The accident indices are IF = 14.23 IG = 0.25, up from 2022 but below the INAIL (Italian National Institute for Insurance against Accidents at Work) statistical values for the sector.

In 2023, a work-related illness report was filed for an employee who retired on 01/02/2017. The file is currently being evaluated by INAIL.

### Staff training

A total of 11,460 hours of occupational health and safety training were provided in 2023 for the acquisition and renewal of skills certification for staff operating gas plants and distribution networks, for the acquisition and renewal of qualifications for the use of specific equipment, the use of toxic gases and natural gas odorant, all of which are functional to Centria's work activities.

In the area of occupational health and safety, 3,182 hours of training were provided.

Training area	Number of trained employees	Number of training hours
Worker training Art. 37 State-Region Administrations Agreement	256	756
Supervisor training Art. 37 State-Region Administrations Agreement	7	56
RLS training	3	24
Firefighting training	29	148
First Aid training	76	344
Layperson BLS (Basic Life Support and Defibrillation) training	22	110
Training for confined space, multi-gas detector and self-contained breathing apparatus	125	470
Emergency Response training	24	192
Training for the use of roller coating machine	26	104

Training for electrical works	2	28
Training for work at height	52	128
Forklift training	12	48
Truck-mounted crane training	7	28
Training for elevating work platform	40	172
Training for emergency procedure for people working alone	148	370
Training for contextualisation of working site safety plan	51	204
<b>Total</b>	<b>880</b>	<b>3182</b>

### Improvement projects

In 2023, improvement projects in the field of occupational health and safety were defined and approved by Centria's Management. The projects implemented are: a "man-down" alarm system for staff working alone, ATEX telephones and tablets for staff working in environments where there is a risk of explosive atmospheres forming, completion of the hands-free system on all company vehicles, implementation in the management system of a procedure for contextualising safety plans at maintenance sites, creation in the Arezzo test field of a training station on intervention procedures in the event of an odorant spill, and installation of a gazebo to support activities carried out in the field. The projects that have been initiated and are currently being implemented are: application of reflective strips on operating vehicles, construction of a facility for training staff to enter confined spaces in the test field.

With regard to staff health, in addition to the legal health monitoring in accordance with the health protocol established by the company doctors, Centria has joined the initiatives of the Tuscany Region Administration for hepatitis C screening and flu vaccination, and has also reintroduced the "The generous blood of Centria" initiative launched in 2022 to encourage blood donation.

## 8 QUALITY, SAFETY, THE ENVIRONMENT – INTEGRATED BUSINESS MANAGEMENT SYSTEMS

During 2023, Centria maintained its Integrated Management System in accordance with the standards:

- UNI EN ISO 9001:2015 - Quality Management System;
- UNI EN ISO 14001:2015 - Environmental Management System;
- UNI EN ISO 45001:2018 - Safety Management System;
- SA8000:2014 - Social Accountability Management System;
- EMAS Regulation 1505/2017;
- UNI EN 18295-1 and 18295-2 - "Contact Centre Services";
- UNI EN ISO 3834-2 - Steel welding process "Quality requirements for fusion welding of metallic materials Part 2: Extended quality requirements";
- UNI 11024 - Polyethylene Welding Process "Quality requirements for the welding of pipes for the conveyance of combustible gases, water and other fluids under pressure";
- UNI CEI EN ISO 50001:2018 - Energy Management System;
- UNI ISO/IEC 27001:2017 - Information security management system;
- UNI CEI EN ISO/IEC 17025:2018 - Test Laboratory Accreditation

The IAF accreditation areas of Centria S.r.l. SGI are:

- EA 26 - gas supply;
- EA 28 - construction;
- EA 34 - engineering services.

The fields of application mainly concern the activities for the "Management of methane gas plants and distribution network and their design and implementation. Provision of metering and transmission service for methane gas distribution".

In December 2023, the scope of ISO 45001 was extended to include "Design, installation, operation, maintenance and servicing of LPG distribution systems and networks. Provision of LPG marketing services".

During 2023, the certifications of Centria's professional figures continued, in particular, the following were renewed/expanded:

- 1 new + 2 renewals of UNI 11632 certificates as supervisors and maintenance of gas plants;
- 49 new + 37 renewals of certificates as supervisors of natural gas distribution plants;
- 4 renewals of CAPM certification (project management);
- 11 new + 19 renewals of UNI 11648 certificates (project manager);
- 1 renewal of certification as cathodic protection officer;
- 25 renewals of UNI 9606 qualification as Steel Welders;
- 3 new + 6 renewals of UNI 9737 qualification as Polyethylene Welders;
- 1 new ISO 9001 (quality) auditor, 1 new ISO 45001 (health and safety) auditor, 1 new ISO 14001 (environment) auditor, 1 new ISO 27001 (data security) auditor, 1 new ISO 37001 (anti-corruption) auditor.

In addition, new licences for the use of toxic gases (odorant) are being issued by the competent authority.



A detailed schedule of periodic visits and internal audits, approved by the Certifying Body, is in place. All company processes are kept under control and monitored with a view to constant improvement for all aspects of the precise application of current regulations, as well as the improvement of standards on service quality, worker health and safety, and environmental sustainability.

Regarding the environment, Centria also maintained its EMAS (Eco-Management and Audit Scheme) registration under the new EMAS Regulation no. 1505/2017.

With reference to Information Security and Cyber Security, activities continued in 2023 in order to comply with the NIS Directive Legislative Decree 65/2018, carried out in cooperation with the parent company's information systems and the Privacy function. In particular, the Information Security Committee pursued the implementation of the Improvement Plan and carried out the monitoring and verification audits required by the ISO 27001-certified Management System. For 2024, the transition to the new ISO 27001 revision is also planned, and from 2023, work on NIS 2 is being planned.

With reference to the communication and involvement of all employees on safety aspects, since 2019 Centria has published a quarterly periodic magazine called "Centria 4 Safety", addressed to all employees, created to improve the involvement, communication and dissemination of company information on Occupational Health and Safety and any other information deemed useful such as, for example, updated procedures and operating instructions. This activity continued in 2023.

Communication and distribution to employees takes place by e-mail and by posting on company notice boards, and all issues are also available on the ESTRA group's corporate intranet.

Below is the latest issue published.

# CENTRIA 4 SAFETY

YEAR NO. 5. JANUARY 2024 NO. 4/2023

Dear employees,  
In this editorial, I would like to focus on some considerations on working environments. I consider it fundamental that a working environment should be not only safe but also tidy, at the right temperature and clean, i.e. so that it can guarantee a pleasant stay. This clarification is not related to any specific judgement on the current "working environments"; it is my personal general conviction that I would like to pass on to all of you. Adequate lighting, tidy desks, healthy air, acoustic comfort, well-sized shelves and storage spaces, clean vehicles, beautiful and functional furniture, co-working, workstation exchange... I am confident that if we improve these aspects we will increase concentration, productivity, satisfaction, health and probably reduce costs, together with the entire Board of Directors and the General Manager, we intend to make our part and are determined to set a course of action that will enable us to achieve our targets as soon as possible.

Wishing us all a successful job ahead  
!! Chairman  
Roberto Rappuoli



## 9 PROCESSING OF PERSONAL DATA

In 2023, Centria S.r.l., an Estra Group company (hereinafter the Data Controller), continued to ensure a constant commitment to be compliant with current legislation, including Regulation (EU) 679/2016 and Italian Legislative Decree no. 196/2003, guaranteeing the correct and secure processing of personal data.

### DPO and Group Privacy Function:

The Data Controller, through the Estra Group, has appointed a Group Data Protection Officer, considering this to be a more effective model of GDPR compliance. Consistent with the above, it has established a Holding privacy function, which cooperates and interfaces with the DPO to ensure a unified group strategy on personal data protection.

### Personal Data Organisation and Management Model:

The Data Controller has consolidated its Personal Data Organisation and Management Model (M.O.P.), clearly defining roles and responsibilities within the organisation. In addition to the roles required by the legislation (such as the Data Controller and the Data Protection Officer), this model clarifies and details the activities of the Company's supervisory roles in strengthening data protection management.

**Procedures and security measures:**

Specific procedures have also been defined to regulate key privacy issues, including the retention of personal data, risk analysis relating to data processing, privacy impact assessments and the management of data breaches. These procedures are made available to workers via the company intranet, thus ensuring widespread dissemination of information and good practices.

**Training and awareness-raising:**

The Data Controller has focused on training and awareness-raising for staff authorised to process personal data. Targeted training courses were provided, not only for those in privacy roles, but also for employees involved in data protection-relevant activities. This training approach contributes to strengthening the privacy culture within the organisation.

**Processing management and risk assessment:**

Required under Article 30 of the GDPR, the constant monitoring and updating of the Processing Registers is ensured by the responsible function through: the timely mapping of personal data processing, purposes, categories of data subjects and recipients, if any the analysis and description of transfers to third countries. What stated above is supplemented and completed by the privacy risk assessment associated with personal data processing. Such actions represent one of the key elements of the Data Controller's privacy strategy. In the case of high-impact processing, a detailed assessment is carried out, including an analysis of the security measures taken.

**Data breach response:**

In the event of a personal data breach, the Data Controller has established a corporate procedure for the timely activation of an internal communication flow, aimed at collecting essential information and analysing the materiality of the breach. This process ensures effective and timely management of any incidents.

**Privacy policy:**

The Data Controller provides data subjects with detailed information on the processing of their personal data, both through privacy notices delivered directly and through publication on company websites.

**Management of data subjects requests:**

Requests and complaints from data subjects are managed according to a specific procedure by the relevant corporate function, which provides for a thorough check and drafting of a response, in cooperation with the competent internal structures and, where deemed appropriate, with the Data Protection Officer.

**Relations with suppliers and subcontractors:**

Special agreements are made to appoint third parties that processed personal data on behalf of the Data Controller as data processor and, where applicable, as System Administrator (AdS). These agreements include specific obligations and instructions the suppliers undertook to comply with, guaranteeing the Data Controller the possibility of carrying out checks on compliance with privacy regulations. Pre-contractual privacy qualification activities are also envisaged in the procedure to assess the supplier's suitability for appointment.

## 10 ADMINISTRATIVE LIABILITY (ITALIAN LEGISLATIVE DECREE 231/2001)

Centria has adopted its own corporate Code of Ethics and an Organisation, Management and Control Model (MOGC), in compliance with Italian Legislative Decree 231/2001, in order to prevent the commission of the offences set out in the decree.

The Company's Code of Ethics is published on the website:

[https://www.centria.it/wp-content/uploads/2023/07/Codice-Etico\\_DEFg.pdf](https://www.centria.it/wp-content/uploads/2023/07/Codice-Etico_DEFg.pdf)

During 2020, a declaration of acceptance and acknowledgement of the Code of Ethics and of the MOGC was submitted to all Centria staff, using a preset digital form and sent by the QSA Committee in collaboration with the Supervisory Body. All staff responded positively. It should be noted that Italian Legislative Decree no. 231 of 8 June 2001 (hereinafter: Italian Legislative Decree no. 231/2001) introduced the regulation of the (criminal) administrative liability of legal persons.

According to these rules, Entities may be held liable - and consequently penalised - for certain offences committed or attempted in the interest or to the advantage of the Entity by directors, employees or contractors. The offences envisaged in this decree include, among others, offences against the Public Administration (extortion, corruption, embezzlement and fraud to the detriment of the State, etc.), corporate offences, offences of manslaughter and serious or very serious grievous bodily harm, committed in breach of accident prevention and health and safety at work regulations, cybercrimes, copyright offences, offences against the individual (e.g. child pornography), offences of disrupting the freedom of industry and trade, offences related to stolen goods and money laundering, and environmental offences. Tax offences, introduced in 2020, and others.

The Company's liability may be excluded or mitigated if it adopts and implements in an effective and constant manner a MOGC potentially suitable for preventing these offences.

The Model was drafted in compliance with the requirements set forth in Italian Legislative Decree 231/2001 and in the accompanying Report, the Guidelines of Confservizi, Confindustria and the AIIA Position Paper, and taking into account case law guidelines.

The effective and constant adoption of this Model may make it possible not only to comply with the requirements of the aforementioned legislation, but also to strengthen the internal control system for the performance of activities in accordance with conditions of fairness and transparency.

In compliance with regulations, the Company has appointed a Supervisory Body (SB), responsible for verifying the effective implementation of the rules and principles set out in the Organisational Model.

The tasks of the Supervisory Body can be summarised as follows:

- supervision of the model effectiveness, which takes the form of verifying the consistency between concrete conduct and the established model;
- examination of the model adequacy, i.e. of its real (and not merely formal) capacity to prevent, in principle, unwanted conduct;
- analysis of the maintenance of the model's robustness and functionality requirements over time;
- managing the necessary model updating in a dynamic sense, in the event that the analyses carried out make it necessary to make corrections and adjustments. This management, as a rule, takes place at two distinct and integrated times;
- presentation of proposals for the adaptation of the model to the corporate bodies/functions capable of effectively implementing them within the corporate structure;
- follow-up, i.e. verification of the implementation and actual functionality of the proposed solutions.



## 11 MAIN ECONOMIC DATA – SUMMARY OF ECONOMIC OPERATIONS

For purpose of a better understanding of the economic data, a reclassified income statement is presented, which shows the company's operating result compared to the previous financial year.

### 11.1 Income statement and profitability indices

<b>RECLASSIFIED INCOME STATEMENT</b> <i>amounts in € thousand</i>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>% change</b>
Revenue from transmission tariffs	52,773	50,879	1,894	3.72%
Other revenue and income A1	81,436	88,956	-7,520	-8.45%
Increases in non-current assets from in-house production	27,335	22,426	4,909	21.89%
Other revenue and income A5	13,126	8,663	4,463	51.52%
<b>TOTAL REVENUE</b>	<b>174,670</b>	<b>170,924</b>	<b>3,746</b>	<b>2.19%</b>
External costs	-121,399	-118,413	-2,986	2.52%
Use of third-party assets	-10,037	-9,859	-178	1.81%
<b>ADDED VALUE</b>	<b>43,234</b>	<b>42,652</b>	<b>582</b>	<b>1.36%</b>
Cost of labour	-13,273	-13,064	-209	1.60%
<b>EBITDA</b>	<b>29,961</b>	<b>29,588</b>	<b>373</b>	<b>1.26%</b>
Depreciation, amortisation and write-downs	-23,135	-21,073	-2,062	9.79%
<b>EBIT</b>	<b>6,826</b>	<b>8,515</b>	<b>-1,689</b>	<b>-19.84%</b>
Financial income	2,778	1,723	1,055	61.23%
Financial expenses	-9,293	-3,971	-5,322	134.02%
<b>EBT</b>	<b>311</b>	<b>6,267</b>	<b>-5,956</b>	<b>-95.04%</b>
Taxes	683	-1,071	1,754	-163.77%
<b>NET INCOME</b>	<b>994</b>	<b>5,196</b>	<b>-4,202</b>	<b>-80.87%</b>

To better describe the company's income situation, some profitability indices are shown in the table below:

<b>PROFITABILITY INDICES</b>	<b>2023</b>	<b>2022</b>
Net ROE (net profit/equity)	0.31%	1.58%
Gross ROE (gross profit/equity)	0.10%	1.90%
ROI (EBIT/invested capital)	1.52%	2.09%
ROS (EBIT/net sales)	5.09%	6.09%

The 2023 indices were compared with the same indices for 2022.

There was a significant decrease in both net ROE and gross ROE, consistent with lower net and gross profit.

ROI and ROS also show a decrease.

## 11.2 Costs

The production costs incurred during the financial year, as shown in the statutory financial statements, amounted to a total of € 167.8 million and are detailed below:

<b>PRODUCTION COSTS</b>	<b>2023</b>	<b>2022</b>
Raw and ancillary materials, consumables and goods	10,475,701	11,288,950
Services	25,485,960	21,689,210
Use of third-party assets	10,037,161	9,859,413
Personnel costs	13,273,217	13,064,584
Amortisation of intangible assets	1,345,565	1,164,568
Depreciation of property, plant and equipment	20,085,178	19,308,258
Other write-downs of fixed assets	1,630,906	600,000
Write-down of receivables in current assets	73,500	
Change in raw material inventories	1,256,291	- 806,068
Sundry operating expenses	84,180,204	86,241,691
<b>TOTAL PRODUCTION COSTS</b>	<b>167,843,683</b>	<b>162,410,606</b>

For more information on the breakdown and composition of Production costs, please refer to the Notes to the Financial Statements.

## 11.3 Revenue

The revenue realised (Production Value) during the financial year 2023 and shown in the statutory financial statements amounted to € 174.67 million, as detailed below:

<b>PRODUCTION REVENUE</b>	<b>2023</b>	<b>2022</b>
Revenue from sales and services	134,208,752	139,835,580
Increases in non-current assets from in-house production	27,335,159	22,426,463
Other revenue and income	13,125,770	8,662,731
<b>TOTAL PRODUCTION REVENUE</b>	<b>174,669,681</b>	<b>170,924,774</b>

For more information on the breakdown and composition of Production revenue, please refer to the Notes to the Financial Statements.

## 12 MAIN BALANCE SHEET DATA

The company's reclassified balance sheet compared to the previous financial year is shown in the table below:

RECLASSIFIED BALANCE SHEET	2023	2022	Change	% change
Net intangible assets	6,769,646	3,955,645	2,814,000	71.14%
Net property, plant and equipment	391,147,062	387,413,062	3,734,000	0.96%
Equity investments and other financial assets	99,348,277	99,342,515	5,762	0.01%
Other receivables and non-current financial assets	5,423,883	2,944,738	2,479,145	84.19%
<b>NON-CURRENT ASSETS</b>	<b>502,688,867</b>	<b>493,655,960</b>	<b>9,032,908</b>	<b>1.83%</b>
Inventories	3,563,704	4,819,995	-1,256,291	-26.06%
Trade receivables	8,476,231	1,222,371	7,253,861	593.43%
Receivables from Parent Company, subsidiary and Group	9,504,829	2,840,968	6,663,861	234.56%
Other receivables and current financial assets	35,594,488	50,929,776	-15,335,288	-30.11%
Accrued income and prepaid expenses	45,985	32,129	13,856	43.13%
<b>CURRENT ASSETS FOR THE FINANCIAL YEAR</b>	<b>57,185,238</b>	<b>59,845,239</b>	<b>-2,660,001</b>	<b>-4.44%</b>
Trade payables	31,775,616	30,240,618	1,534,998	5.08%
Tax and social security liabilities	944,026	2,138,161	-1,194,135	-55.85%
Other payables	4,996,401	21,514,093	-16,517,692	-76.78%
Payables to parent company, subsidiary and Group	7,023,430	27,333,119	-20,309,690	-74.30%
Accrued expenses and deferred income	3,156,555	1,527,994	1,628,561	106.58%
<b>CURRENT LIABILITIES FOR THE FINANCIAL YEAR</b>	<b>47,896,027</b>	<b>82,753,985</b>	<b>-34,857,958</b>	<b>-42.12%</b>
<b>NET WORKING CAPITAL</b>	<b>511,978,078</b>	<b>470,747,213</b>	<b>41,230,864</b>	<b>8.76%</b>
Employee severance indemnity	2,163,501	2,288,281	-124,780	-5.45%
Other non-current liabilities	60,979,511	61,187,260	-207,749	-0.34%
<b>NON-CURRENT LIABILITIES</b>	<b>63,143,012</b>	<b>63,475,541</b>	<b>- 332,528</b>	<b>-0.52%</b>
<b>INVESTED CAPITAL</b>	<b>448,835,065</b>	<b>407,271,672</b>	<b>41,563,393</b>	<b>10.21%</b>
Shareholders' Equity	325,672,560	329,614,195	-3,941,635	-1.20%
Medium-/long-term net financial position	97,750,847	115,527,415	-17,776,568	-15.39%
Short-term net financial position	25,411,658	- 37,869,938	63,281,596	-167.10%
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL DEBT</b>	<b>448,835,065</b>	<b>407,271,672</b>	<b>41,563,393</b>	<b>10.21%</b>

It should be noted that the item "other receivables and current financial assets" includes receivables from others within 12 months, deferred tax assets and tax receivables.

"Payables to parent company and undertakings/group" do not include payables of a financial nature, such as negative cash pooling balances and the payable for financing from the parent company.

"Other receivables and non-current financial assets" include receivables beyond 12 months.

### 13 MAIN FINANCIAL DATA

The net financial position at 31/12/2024 is as follows:

	31/12/2022	31/12/2022	Change	% change
Bank and postal deposits	3,194,462	1,128,434	2,066,028	183.09%
Cash pooling receivables		58,569,688	-58,569,688	-100.00%
Short-term borrowings	-17,950,396	-21,828,184	3,877,789	-17.77%
Cash pooling payables	-10,655,725	0	-10,655,725	
<b>Short-term net financial position</b>	<b>-25,411,658</b>	<b>37,869,938</b>	<b>-63,281,596</b>	<b>-167.10%</b>
Payables to shareholders for long-term loans	-70,000,000	-70,000,000	0	0.00%
Long-term borrowings	-27,750,847	-45,527,415	17,776,568	-39.05%
<b>Medium-/long-term net financial position</b>	<b>-97,750,847</b>	<b>-115,527,415</b>	<b>17,776,568</b>	<b>-15.39%</b>
<b>Total net financial position</b>	<b>-123,162,505</b>	<b>-77,657,477</b>	<b>-45,505,027</b>	<b>58.60%</b>

The short-term net financial position decreased from about € 38 million (+) to about € 25 million (-), a deterioration of about € 63 million, while the medium-/long-term position increased by (-) € 45 million.

These changes include the effect of the cash pooling balance, which amounted to a receivable of about € 58.6 million last year and, instead, to a payable of € 10.65 million in the 2023 financial year.

In addition, about € 21.64 million of principal of bank payables were repaid.

#### 13.1 Investments

In 2023, the investment plan continued. The Company made investments of around € 31.52 million in property, plant and equipment and intangible assets, significantly higher than the previous financial year (€ 24.1 million).

For details of the financial year's increases in non-current assets, please refer to the Notes to the Financial Statements.

#### 13.2 Research and development

Centria is constantly engaged in Research & Development in the area of technologies and processes which are characteristic of natural gas distribution. In this field (as in others) Centria acts as a driving force for the entire distribution area.

Centria's planning is strongly oriented towards the digitisation of the distribution network and process automation. This effort is preparatory and, in some respects, contributes to enabling the transition to a decarbonised energy system. During 2023, Centria designed and developed in-house a digital management system for optimising the energy used in the natural gas pre-heating process and the automation of REMI's thermal power plants.

At the same time, the Distribution Area is committed to undertaking research and development projects on renewable gases, biomethane and green hydrogen to support the energy transition process.

In 2023, Centria participated in the selection of pilot projects to optimise the management and use of infrastructure in the natural gas sector published by ARERA with Resolution 404/2022/R/gas. Centria's proposal was deemed eligible and ranked second overall: the project involves the design and construction (in 2024) of a reverse flow gas plant in the distribution network of Asciano (SI). The plant will make it possible to transform the Asciano gas network from a mono-directional to a bi-directional one, according to an innovative logic, maximising the input of biomethane and thus favouring the diffusion of renewable energy in the gas infrastructure.

In March 2023, the three-year SmartHydroGrid project was also activated, in partnership with industrial players (Techfem SpA, Regas SpA) and research institutions (University of Calabria, CretaES). The "Smarthydrogrid -Smart Hydrogen Microgrid for Energy Transition and Deep Decarbonisation" project has been selected by MITE (Italian Ministry of Ecological Transition) and is one of the 15 projects eligible for funding under the NRRP (National Recovery and Resilience Plan).

The project is the only one on the list of eligible and fundable projects under theme D: "Integrated smart management systems to improve the resilience and reliability of intelligent hydrogen-based infrastructures" and envisages the construction of a Power to Gas and Power to Power pilot plant for the efficient management of green hydrogen.

In 2023, an agreement was activated with the University of Florence for the development of a natural gas odorization rate prediction system using innovative machine learning and artificial intelligence techniques.

## 14 RELATIONS WITH THE PARENT COMPANY ESTRA S.P.A. AND OTHER GROUP COMPANIES

With regard to relations with the parent company and companies controlled by the latter, it should be noted that they are all part of normal and ordinary management activities and are concluded at normal market conditions.

With a view to realising the best synergies and economies of scale among the Group companies, it was decided to centralise the functions of common interest by entrusting them to the company that has the best resources and expertise to perform the service in the interest of the Group and in compliance with the purposes of functional unbundling.

The inter-company deeds between Centria and the **parent company Estra S.p.A.**, which regulated the company's activities in the financial year 2023, are therefore as follows:

**Service contract** - concerning the correct identification of the detailed costs of common services to be attributed to the company's two activities (distribution and metering), related to ARERA's Integrated Text on Accounting Unbundling. For the year 2023, the total consideration for services provided by Estra S.p.A. to Centria was € 5,772,854.

This figure also includes the services provided to the LPG division and all the costs of licences and support fees on all platforms, which, together with the implementation of the new Net@Sial management system, were shared among the 3 companies involved.

**Service contract** - concerning the services provided by Centria on behalf of Edma Reti Gas which, for the year 2023, amounted to € 72,593, corresponding to the consideration requested from Estra S.p.A.

**Contract for the concession for use of equipped spaces** - concerning the concession by Estra for use of equipped spaces and premises, relating to the portions of building complexes and external spaces used as offices, goods storage, workshop, changing rooms, car parks, etc. by Centria.

For the year 2023, the consideration amounted to a total of € 1,638,155 and includes the related condominium and maintenance costs of € 835,537.

**Service contract towards other group companies** - concerning all the various centralised services that Centria has started to perform for some of the other group companies, with a view to improving efficiency and considering that it is the company with the most adequate resources, skills and organisation.

These include services for the SAC, for the management of the SIT, for the Emergency Services, design activities, etc. carried out on behalf of companies such as the subsidiary Murgia Reti Gas, Gergas, Aes Fano and SIG.

Pursuant to Article 2428, paragraph 2, of the Italian Civil Code, the main business relationships between Centria and E.S.T.R.A. S.p.A. (parent company), between Centria and the investee companies, and between Centria and the companies of the Estra group and the shareholders of the parent company Estra spa are reported below.



Company	Receivables	Payables	Costs	Revenue
ESTRA SPA	1,711,259	86,993,799	12,920,697	486,782
ALIA SERVIZI AMBIENTALI SPA	1,340			1,340
ESTRA ENERGIE SRL	6,240,858	11,805,125	987,647	-4,451,163
ESTRA COM SPA	8,520	298,057	1,947,159	8,520
ESTRA CLIMA SRL	99,586	41,551	97,843	124,852
GERGAS SPA	318,323	45,000	180,000	361,616
EDMA RETI GAS SRL	380,074	12,527	-1,395,864	391,152
PROMETEO SPA	111,176	253,393	10,780	28,562
AES FANO DISTRIB. GAS SRL	221,251			161,901
MURGIA RETI GAS SRL	811,363	116,366	-464,063	741,359
SIG	96,721		2	100,782
ECOLAT SRL	756	6,105	6,105	756
ECOCENTRE TOSCANA SRL	3,904			3,904
ECOS SRL	600	2,370	28,321	600
SEI TOSCANA	102,444			176,399
PUBLIACQUA	27,192	96	2,214	95,122
<b>Total</b>	<b>10,135,368</b>	<b>99,574,390</b>	<b>14,320,841</b>	<b>-1,767,514</b>

With regard to the income statement, it should be noted that the negative value of revenue from Estra Energie originate from the components moving to credit, while costs relate to the supply of gas and electricity.

The negative value of the costs to Murgia and Edma Reti relates to the sale of energy efficiency certificates to the two companies, as the consideration is deducted from the purchase cost incurred to acquire those certificates on the market, which were then sold.

Revenue from Estra relate to service and seconded staff, while costs include the service recharged by the parent company plus other costs for recharging policies, leases, condominium expenses, and seconded staff, as detailed above.

The costs from Estra Com originate from charges for fixed and mobile telephony, including costs for smart meter SIMs.

Revenue from Prometeo are related to the invoicing of transmission while those from Murgia are related to the recharging of all costs for work performed on behalf of the company and for service, as well as the sale of certain materials.

Revenue from SIG, AES Fano and Gergas are related to services, as better explained in the summary of existing contracts with group companies, and for the latter also from recharging of seconded staff costs.

As regards receivables and payables, please refer to the detailed explanation in the Notes to the Financial Statements in the section on receivables from and payables to the parent company and group companies.

It should also be noted that there is a centralised group treasury management, implemented through the notional cash pooling maintained by the parent company with the group companies; the payables and receivables arising from the application of the cash pooling mechanism are shown in the table above under receivables from or payables to the parent company in relation to the relative balance at the end of the financial year.

As is well known, this instrument provides the member companies the financial resources temporally necessary for the individual company, centralising all financial provisioning in the hands of the parent company.

The centralised management of relations is carried out in order to optimise the group's financial management, which is achieved through:

- for relations with the Banks:
  - a better regulation of monetary flows with the outside world;
  - a favourable negotiation of economic conditions with credit institutions, resulting in lower financial expenses for companies using cash-pooling funds and higher interest income on cash surpluses;
- for relations with the Tax Authority:
  - the centralisation and thus the offsetting of different debit and credit positions for direct tax purposes. This leads to lower financial outlays and limits the creation of difficult and slow-moving credit positions.

## **15 ECONOMIC RELATIONS WITH CONCESSIONARY MUNICIPALITIES OF THE DISTRIBUTION SERVICE**

The concession fees pertaining to 2023 recognised to the municipalities contracted with the natural gas distribution and metering service amounted to a total of € 7,006,398 and are distributed as follows:

- € 2,548,055 paid to the 71 municipalities contracting with the service and shareholders of Coingas S.p.A. of Arezzo, Consiag S.p.A. of Prato and Intesa S.p.A. of Siena;
- € 2,895,579 to the 5 municipalities in which the natural gas distribution and metering service was acquired in concession following public tenders (Cavriglia, Figline Valdarno, Montevarchi, Seravezza, Caprese Michelangelo);
- € 1,273,779 to the new 4 municipalities of Rieti, Mosciano, Citerna and Magione managed from 2018;
- € 67,379 to municipalities for the LPG service;
- € 221,606 to the municipalities of the Isernia ATEM.

## 16 OWN SHARES/PARENT COMPANY SHARES

Pursuant to Article 2428, points 3. and 4. of the Italian Civil Code, there are neither own shares nor parent company shares or units held by the company, even through trusts or intermediaries, and that neither own shares nor parent company shares or units have been purchased and/or sold by the company, during the financial year, even through trusts or intermediaries.

## 17 INFORMATION PURSUANT TO ART. 2428, PARAGRAPH 2, POINT 6-BIS OF THE ITALIAN CIVIL CODE

Pursuant to Article 2428, paragraph 2, point 6-bis of the Italian Civil Code, it should be noted that the main financial instruments used by the group are represented by:

- trade receivables and payables;
- cash and cash equivalents;
- bank debt.

At 31/12/2023, the Company no longer had any derivative financial instruments.

## 18 SECONDARY OFFICES AND LOCAL UNITS

Pursuant to Article 2428, it should be noted that the company has three local units (Arezzo, Prato and Siena), in order to ensure a better coverage of the area where most of the networks is located. The registered office and administrative office is in Arezzo.

There are no secondary offices.

## 19 COMPANY RISKS AND RISK MANAGEMENT POLICIES – ALLOCATIONS TO PROVISION FOR RISKS AND CHARGES

The company constantly carries out the mapping, analysis and management of company risks in order to assess, in terms of probability and impact, all aspects that may, to some extent, hinder the achievement of corporate targets.

### Risks related to tenders for the award of new gas distribution concessions

Current sector regulations provides for the natural gas distribution service to be entrusted through tendering procedures to be carried out by ATEM (Minimum Territorial Area) within pre-defined timeframes. Centria mainly operates gas distribution activities in territories where tenders have to be called for under this regulations.

Although Centria is strongly rooted in the territory where it operates and will benefit from the regime that the law assigns to any outgoing service operator (typically, the right to compensation/reimbursement related to the networks), following the tenders that will have to be called for the assignment of the concessions, Centria could be awarded the concessions at less favourable conditions than the current ones, with possible negative effects on its economic and financial situation. The actions already in place to improve and optimise its operations have already had positive effects in previous financial years, in 2023 it was intended to prevent

this risk by implementing specific projects aimed at improving the company's performance, with initiatives designed to offset the negative effects of the new ATEM concessions. Centria owns the majority of the gas distribution networks in the municipalities where it provides this service.

### **Uncertainties related to the remaining duration of gas distribution concessions/assignments held by Centria**

In the case of ATEM tenders, the generalised delay related to the planned timeframe (Italian Ministry of Economic Development Decree no. 226/2011 and subsequent amendments) is now evident.

In December 2020, the Prato ATEM tender, now revoked, was called. The remaining tenders in our reference territories are expected to be launched over the next two years.

In general, it is not possible to reliably forecasts the expiry date of the tender procedures and the related judicial appeals – whether they will be promoted and whether they will result in the suspension of the awarding of the tender; however, as reported above, the Prato ATEM will start the process again from 2024, so the publication of the call for tenders is not likely before 2025, while for the other tenders (Arezzo and Siena) the call for tenders could be published by 2024. It is therefore necessary to monitor the progress of the ATEMs and prepare appropriate bidding strategies.

### **Risks related to white certificates**

According to the applicable regulations, Centria shall achieve certain annual energy saving targets, as determined by decree of the Italian Ministry of Economic Development for the four-year period from 2021 to 2024. If the Company is not able to obtain a sufficient number of "white certificates" to meet its annual target, it will have to purchase them on the market.

In addition, if it fails to deliver the required number of "white certificates" to the GSE, it will be subject to a penalty imposed by ARERA, in addition to having to purchase the missing number of "white certificates".

In order to meet its energy saving obligations, the Company intends to produce "white certificates" itself or to purchase them on the market in order to reach the annual target.

Should the white certificate market again become "short", leading to a price increase, Centria will have to bear higher costs, which could negatively affect the business.

### **Risks related to debt**

Centria derives its financial resources mainly through the traditional banking channel and with traditional instruments such as medium-/long-term loans, mortgages, short-term bank credit facilities and credit lines, and from the flows deriving from business operations, as part of business relationships with debtors for services rendered and with creditors for purchases of goods and services. Financial debt is influenced by the seasonality of the business and, consequently, fluctuates significantly during the year. The risks of debt re-financing are managed by monitoring the maturities of loans and by coordinating debt with the types of investments, in terms of the liquidity of the assets in which they are invested. Centria is considered to be highly reliable within the banking system. It is understood, however, that there is no guarantee that Centria will be able to obtain financial resources in the future under the same terms and conditions as hitherto. This situation could arise due to circumstances beyond Centria's control, such as a general disruption in the relevant market.

## Loans and borrowings

The situation at 31/12/2023 of the loans and borrowings taken out is shown in the following table, which lists the outstanding mortgages and/or loans by specific Credit Institution:

INSTITUTION	YEAR				Nominal
	2024	2025	2026	2027	
<b>BANCA MEZZ.</b>	1,289,667	0			<b>1,289,667</b>
<b>UNICREDIT 50 M</b>	9,937,601	10,168,145	10,404,037	2,638,506	<b>33,148,289</b>
<b>BPER 10 M</b>	2,046,129	0			<b>2,046,129</b>
<b>BPM 6 M</b>	1,041,546				<b>1,041,546</b>
<b>CREDEM 10 M</b>	2,165,010	2,276,834	2,394,432	0	<b>6,836,276</b>
<b>MPS 20 M</b>	1,428,572	0			<b>1,428,572</b>
<b>ESTRA 40 M</b>		70,000,000			<b>70,000,000</b>
<b>Grand total</b>	<b>17,908,525</b>	<b>82,444,978</b>	<b>12,798,469</b>	<b>2,638,506</b>	<b>115,790,479</b>

For the sake of a better understanding, it should be noted that, unlike the borrowing data indicated above, the bank payables shown in the table on page 37 of the Notes to the Financial Statements also include € 42 thousand of short-term payables to banks other than loans and borrowings (for details, see the relevant section of the Financial Statements) and are shown in the Balance Sheet net of the effect of the amortised cost adjustment, amounting to € 131 thousand.

Loans and borrowings are backed by guarantees and sureties issued by the parent company Estra.

In relation to the shareholder loan granted by Estra, it should be noted that it is a medium-/long-term bullet loan of € 70 million.

The interest rate applied is equal to the 6-month Euribor (measured at the beginning of the period) with zero floor, plus a spread of 258 bps.

## Interest rate risks

Centria is exposed to fluctuations in interest rates, especially with regard to the extent of financial expenses relating to borrowings. Centria mitigates the risk of floating-rate borrowings through investments and liquidity investments that are substantially indexed to short-term rates. In addition, the interest rate risk management policy pursues the aim of limiting this volatility through the identification of a mix of medium-/long-term fixed-rate and floating-rate loans and through the use of IRS hedging derivatives stipulated with financial counterparties of high credit standing that limit interest rate fluctuations. Taking into account active interest rate risk monitoring policies, any future rise in interest rates should not have a particularly negative impact on Centria's economic and financial situation.

## Exchange rate risks

At present, there are no risks associated with exchange rate fluctuations that could have a material impact on Centria's financial and economic situation, with the exception of the commodities price risk.



**Credit risk management**

The Company is not exposed to a credit risk that is higher than the industry average. Credit management involves periodic analysis and close monitoring by management of the positions most at risk. The Company's customers are in any case traceable to companies within the Estra Group or within groups of significance in the context of the national energy market, thus minimising the credit risk of the activity carried out within the natural gas distribution and metering service.

Centria's credit risk is essentially attributable to relations with:

- the parent company, so the use of particular hedging instruments was not deemed appropriate;
- the sales companies, by virtue of the business relationships connected to the transmission of gas, for which there is no particular hedging need, in relation to the financial guarantees required by current regulations.

In any case, the credit management procedure is adequate and is based on regular monitoring of open positions with customer and vigilance against the negative effects of liquidity crises that customers may encounter.

**Liquidity risk**

Liquidity risk is defined as the risk that Centria is unable to meet its payment obligations when they fall due. Centria's liquidity could be adversely affected by the inability to sell its products and services, unexpected cash outflows, the obligation to provide more collaterals or the inability to access capital markets.

This situation could arise due to circumstances beyond Centria's control, such as a general disruption in the relevant market or an operational problem affecting Centria or third parties, or even the perception among market operators that Centria or other market operators are experiencing increased liquidity risk. A liquidity crisis and loss of confidence in financial institutions may increase Centria's borrowing costs and limit its access to some of its traditional sources of liquidity.

The Finance Function is centralised by the parent company Estra in order to optimise the procurement and use of financial resources. In particular, the centralised management of cash flows in Estra through both a cash pooling system and a current accounts centralisation system of the prevalence of receipts and payments, makes it possible to allocate available funds at Group level according to the needs that arise from time to time among the individual companies.

The current and prospective financial situation and the availability of adequate bank credit facilities are constantly monitored. Through its relations with the main credit institutions, the Issuer seeks the forms of financing best suited to its needs and the best market conditions.

**Provision for risks and charges – legislative and regulatory risk**

The Company operates in a highly regulated sector. Risk factors in management activities therefore include the constant and not always predictable evolution of the reference legislative and regulatory context for the natural gas sector.

With respect to these risk factors, the Company adopts monitoring and management policies capable of mitigating, as far as possible, their effects, through accountability safeguards that envisage collaborative dialogue with institutions and regulatory bodies in the sector, active participation in trade associations and working groups set up at the same bodies, as well as the examination of regulatory developments and provisions of the sector Authority.

Among the main areas of ongoing legislative and regulatory developments are:

- the evolution of legislation affecting the achievement of energy efficiency saving targets;
- the legislation concerning the programme for the gradual replacement of the gas meters (resolution 631/2013/R/gas);
- legislation providing for the reimbursement of the residual value of smart meters decommissioned early because they do not work.

### **Risks arising from the approval of new tariff systems**

Under the tariff system currently in place, Centria's revenue are largely updated according to criteria set by the AEEGSI - Authority for Electricity, Gas and Water.

The new 2020-2025 RTDG introduced very substantial reductions in the tariff recognition of operating costs to the operator. For Centria, this accounts for a reduction from 2019 to 2020 of 7.7% and 3.5% for the following years until 2025. The new ROSS BASE tariff system, whose general principles are known today but not the application details, is expected from 2026. Among other things, a call for greater efficiency and appropriateness in investments and capitalisation is expected. In this respect, already in 2023 Centria has made choices in terms of future investments, and asset and operational management improvement projects that should lead us to land in 2026 on the new tariff system as painlessly as possible.

### **Risks arising from ongoing legal proceedings**

Centria is involved in a number of civil, administrative (mainly related to AEEGSI acts or public service concessions), tax and labour law proceedings (both as plaintiff and as defendant), which relate to the ordinary management of activities in the natural gas distribution sector and the sale of LPG.

In the presence of current obligations, resulting from past events, which may be of a legal or contractual nature or result from conduct from which a probable obligation may arise, Centria has made provisions for risks and charges under liabilities in the balance sheet. For more details, please refer to the Disputes section of the Notes to the Financial Statements.

### **Risks associated with insurance coverage**

Centria carries out activities that could expose it to the risk of suffering or causing damage that is sometimes difficult to foresee and/or quantify. Although the administrative bodies consider that they have taken out insurance policies appropriate to their activities, if events occur for any reason that are not included in the insurance coverage or that cause damage in excess of the coverage,

Centria would be required to bear the related charges with consequent negative effects on its economic, equity and financial situation.

### Environmental risks related to the Group's activities

Centria's activities are subject to Italian and European Union regulations on environmental and health protection, and all activities are carried out in compliance with these regulations and any authorisations requested and obtained.

Although Centria carries out its activities in compliance with environmental and safety laws and regulations, it cannot be excluded that it and other companies in the Group may incur costs or liabilities with regard to environmental protection.

### Risks associated with guarantees given to the Group

Centria is the guarantor of the parent company Estra S.p.A. for two loans (BNL bonds) of € 80 million, plus an additional partial guarantee of € 29,972,711 on USPP of € 70 million. In addition to these guarantees, a further € 77.5 million in guarantees were provided in favour of the parent company in 2023.

The total guarantees given for the parent company thus amount to € 187,472,711.

## 20 STRATEGIC OBJECTIVES AND BUSINESS OUTLOOK

In 2023, the improvement process that originated in these years of both organisational and technological changes was put into action. In particular, two major **Asset Management and Operational Excellence** projects were launched, aiming to be completed in early 2024 with the release of respective road maps of prioritised initiatives that aim to improve asset management tools and processes from conception to disposal and to identify initiatives to improve both CapEx and OpEx costs.

Based on the results of the 2023 annual financial statements, the targets set in the guidelines and business plan of the Estra Group should be achieved in 2024.

Centria has approved a very challenging distribution asset investment plan for 2024-2025 two-year period and developed a specific strategy for its implementation through continuous monitoring and the creation of a dedicated working group. In the two-year period, it is planned to implement most of the road maps defined with the projects mentioned above by continuing to implement efficiency policies aimed at reducing the weight of distribution operating costs and improving production processes.

In order to achieve cost reductions and synergies, a number of specific projects are being studied for the 2024-2025 two-year period, including an assessment of the simplification of the corporate structure of Estra's distribution area, which obviously sees Centria as the main and central player in the transformations.

While maintaining the traditional focus on managed territories, regulatory compliance and the high safety standards achieved, the improvement of Centria's performance is a central target that takes on a more strategic character from a tender perspective, in addition to the natural one of contributing to the strengthening of the group by improving its economic and organisational performance.

Centria continues to focus on its targets of:

1. completing major investments in the territories and networks already acquired, in order to increase their value and to optimise operations;
2. participating in the upcoming industry tenders, with relevant technological and organisational innovations.

Participation in tenders presupposes an "in-scope" financial capacity that appears compatible only with the size of certain operators. Nevertheless, even larger operators are faced with the need to choose their future areas of operation, especially if their presence in the territory is fragmented. All distributors will have to review their strategic positioning according to their concession portfolio, focusing on the most attractive areas in terms of budgetary constraint.

In this scenario, it will be difficult to retain all existing concessions, and it will be necessary for many of the current operators, even before entering into the heart of the competition that will manifest itself in the comparison of tenders, to carry out a preliminary analysis aimed at defining the target areas and defining a strategy. The choice drivers will be numerous and represented by physical variables (such as the number of PDRs managed in each area), economic (RAB - Regulatory Asset Base – and residual value of the plants already held and those in the area) and financial variables on which to estimate the investment return.

The regulatory framework, which as at today is only well defined until 31/12/2025, motivates the choices made by Centria regarding investments in the 2024-2025 two-year period, which will focus on completing the networks in some areas without them, upgrading, renewing and digitising networks and plants, replacing non-functional electronic measuring units and completing the replacement of traditional meters.

The quantitative and qualitative analysis of planned investments confirms, once again, Centria's entrepreneurial logic, aimed at favouring quality, efficiency and safety of the public gas distribution service, in favour of customers/users and the population in general, paying particular attention to facilitating and supporting the development of the economic and social fabric of the reference territory, according to the policy guidelines of the Parent Company's Shareholder Municipalities.

## 21 PROPOSALS OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING

*Dear Shareholders,*

Centria's financial statements at 31 December 2023 closed with a profit of € 994,189.

We thank you for the trust you have placed in us.

If you agree with the criteria followed in preparing the financial statements and the valuation criteria adopted, we invite you to approve the following resolutions:

### **The Shareholders' Meeting**

- having taken note of the Board of Directors' management report;
- having taken note of the report of the Board of Statutory Auditors;
- having taken note of the Auditing Company's report;
- examined the financial statements at 31 December 2023, which closed with a profit of € 994,189;

**proposes to approve:**

1. the Balance Sheet and related Income Statement, Cash Flow Statement and the Notes to the Financial Statements for the financial year ended 31 December 2023, which show a profit of € 994,189, as presented by the Board of Directors in their entirety and in their individual entries, with the proposed allocations and provisions;
2. to allocate the profit for the financial year, amounting to € 994,189, as follows:
  - € 49,709.45, equal to 5.00% of the realised profit, to increase the legal reserve;
  - € 2,007 to cover losses carried forward;
  - € 631,210.55 to increase the extraordinary reserve;
  - € 311,262 for distribution to shareholders according to their respective shares.

Arezzo 27/03/2024

*For the Board of Directors  
The Chief Executive Officer  
Riccardo Matteini*

THE CHAIRMAN, AWARE OF HIS CRIMINAL LIABILITY PURSUANT TO ART. 76 OF ITALIAN PRESIDENTIAL DECREE 445/2000 IN THE EVENT OF A FALSE OR MISLEADING DECLARATION MADE PURSUANT TO ART. 47 OF THE SAME DECREE, DECLARES THAT THIS DOCUMENT IS A TRUE COPY OF THE ORIGINAL STORED IN THE COMPANY'S ARCHIVES

# **CENTRIA SRL**

*Registered office: Via I. Cocchi, 14 – 52100 AREZZO (AR)*

Administration office: Viale Toselli, 9/A – 53100 SIENA (SI)

Administration office: Via U. Panziera, 16 – 59100 PRATO (PO)

Share Capital € 249,000,000 fully paid up

Tax Code, VAT and entry number in the Companies Register of Arezzo: 02166820510 – Economic and  
Administrative Index (REA) no. 166736

## **FINANCIAL STATEMENTS AS AT 31/12/2023**



**BALANCE SHEET AS AT 31 DECEMBER 2023**

<b>ASSETS</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
<b>A) SUBSCRIBED CAPITAL, UNPAID</b>		
<b>B) FIXED ASSETS</b>	<b>497,264,984</b>	<b>490,711,222</b>
I - Intangible assets	<b>6,769,646</b>	<b>3,955,645</b>
1) Start-up and expansion costs	0	2,650
3) Industrial patent and intellectual property rights	3,180,104	589,328
6) Fixed assets under construction and advances	3,473,797	3,247,818
7) Other intangible assets	115,745	115,850
II - Property, plant and equipment	<b>391,147,062</b>	<b>387,413,062</b>
1) Land and buildings	1,348,828	1,389,492
2) Plant and machinery	338,057,980	338,116,958
3) Industrial and commercial equipment	46,138,426	45,329,393
4) Other assets	395,730	371,998
5) Fixed assets under construction and advances	5,206,099	2,205,221
III - Financial fixed assets	<b>99,348,277</b>	<b>99,342,515</b>
1) Equity investments	94,136,694	94,136,694
a) Investments in subsidiaries	94,136,694	94,136,694
2) Receivables	5,211,583	5,205,821
d bis) Receivables from others from others beyond 12 months	5,211,583 5,211,583	5,205,821 5,205,821
<b>C) CURRENT ASSETS</b>	<b>65,757,598</b>	<b>122,455,970</b>
I - Inventories	<b>3,563,704</b>	<b>4,819,995</b>
1) Raw materials	3,563,704	4,819,995
II - Receivables	<b>58,999,432</b>	<b>57,937,854</b>
1) Receivables from users and customers	8,476,231	1,222,371
2) Receivables from subsidiaries	1,509,760	890,254
4) Receivables from parent companies	1,711,259	1,975,421
from parent companies within 12 months	1,502,477	1,637,251
from parent companies beyond 12 months	208,782	338,170
5) Receivables from companies subject to control	6,492,592	313,463
5 bis) Tax receivables	1,703,594	1,922,906
tax receivables within 12 months	1,703,594	1,918,270
tax receivables beyond 12 months		4,636
5 ter) Deferred tax assets	14,516,403	12,894,086
5 quater) Receivables from others	24,589,592	38,719,352
from others within 12 months	19,374,491	36,117,420
from others beyond 12 months	5,215,101	2,601,932
III - Financial assets		<b>58,569,688</b>
7) Cash pooling receivables		58,569,688
IV - Cash and cash equivalents	<b>3,194,462</b>	<b>1,128,434</b>
1) Bank and postal deposits	3,194,446	1,128,418
3) Cash and valuables on hand	16	16
<b>D) ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>45,985</b>	<b>32,129</b>
<b>TOTAL ASSETS</b>	<b>563,068,568</b>	<b>613,199,321</b>

LIABILITIES	31/12/2023	31/12/2022
<b>a) SHAREHOLDERS' EQUITY</b>	<b>325,672,560</b>	<b>329,614,195</b>
I - Share capital	249,000,000	249,000,000
II - Share premium reserve	32,496,858	32,496,858
IV - Legal reserve	5,991,938	5,732,157
VI) OTHER RESERVES	37,191,582	37,191,582
of which Extraordinary reserve	37,191,582	37,191,582
VIII - Retained earnings (Losses carried forward)	-2,007	-2,007
IX - Operating result	994,189	5,195,604
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>	<b>6,192,275</b>	<b>4,295,520</b>
2) for taxes	237,642	267,946
4) other provisions for risks and charges	5,954,633	4,027,574
<b>C) EMPLOYEE SEVERANCE INDEMNITY PROVISION</b>	<b>2,163,501</b>	<b>2,288,281</b>
<b>D) PAYABLES</b>	<b>184,311,868</b>	<b>231,292,183</b>
3) payables to shareholders for loans	70,000,000	70,000,000
to shareholders for loans within 12 months		
to shareholders for loans beyond 12 months	70,000,000	70,000,000
4) amounts due to banks	45,701,242	67,355,599
to banks within 12 months	17,950,396	21,828,184
to banks beyond 12 months	27,750,847	45,527,415
6) advance payments	472,880	453,282
advance payments within 12 months	27,399	15,476
advances beyond 12 months	445,481	437,806
7) trade payables	31,934,905	30,402,329
to suppliers within 12 months	31,775,616	30,240,618
to suppliers beyond 12 months	159,289	161,711
9) payables to subsidiaries	173,893	314,875
11) payables to parent companies (ref. pub. entities)	16,993,799	7,521,560
11 bis) payables to companies under control of parent companies	12,406,697	31,139,237
to affiliates within 12 months	511,462	19,496,683
to affiliates beyond 12 months	11,895,235	11,642,553
12) tax payables	306,081	1,527,748
13) payables to social security institutions	637,945	610,414
14) other payables	5,684,426	21,967,140
from others within 12 months	4,969,003	21,498,617
from others beyond 12 months	715,423	468,522
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>44,728,364</b>	<b>45,709,142</b>
<b>TOTAL LIABILITIES</b>	<b>563,068,568</b>	<b>613,199,321</b>

# INCOME STATEMENT AS AT 31 DECEMBER 2023

INCOME STATEMENT	31/12/2023	31/12/2022
<b>A) PRODUCTION VALUE</b>	<b>174,669,681</b>	<b>170,924,774</b>
1) revenue from sales and services	134,208,752	139,835,580
4) increases in fixed assets from in-house production	27,335,159	22,426,463
5) other revenue and income (not sales/services)	13,125,770	8,662,731
various	11,648,508	7,134,787
operating grants	1,477,262	1,527,944
<b>B) PRODUCTION COSTS</b>	<b>167,843,683</b>	<b>162,410,606</b>
6) external purchases of raw and ancillary materials, consumables and goods	10,475,701	11,288,950
7) external purchases of services	25,485,960	21,689,210
8) cost for use of third-party assets	10,037,161	9,859,413
9) personnel costs	13,273,217	13,064,584
a) wages and salaries	9,368,905	9,202,095
b) social security contributions	3,293,726	3,094,493
c) employee severance indemnity	586,382	741,924
e) other personnel costs	24,205	26,072
10) depreciation, amortisation and write-downs	23,135,149	21,072,826
a) amortisation of intangible assets	1,345,565	1,164,568
b) depreciation of property, plant and equipment	20,085,178	19,308,258
c) other write-downs of fixed assets	1,630,906	600,000
d) write-down of receivables	73,500	
11) sundry inventories of raw and ancillary materials, consumables and goods	1,256,291	-806,068
14) sundry operating expenses	84,180,204	86,241,691
<b>(A-B) DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS</b>	<b>6,825,998</b>	<b>8,514,168</b>
<b>C) FINANCIAL INCOME AND EXPENSES</b>	<b>-6,514,736</b>	<b>-2,247,482</b>
15) income from equity investments	2,467,055	1,677,601
a) in subsidiaries	2,467,055	1,677,601
16) other financial income	311,477	46,386
d) financial income other than the above	311,477	46,386
3) parent companies	291,778	28,379
others	19,699	18,007
17) interest and other financial expenses	9,293,267	3,971,469
c) to parent companies	4,375,536	2,340,181
d) to others	4,917,732	1,631,288
<b>PROFIT BEFORE TAX</b>	<b>311,262</b>	<b>6,266,686</b>
20) income taxes for the financial year	<b>-682,926</b>	<b>1,071,082</b>
Current taxes	891,876	2,225,470
deferred taxes	-30,304	66,139
prepaid taxes	-1,622,317	-1,220,527
contingencies on taxes	77,819	
<b>RESULT FOR THE FINANCIAL YEAR</b>	<b>994,189</b>	<b>5,195,604</b>

STATEMENT OF CASH FLOWS	31/12/2023	31/12/2022	Difference
<b>A) Cash flows from operating activities</b>			
Profit (loss) for the financial year	994,189	5,195,604	-4,201,415
Income taxes	-682,926	1,071,082	-1,754,008
Interest expense (income)	8,981,790	3,925,083	5,056,707
(Dividends)	-2,467,055	-1,677,601	-789,453
(Gains) Losses on disposal of fixed assets	1,879,010	670,589	1,208,421
<b>1. Profit (loss) for the financial year before taxes, interest, dividends and capital gains/losses</b>	<b>8,705,008</b>	<b>9,184,757</b>	<b>-479,749</b>
Depreciation of property, plant and equipment and amortisation of intangible assets	21,430,743	20,472,826	957,917
Write-downs of property, plant and equipment and intangible assets	1,630,906	600,000	1,030,906
Accrued portion of equipment contributions	-1,477,262	-1,342,150	-135,112
Write-downs (revaluations) of financial assets and liabilities			
Allocation to employee severance indemnity provision	586,382	741,924	-155,542
Allocations/(reversals) for risks provisions and other allocations	2,346,000	542,499	1,803,501
<b>2. Cash flow before changes in net working capital</b>	<b>33,221,777</b>	<b>30,199,855</b>	<b>3,021,921</b>
<b>Change in working capital</b>			
- trade receivables	-13,788,334	15,150,822	-28,939,156
- closing inventories	1,256,291	-806,053	2,062,344
- trade payables	-18,504,832	26,700,391	-45,205,223
- other current assets/(liabilities)	-1,642,796	-5,941,787	4,298,991
- tax receivables/(payables)	256,224	-666,122	922,345
- change in employee severance indemnity (net of allocation)	-711,162	-649,503	-61,659
<b>3. Cash flow after changes in net working capital</b>	<b>87,167</b>	<b>63,987,604</b>	<b>-63,900,437</b>
<i>Other adjustments</i>			
Interest received	241,237	4,647	236,590
(Interest paid)	-7,052,120	-3,606,291	-3,445,829
(Taxes paid)	-2,228,273	-4,507,716	2,279,443
Dividends received	2,467,055	1,677,601	789,453
(Use of provisions)	-418,941	-569,303	150,362
<b>4. Cash flow after other adjustments</b>	<b>-6,903,875</b>	<b>56,986,543</b>	<b>-63,890,418</b>
<b>TOTAL cash flow from operations (A)</b>	<b>-6,903,875</b>	<b>56,986,543</b>	<b>-63,890,418</b>
<b>B. Cash flows from investing activities</b>			
Investments in property, plant and equipment	-27,339,935	-22,663,776	-4,676,159
Investments in intangible assets	-4,191,118	-1,438,912	-2,752,205
Divestments of property, plant and equipment and intangible assets	42,394	2,479	39,915
(Investments)/Disposals in equity investments			
<b>TOTAL cash flows from investing activities (B)</b>	<b>-31,488,659</b>	<b>-24,100,209</b>	<b>-7,388,450</b>

<b>C. Cash flows from financing activities</b>			
<i>Third Party financing</i>			
Increase (decrease) in non-current financial assets	-5,762	-13,323	7,561
Increase (decrease) in current financial assets/liabilities			
Increase (decrease) in cash pooling	69,225,412	-157,822,875	227,048,287
Increase (decrease) in amounts due to banks	-23,825,265	34,098,967	-57,924,232
Increase (decrease) in loans from Shareholders		46,000,000	-46,000,000
Increase (decrease) in payables to other lenders			
Expenses for new loans			
<i>Shareholders' equity</i>			
Capital increase/cover for losses		49,852,631	-49,852,631
Payment of dividends to shareholders	-4,935,823	-6,000,000	1,064,177
<b>TOTAL cash flows from financing activities (C)</b>	<b>40,458,562</b>	<b>-33,884,600</b>	<b>74,343,162</b>
<b>D) Other changes in cash and cash equivalents</b>			
Effects on cash and cash equivalents of mergers			
<b>TOTAL cash flow from other changes (D)</b>			
<b>Increase (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>2,066,028</b>	<b>-998,266</b>	<b>3,064,294</b>
<b>E) Cash and cash equivalents at the beginning of the period</b>	<b>1,128,434</b>	<b>2,126,700</b>	<b>-998,266</b>
<b>F) Cash and cash equivalents at end of period</b>	<b>3,194,462</b>	<b>1,128,434</b>	<b>2,066,028</b>
<b>(F) - (E)</b>	<b>2,066,028</b>	<b>-998,266</b>	<b>3,064,294</b>

For the Board of Directors  
The Chief Executive Officer  
*Riccardo Matteini*

## Centria S.r.l.

*Registered office: Via I. Cocchi, 14 – 52100 AREZZO (AR)*

Administration office: Viale Toselli, 9/A – 53100 SIENA (SI)

Administration office: Via U. Panziera, 16 – 59100 PRATO (PO)

Share Capital € 249,000,000 fully paid up

Tax Code, VAT and entry number in the Companies Register of Arezzo: 0216682510 - Economic and Administrative

Index (REA) no. 166736

## Notes to the Financial Statements as at 31.12.2023

### Foreword

Dear Shareholders,  
these financial statements, submitted for your examination and approval, show a profit for the year of € 994,189.

Your company was incorporated as a limited liability company on 22 October 2013 by deed executed by Notary Renato D'Ambra registered in Prato under number 50666.

The initial share capital was € 10,000 fully paid-up by E.S.Tr.A. S.p.A.

Subsequently, with the Extraordinary Shareholders' Meeting held on 18/12/2013 and effective from 01/01/2014, a share capital increase was resolved by Estra S.p.A. for an additional € 179,990,000, with the contribution of the business unit consisting of the set of activities and services carried out in the natural gas distribution sector and in the distribution and sale of LPG, including the ownership of the structural equipment.

Subsequently, in 2017, a further contribution for share capital increase was made by Energie Offida.

Finally, a further share capital increase was carried out during the 2022 financial year following a contribution by the parent company Estra Spa.

At 31 December 2023, Centria's share capital was € 249,000,000.

### Activity carried out

Pursuant to the provisions of the Italian Civil Code concerning financial statements and, specifically, in compliance with the provisions of Article 2427 of the Italian Civil Code, the following information is provided to supplement the information expressed by the accounting values in the Balance Sheet and Income Statement.

During the 2023 financial year, the company's main activities were the distribution and measurement of natural gas, the distribution and marketing of LPG, and the management of adduction and distribution plants and networks.

Please refer to the appropriate sections of the Report on Operations with regard to the nature of the company's business and relations with related parties and with subsidiaries and associates.



## Information on the undertaking preparing the consolidated financial statements of the largest/smallest group of companies to which the undertaking belongs as a subsidiary

Pursuant to Article 2359 of the Italian Civil Code, the Company is controlled ESTRA S.p.A., which, as established by the same EstrA S.p.A., does not exercise direction and coordination over Centria.

The company bodies enjoy full and unconditional autonomy from a management point of view, as the preparation of strategies is carried out without any interference from the controlling shareholder.

From 2023 ESTRA S.p.A. is subject to management and coordination by Alia Servizi Ambientali S.p.A.

Description	Larger set	Smaller set
<b>Company name:</b>	<b>Alia Servizi Ambientali S.p.A.</b>	<b>Estra S.p.A.</b>
<b>Registered office:</b>	FLORENCE - Via Baccio da Montelupo 52	PRATO - Via U. Panziera 16
<b>Place of filing of the copy of the consolidated financial statements</b>	FLORENCE - Via Baccio da Montelupo 52	PRATO - Via U. Panziera 16

## Significant events during the financial year

The significant events that occurred during the year are fully described in the Report on Operations, to which reference is made.

## Significant events occurring after the end of the financial year

No significant events occurred after the end of the financial year.

## Ongoing disputes

### 1. Ongoing proceedings with Toscana Energia

Following the final award to Toscana Energia of the tender for the assignment of the natural gas distribution service in the territory of the Municipality of Prato, Centria, on 31 August 2015 Toscana Energia and the Municipality of Prato signed the network handover document (with the relative plants and assets constituting the natural gas distribution system), with the simultaneous payment by Toscana Energia to Centria of a network compensation value equal to € 85,538 thousand plus VAT.

During the 2016 financial year, Estra and Centria brought a legal claim before the Court of Prato against the Municipality of Prato and Toscana Energia in order to obtain the sentence for Toscana Energia, or alternatively for the Municipality of Prato, to pay the sum of € 9,613 thousand, in addition to the lower amount provided for in the call for tenders and paid to the outgoing operator Centria for the handover of the networks, as a result of the application of a contested indexation and revaluation mechanism of the same on the basis of the passage of time between the call for tenders and the networks handover.

At the basis of the subordinate claim brought against the Municipality of Prato, there was, inter alia, a settlement agreement signed between Estra and the Municipality of Prato on 17 November 2011 with which, among other things, the parties had intended to settle the mutual disputes concerning the compensation value of the network due by the incoming operator to the outgoing operator, against Estra's commitment to pay the Municipality of Prato € 7,700 thousand (of which € 1,700 thousand paid on 17 November 2011).

In the context of the proceedings pending before the Court of Prato, Toscana Energia and the Municipality of Prato, in addition to pleading the groundlessness of the proposed claim, brought a series of counterclaims and, in particular:

- the Municipality of Prato filed a counterclaim to obtain the payment of the sum of € 6,000 thousand on account of the provisions of the above-mentioned settlement agreement entered into in 2011 to determine, inter alia, the value of the compensation due to the outgoing operator;
- Toscana Energia filed a counterclaim for the payment of an amount of € 1,742 thousand on the basis of an alleged different consistency of the network compared to what was represented by the outgoing operator.

With ruling no. 387/2020 published on 14 August 2020, the Ordinary Court of Prato ordered Estra S.p.A. to pay to the Municipality of Prato the sum of € 6,000 thousand, plus interest, pursuant to the provisions of the above-mentioned 2011 settlement agreement.

On the other hand, the Court held that it is within the jurisdiction of the Administrative Judge to answer the legal claim filed during the 2016 financial year by Estra and Centria against the Municipality of Prato and Toscana Energia for the recognition of € 9,613 thousand and the counterclaim by Toscana Energia for the recognition of the payment of € 1,742 thousand.

With a settlement deed of 2 December 2020, containing, inter alia, the waiver pertaining to Estra and Centria to appeal against the sentence limited to the part in which it orders the payment to the Municipality of Prato, the parties agreed to defer the payment of the total amount of € 6,050 thousand, inclusive of interest, in three annual instalments due on 31 January 2021, 31 January 2022 and 31 January 2023.

On 26 February 2021 Estra and Centria appealed against the ruling and Toscana Energia also filed a separate appeal before the Court of Appeal of Prato. Estra and Centria appeared in the independent rehearing brought by Toscana Energia requesting the rejection of the counterparty's claims. The two appeal proceedings were joined. The first hearing for the joined proceedings was postponed to 7 May 2024.

It should be noted that in 2015 Estra and Centria had also brought an action before the Regional Administrative Court of Tuscany for the declaration of nullity and/or for the annulment of determination no. 1058 of 14 May 2015 of the Municipality of Prato in the part in which it had changed to € 80,903,284.00 as at 31 December 2014 the amount of reimbursement due to Centria Srl, as outgoing operator of the natural gas distribution service in the territory of the Municipality of Prato, without prejudice to the obligation for the new concessionaire to reimburse the outgoing operator the sum of € 4,634,110.00 for the extensions to the networks carried out in the medium term, instead of the amount of € 90,500,000.00 indicated in the letter of invitation.

The Regional Administrative Court had ruled that the administrative court lacked jurisdiction in this matter. The companies had therefore decided to resume the case before the Court of Prato.

The counterparties had filed a motion for a stay of the judgment, which Centria opposed. Instead, the judge decided by order to suspend the trial until the settlement of the appeal proceedings against judgment of the Court of Prato no. 387/2020, pending before the Court of Appeal of Florence between the same parties. Centria and Estra decided to appeal to the Court of Cassation against this act.

In the context of the above-mentioned jurisdiction regulation judgment, in a ruling of 20 December 2023, the Court of Cassation ordered that the proceedings continue before the General Court.

Therefore, on 30 January 2024, an application was filed to set a hearing for the continuation of the proceedings. By order of 1 February 2024, the Court of Prato set the hearing for 16 April 2024.

It should be noted that the two aforementioned disputes in the Court of Appeal, joined together, must be suspended pending the conclusion of the trial between the same parties that will be reactivated in the Court.

With regard to the reserves put forward by Toscana Energia when signing the network handover document, some of which have already been accepted by the Municipality of Prato, it was deemed appropriate for prudential purposes to retain the risks provision of € 1,752 thousand recognised in previous years.

## **2. Notice of settlement of registration, mortgage and cadastral taxes**

On 20 December 2019, Centria received a notice of settlement of mortgage and cadastral registration taxes, as well as penalties totalling approximately € 215 thousand in reference to the corporate transaction whereby on 29 September 2016 it had conferred its photovoltaic plant business unit to the company Estra Clima S.r.l., in exchange a 39.43% interest in the share capital of the transferee. This equity investment was subsequently (on 13 December 2016) sold to the company Estra S.p.A., at that time already a shareholder of Estra clima S.r.l. with a 15.88% interest in the share capital.

The company filed an appeal on 7 February 2020, considering the notice received to be unlawful, and therefore no provision was made in the 2019 financial statements.

With ruling no. 210/2021 of 26 April 2021, filed on 24 May 2021, the Provincial Tax Commission of Arezzo upheld Centria's appeal and annulled the contested tax settlement notice.

On 15 December 2021, the Tax Authority filed an appeal to the Tuscany Regional Tax Commission.

On 4 February 2022 Centria filed its counterclaims.

Finally, on 5 April 2023, with ruling no. 335/2023, Centria also won in the second instance.

The ruling has now become final.

## **3. Disputes with the Municipalities of Seravezza and Valdarno on Concession Fees**

Centria S.r.l. has initiated legal disputes with the Municipalities of Seravezza and the Municipalities of Valdarno (Montevarchi, Cavriglia and Figline Valdarno) concerning the determination of the fees due to these Municipalities for the period, following the contractual expiry, in which Centria has continued and is continuing to exercise the activity of natural gas distribution under prorogation by operation of law.

In particular, supported by its lawyers, the Company believes it is entitled to a reduction in the fees established in the concession agreements, which expired during 2016 for Seravezza and during 2014 for the Valdarno municipalities.

With regard to the Municipality of Seravezza, whose annual concession fee contractually amounts to approximately € 500 thousand, on 30 September 2019, the Court of Lucca upheld Centria's arguments, stating that the Municipality was and is obliged to renegotiate the fee after the expiry of the concession in compliance with the general clauses of good faith and fairness, in order to protect the economic and legal balance of the relationship between the parties.

As a result of this ruling, in May 2020 Centria S.r.l. and the Municipality of Seravezza signed a settlement agreement on the quantification of the fee due to the Municipality for the years 2016 and 2017, determining them to be a total of € 861 thousand per year.

For the years 2018 to 2021, the fee is provisionally set at € 150 thousand, pending regulatory/legal clarifications or clarifications by the industry authorities on the issue of post-expiry fees. Pending these clarifications, the company has prudently recognised a provision for the contractual fees in the balance sheet.

Notwithstanding the settlement agreement, which should have closed the dispute, in December 2021 the Municipality of Seravezza requested the payment in full of the fees under contract index no. 128/2005 with reference to the post-expiry period and, specifically, with reference to the years 2018, 2019, 2020 and 2021, in addition to the amounts already paid by the Company.

This request was totally contested by Centria. In response, the Municipality served an injunction on 26 June 2022, for € 2,324 thousand, with the relative decree of the Court of Lucca, also requesting the granting of provisional execution. On 7 September 2022 Centria filed a notice of opposition to the injunction notified by the municipality of Seravezza.

In January 2024, with sentence, considering that the company has another instrument to request the redetermination of the fee in the event of imbalance (the request for revision pursuant to Article 165, paragraph 6, of Italian Legislative Decree no. 50/2016), the Judge of Lucca rejected the opposition and sentenced Centria to pay the sum subject of the injunction (plus interest), minus € 150 thousand for the fee paid for 2022, with full compensation of expenses.

The company resolved to appeal the ruling of the Court of Lucca and to file a petition for the redetermination of the administrative fee pursuant to Article 165, paragraph 6 of Italian Legislative Decree no. 50 2016.

In view of the developments described above, Centria continued to recognise the cost of the entire fee in its financial statements.

With regard to the Municipalities of Valdarno, whose annual concession fees contractually amount to approximately € 2,200 thousand, there is still an ongoing dispute initiated by Centria against said Municipalities, with arbitration proceedings concluded, with partial awards, issued in September 2019 and January 2020, not resolving the dispute and subject to related appeals, and with a final award issued in May 2022.

With the final award of May 2022, the Board accepted the claims of the municipalities and what had been requested in their counterclaim, ordering the payment of € 3,300 thousand to be divided among the three Municipalities according to an undefined criterion.

Therefore, Centria also appealed the final award of May 2022 before the Court of Appeal of Rome.

On 14 June 2023, the first hearing was held, which also concerned the discussion of the application for suspension.

In the meantime, Centria instituted the administrative procedure for the revision of the economic conditions for the economic and financial rebalancing of the relationship (Article 165, Italian Legislative Decree no. 50/2016).

Pending the hearing of the appeal, on 27 October 2023, with a single writ of summons, the above-mentioned Municipalities ordered Centria s.r.l. to pay the total sum of € 4,161 thousand.

Therefore, Centria filed a writ of summons with the Court of Florence in opposition to the writ, with an application to suspend the enforceability of the award. The Court provisionally suspended the enforceability of the award (and the writ) and reserved its position on the confirmation of this suspension, requested by Centria.

The hearing in the appeal against the final award has been postponed several times, pending both the outcome of the examination of the application for redetermination and the outcome of the precautionary phase of the opposition to the injunction (suspension) and postponed to 14 February 2024.

At the hearing on 14 February 2024, the orders were filed rejecting the municipalities' request for an administrative fee review.

Although the Company, assisted by its lawyers, believes that it is entitled to a redetermination of the fees for the years following the contractual expiry date, in light of the latest developments described above, it was decided to continue to recognise, as in previous years, the cost of the fees for the full contractual amount.

#### **4. Disputes with the Municipality of Mosciano Sant'Angelo**

The dispute with the Municipality of Mosciano Sant'Angelo over the concession fee arose between the Municipality and Edma Reti Gas.

This dispute is obviously also of relevance for Centria, which began managing the gas distribution service in that Municipality in 2018.

The dispute between the Municipality of Mosciano Sant'Angelo and Edma Reti Gas s.r.l. arose in relation to the payment of the fees due to the Municipality under the "Contract for the assignment of the public methane gas distribution service in the municipal territory", entered into on 23 June 2014, between the Municipality of Mosciano Sant'Angelo and Coingas s.p.a., which was subsequently taken over by Edma Reti Gas s.r.l., which continued to manage the service under the compulsory management regime by force of law, limited to ordinary administration.

It should be noted that an arbitration procedure was carried out, as a result of which an arbitration award was issued on 20 September 2019, whereby supporting the principle of law upheld by Edma, according to which the fee must be reconsidered in the transitional phase after the expiry of the concession.

However, pending attempts to reach an agreement on the exact residual amount to be paid after the findings of the award, the Municipality of Mosciano Sant'Angelo brought an action to challenge the arbitration award before the Court of Appeal of L'Aquila by means of a writ of summons served on 16 December 2019.

Consequently, Edma Reti Gas appeared before the court.

In the meantime, despite the fact that the Municipality continues to demand fees in excess of the amount set forth in the contested award, Edma is paying what was prescribed in the award, the latter being effective despite the Municipality's challenge.

On 15 December 2023, the filing of the judgment of 30 November 2023 was announced, which upheld the Municipality's appeal and rejected Edma's cross-appeal. In essence, the Court held that the rent under the expired contract was due. It did not exclude the possibility of a revision of the fee, but only for the future and through the remedy pursuant to Article 165, of Italian Legislative Decree no. 50/2016 (indicated by the Constitutional Court, in the context of the dispute between Centria and the Municipalities of Valdarno, with a ruling issued only in the course of the proceedings), in the sole hypothesis of "proven supervening contractual imbalance".

Despite the fact that Edma had also brought an application for redetermination of the rent at trial, citing all the relevant provisions (including Article 165), the Court held that the specific instrument had not been activated; moreover, according to the Court, the Arbitrators wrongly held that they had indicated as due for the transitional phase a different rent from the one provided for in the expired contract, without obtaining a concrete proof of a supervening imbalance.

The order is for a sum equal to the difference between what has been paid and the amount of the contractual fees (October 2016 - December 2017 period), plus default interest (pursuant to Italian Legislative Decree no. 231/2002) and court costs, as per the operative part of the judgment.

The company appealed the decision of the Court of Appeal in Cassation.

The filing of an application for administrative redetermination of the fee will also have to be considered.

In view of the uncertainty about the outcome of the appeal and in light of the developments described above, the company continued to recognise the entire contractual fee in the financial statements.

## **5. Lawsuit by the Municipality of Arezzo for Concession Fees**

On 28 December 2020, Centria S.r.l. was served a writ of summons before the Court of Arezzo by the Municipality of Arezzo requesting arrears for concession fees for the years from 2014 to 2019, for a total amount of € 3,131 thousand, plus interest and monetary revaluation.

The claim is based on the assumed existence, contested by Centria S.r.l., of an agreement (through an exchange of correspondence) that gave rise to the company's obligation to pay an annual fee determined in the fixed amount of € 984 thousand starting from 2011 and until the European tenders envisaged by Article 14 of Italian Legislative Decree no. 164/2000 are awarded.

The first hearing was held on 15 February 2022.

At the request of the Municipality's defence counsel, the judge granted the procedural deadlines for filing pleadings pursuant to Article 183, paragraph 6, of the Italian Code of Civil Procedure.

The case was then adjourned to the hearing of 22 June 2022 for the examination of (any) preliminary motions and for further proceedings.

At the June hearing, the opposing lawyer produced the award issued in the dispute with the Valdarno Municipalities and insisted (in the alternative) on the request for an expert witness.

Through its legal counsel, Centria pointed out the irrelevance of the case to which the award refers, with respect to the case at issue, as well as the inadmissibility of the requested technical appraisal (insofar as it is outside the scope of the claim), requesting that a hearing be set directly for admission of the facts.

Accepting Centria's request, the judge directly set a hearing for admission of the facts, considering the case ready for decision, without the need for preliminary investigations.

The final hearing set for 1 March 2023, in view of the backlog in the Court, did not take a decision on the case.

On 27 September 2023, in a ruling, the Court of Arezzo rejected all the claims brought by the Municipality of Arezzo against Centria s.r.l. and ordered the Municipality to reimburse Centria s.r.l. for legal costs.

## **6. Appeal against the assessment notices relating to the Single Annual Fee, for the years 2021, 2022, 2023, notified to Centria srl by the collection company ICA srl on behalf of the Municipality of Seravezza**

During the years between 2021 and 2023, Centria was served notices of assessment relating to the annual Single Property Tax for the years 2021, 2022 and 2023 by the company ICA srl, which is the collection agent for the Municipality of Seravezza.

In September 2023, ICA also served the assessment notice for the 2023 fee.

After examination of the matter, the lawyer in charge considered the relevant issue, due to the impact that any acquiescence with respect to the notified acts could have over time and for future years, envisaging the possibility of filing an appeal in opposition.

Given the complexity of the subject matter. Centria first applied for cancellation of the self-assessment and then, after the municipality's rejection, the notices of assessment were challenged. Given the ambiguous nature of the deeds (i.e. the questionability or otherwise of their enforceability), the lawyer instructed by Centria qualified the action as a negative assessment of the claim but also, in the alternative, as an opposition to enforcement.



In the meantime, the Municipality placed an administrative freeze on Centria's vehicles, which it cancelled by its own determination. After the annulment, the Municipality again wrote to the Company to initiate an execution, but at present it has not issued any new acts.

The court registry finally qualified the application precisely as an opposition to execution and set the first hearing for 14 February 2024.

Pending the hearing, on 4 January 2024, Centria received from Ica S.p.A. a notice of impending expiry for the payment of the 2024 single annual fee for the Municipality of Seravezza. The indicated expiry date was 30 April 2024 and the requested amount was € 9,344.00.

The company decided to file an appeal for a negative assessment of the claim and then request a joinder with the already pending dispute, hoping for a favourable outcome of the judgments before the payment notice for the following year.

## **FORM AND CONTENT OF THE FINANCIAL STATEMENTS**

### **Introduction**

The financial statements for the financial year ended as at 31 December 2023 have been prepared in accordance with the regulations of the Italian Civil Code, as amended by Italian Legislative Decree 139/2015 (the "Decree"), interpreted and supplemented by the Italian accounting standards issued by the Italian Accounting Board ("OIC") in force for financial statements for financial year beginning on or after 1 January 2016 and subsequent amendments.

In this regard, it should be noted that during the course of 2016 several accounting standards were amended and updated as part of the revision process initiated by the OIC following the transposition of Directive 2013/34/EU ("Accounting Directive") into national legislation through the Decree.

The Financial Statements consist of the Balance Sheet (prepared in accordance with the format provided for by Articles 2424 and 2424-bis of the Italian Civil Code), the Income Statement (prepared in accordance with the format provided for by Articles 2425 and 2425-bis of the Italian Civil Code), the Cash Flow Statement (whose contents, in accordance with Article 2425-ter of the Italian Civil Code, are presented in accordance with the provisions of accounting standard OIC 10) and these Notes to the Financial Statements, prepared in accordance with the provisions of Articles 2427 and 2427-bis of the Italian Civil Code.

The following Notes to the Financial Statements analyse and supplement the figures in the financial statements with the additional information deemed necessary for a true and fair view of the illustrated data, taking into account that no derogations have been made pursuant to Articles 2423 and 2423-bis of the Italian Civil Code.

Items not expressly reported in the Balance Sheet and Income Statement, as required by Articles 2424 and 2425 of the Italian Civil Code, and in the Cash Flow Statement presented in accordance with accounting standard OIC 10, are considered to have a zero balance.

The option of not indicating such items is understood to relate only to the case where they have a zero amount in both the current and the previous financial year.

For additional information on the Company's situation and on the performance and result of operations, as a whole and in the various sectors in which it operated, including through subsidiaries, with particular regard to costs, revenues and investments, as well as for a description of the main risks and uncertainties to which the Company is exposed, please refer to the Board of Directors' Report on Operations.



The purpose of the notes to the financial statements is to illustrate, analyse and in some cases supplement the figures in the financial statements, and they contain the information required by Article 2427 of the Italian Civil Code and by other legal provisions. In addition, all supplementary information deemed necessary to give a true and fair view is provided, even if not required by specific legal provisions (Article 2423, paragraph 3, of the Italian Civil Code).

The notes to the financial statements present information on the balance sheet and income statement items in the order in which the respective items are shown in the respective financial statements.

The Financial Statements are drawn up in euro units, without decimal places pursuant to Article 16 of Italian Legislative Decree no. 213/98.

## **Evaluation criteria and classification**

The criteria used in the preparation of the financial statements are in accordance with the aforementioned legal provisions in force, supplemented and interpreted by the Accounting Standards issued by the Italian Board of Certified Public Accountants and Bookkeepers and supplemented by documents drawn by the Italian Accounting Body which has supplemented and amended the aforementioned accounting standards.

The valuation of the balance sheet items was made on the basis of the general criteria of prudence and accrual, on a going concern basis.

The application of the principle of prudence entailed the individual valuation of the components of individual items or items of assets or liabilities, in order to avoid offsetting losses that had to be recognised and profits that were not to be recognised because they had not been realised.

In accordance with the accrual principle, the effect of transactions and other events has been recognised in the accounts and attributed to the financial year to which these transactions and events relate, and not to the year in which the related cash changes (receipts and payments) occur.

In application of the principle of materiality, recognition, measurement, presentation and disclosure requirements were not complied with when their observance had insignificant effects in terms of providing a true and fair view.

The continuity of application of the valuation criteria over time is a necessary element for the comparability of the company's financial statements across financial years.

The recognition and presentation of items in the financial statements has been made taking into account the substance of the transaction or contract.

Profits are included only if they are realised by the end of the financial year, while risks and losses are taken into account even if they become known at a later date. The disparate elements included in the individual balance financial statements items have been valued separately. Fixed assets intended for long-term use have been classified as fixed assets.

The value of property, plant and equipment and intangible assets with a limited useful life is adjusted downwards by means of depreciation and amortisation. The same assets and other components of assets are written down whenever an impairment is identified; the original value is reinstated if the reasons for the previous write-down no longer apply. The analytical depreciation and amortisation methods adopted are described later in these notes.

During the year, there were no exceptional cases that made it necessary to depart from the valuation criteria, pursuant to Article 2423, Section 5, of the Italian Civil Code, because they were incompatible with the true and fair representation of the Company's financial position and results of operations. There were also no revaluations of assets during the year pursuant to special laws on the subject.

The preparation of financial statements requires the making of estimates that affect the values of assets and liabilities and the related disclosures. The results that will be achieved may differ from these estimates. Estimates are reviewed periodically and the effects of changes in estimates, where not resulting from faulty estimates, are recognised in the income statement of the year in which they are found to be necessary and appropriate, if such changes affect only that financial year, and also in subsequent years if the changes affect both the current and subsequent financial years.

### **Valuation criteria adopted for the preparation of the financial statements in compliance with article 2426 of the Italian Civil Code**

#### **Intangible assets**

They are recorded at cost of purchase or contribution by shareholders, including ancillary charges, and systematically amortised over the period of their expected future usefulness, as detailed below.

Start-up and expansion costs and development costs with long-term usefulness have been recognised under assets with the approval of the Board of Statutory Auditors. Start-up and expansion costs are amortised over a period not exceeding five years; development costs are amortised over their useful life: in exceptional cases, where their useful life cannot be reliably estimated, they are amortised over a period not exceeding five years.

Goodwill, acquired for consideration, has been recognised under assets with the approval of the Board of Statutory Auditors for an amount equal to the cost incurred for its purchase and is fully amortised.

Industrial patent rights and intellectual property rights include costs with long-term usefulness relating to software and are amortised at an annual rate of 33.33%.

The item "Other" includes leasehold improvements and expenses incurred for concessions. These costs are amortised over the period of future usefulness of the expenses incurred or the remaining period of utilisation, whichever is shorter.

If, regardless of the amortisation already recognised, an impairment is identified, the fixed asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for amortisation.

#### **Property, plant and equipment and depreciation**

They are recorded at the cost of purchase, production or contribution by shareholders and adjusted by the corresponding accumulated depreciation.

The value recognised in the financial statements includes ancillary charges and costs incurred for the use of the fixed asset, with trade discounts and cash discounts of significant amounts deducted from the cost.

In the event that payment is deferred with respect to normal market conditions, for similar or comparable transactions, the asset has been recognised at the actual value of future contractual payments.

Fixed assets are systematically depreciated in each financial year on a straight-line basis at economic and technical rates determined in relation to the remaining useful life of the assets, with the exception of those whose useful life is not exhausted, and which consist of land and buildings not ancillary to industrial investments.

Fixed assets acquired free of charge are stated at their presumed market value plus costs incurred or to be incurred to permanently and usefully incorporate the assets in the production process.

Where the property, plant and equipment includes components, appurtenances or accessories having different useful lives, the depreciation of these components is calculated separately from the main asset, unless this is not practicable or meaningful.

Despite being linked to concession contracts, all assets are depreciated according to their residual useful life as the concessions have expired but their devolution is onerous (VIR - Residual Industrial Value), except for a few cases (Municipality of Follonica, Magione and Rieti) where the concession is still in place and some assets will be devolved free of charge: these assets are depreciated by the end of the concession.

For assets that entered into service during the financial year, the depreciation rates were reduced to 50%, taking into account that the application of the rates in proportion to the time during the year would not have resulted in significantly different depreciation charges for the year.

Due to their small entity, some fixed assets are not subject to depreciation, but are charged directly to expenses for the financial year.

If, irrespective of the depreciation already accumulated, an impairment is identified, the fixed asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation.

Property, plant and equipment held for sale are reclassified as current assets and valued at the lower of net book value and realisable value based on market trends, after suspension of the depreciation process.

The item Land includes, among other things, land appurtenances of factories and land on which buildings stand.

Maintenance costs of an ordinary nature are charged in full to the income statement.

Maintenance costs that increase the useful life, productivity or safety of the asset are added to the value of the asset and depreciated over its remaining useful life.

Equipment contributions are recognised, from the time the conditions for their award are met, in correlation with the depreciation of the assets to which they refer, with an entry under "Accrued expenses and deferred income" with an offsetting entry under "Other revenue and income" under production value.

With reference to the timing of recognition of revenue for connections contributions, these are consistent with the useful life of the assets to which they refer, in the presence of a consistent legal obligation to provide the service.

Also in this case, they are recorded under "Accrued expenses and deferred income" and annual depreciation charges are recorded under "Other revenue and income" under production value.

Determined on the basis of the estimated remaining useful life of the assets, the depreciation rates used are as follows:

PROPERTY, PLANT AND EQUIPMENT - DETAIL OF RATES	% depreciation or useful life
<b>land and buildings</b>	
- land	Not depreciated
- industrial buildings	2%
- lightweight constructions	10 years
<b>plant and machinery</b>	
- methane gas tanks	20 years
- plant for general teleoperation	20 years
- compression and pumping stations	20 years
- thermal power stations	5%
- urban networks	50 years
- connections	40 years

<b>industrial and commercial equipment</b>	
- work and workshop equipment	10%
- traditional meters	20 years
- electronic meters	15 years
- concentrators	15 years
<b>other assets</b>	
- office furniture and furnishings	12%
- electronic machines	20%
- transport vehicles	20%
- motor vehicles	25%
<b>other assets under concession (e.g. networks)</b>	<b>Agreement duration</b>

With regard to the duration of concessions for natural gas distribution activities, Italian Legislative Decree no. 164/00 (Letta Decree) established that all concessions must be put out to tender by the end of the "transitional period", and that the new duration of concessions may not exceed 12 years. At the expiry of the concessions, in return for the transfer of its distribution networks, the outgoing operator is paid compensation defined on the basis of industrial valuation criteria. Based on the estimates made by the directors when determining the depreciation criterion, the net book value of the assets at the expiry of the concession should not exceed the residual industrial value ("VIR").

### **Impairment losses on property, plant and equipment and intangible assets**

Impairment losses write-downs on property, plant and equipment and intangible assets are recognised in accordance with the requirements of Accounting Standard OIC 9.

At each reporting date, an assessment is carried out on whether there is an indicator that a fixed asset may be impaired. If this indicator exists, the recoverable amount of the fixed asset is estimated.

In particular, if the recoverable amount of a fixed asset (i.e. the higher of its value in use and its fair value) is lower than its book value, the asset is recognised at that lower value. The difference is recognised as an impairment in the income statement under item B10c).

If the recoverable amount of the individual fixed asset cannot be estimated, the recoverable amount of the cash-generating unit (CGU) to which the fixed asset belongs is determined. This occurs when individual fixed assets do not generate cash flows independently of other fixed assets. In such a case, if the recoverable amount of the CGU is lower than its book value, the reduction in the book value of the assets forming part of the CGU is allocated first to the value of the goodwill allocated to the CGU and, subsequently, to the other assets on a pro rata basis, according to the book value of each asset forming part of the CGU.

In the absence of indicators of potential impairment, the recoverable amount is not determined.

Fair value less costs to sell is the amount achievable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of divestment. In determining this fair value, management may also make use of expert opinions prepared by third parties, particularly with regard to the industrial value of the assets under concession (VIR).

The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from approved forecasts that consider point estimates and do not include restructuring activities to which the Company is not yet committed or significant future investments that will increase the results of the activities comprising the cash-generating unit being measured.

A reversal of an impairment loss occurs when the reasons for the impairment loss no longer apply and is carried out to the value the asset would have had if the impairment had never occurred.

Write-downs recognised on goodwill and deferred long-term charges cannot be reversed as this is not permitted under current rules.

An impairment occurs when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

### **Financial fixed assets**

#### **Equity investments**

Equity investments are recorded as financial fixed assets if they are intended to be held in the company's portfolio on a long-term basis, otherwise they are recognised as current assets.

Equity investments in subsidiary or associated companies are stated at purchase or incorporation cost, including any incidental expenses. The cost incurred at the time of purchase of a long-term equity investment is retained in the financial statements of subsequent years, unless an impairment occurs.

At each reporting date, the Company carries out an assessment on whether there is an indicator that an equity investment may be impaired. Impairment is determined by comparing the book value of the equity investment with its recoverable amount, which is determined on the basis of the future benefits expected by the investor. Write-downs due to impairments are not retained if the reasons for the adjustment no longer apply.

#### **Receivables**

Receivables are recorded under fixed assets if they have a financial nature and if they are intended to be included under assets for a medium to long period.

#### **Inventories**

Inventories are valued at the lower of purchase or manufacturing cost, including incidental expenses, and estimated realisable value based on market trends.

The cost configuration adopted is the weighted average cost.

Any slow-moving or obsolete inventories are written down in relation to their possibility of use or realisation. Contract work in progress is valued on the basis of contractual payments accrued with reasonable certainty, in proportion to the progress of the work, taking into account all foreseeable contractual risks.

#### **Receivables**

Classified according to their intended use either as financial fixed assets or as current assets; they are recorded at their estimated realisable value and net of discounts, allowances and other reasons for lesser realisable value.

Receivables relative to revenue from the sale of goods or services are recognised when the production process of the goods or services has been completed and the substantive and not merely formal transfer of ownership has taken place. Receivables arising from other reasons are only recognised when the legal title to the claim exists.

Receivables are recognised in the financial statements at amortised cost, taking into account the time factor, and within the limits of their presumed realisable value and, therefore, are shown in the balance sheet net of the relevant provision for bad debts considered adequate to cover reasonably foreseeable bad debts.

If the transaction interest rate is not materially different from the market rate, the receivable is initially recorded at a value equal to the nominal value net of all premiums, discounts, rebates and including any costs directly attributable to the transaction that generated the receivable. These transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are allocated over the life of the receivable using the effective interest method.

When, on the other hand, it appears that the transaction interest rate inferable from the terms of the contract is significantly different from the market rate, the receivable (and the corresponding proceeds in the case of commercial transactions) is initially recorded at a value equal to the actual value of future cash flows plus any transaction costs. The rate used to discount future flows is the market rate.

It should be noted that, as provided for by the accounting standard OIC 15, the amortised cost criterion was not applied as its effects are irrelevant for the purpose of giving a true and fair view, also with reference to receivables recorded in the financial statements prior to the financial year starting on 1 January 2016.

The accounting policies adopted by the company are as follows:

- non-discounting of receivables with a maturity of less than 12 months;
- non-discounting of receivables where the effective interest rate is not significantly different from the market interest rate;
- non-application of the amortised cost criterion where transaction costs, commissions and any other differences between initial value and maturity value are insignificant.

The nominal value of receivables is adjusted to their estimated realisable value by means of a special provision for bad debts.

With regard to expected losses due to uncollectability, the nominal value of receivables is adjusted by means of a provision for bad debts to take into account the possibility that the debtor will not fulfil its contractual obligations in full. The provision for bad debts is estimated by analysing individual receivables, determining the estimated losses for each anomalous situation already manifested or reasonably foreseeable, and estimating, based on experience and any other useful information, the additional losses that are expected to be incurred on outstanding receivables at the reporting date. The provision for bad debts on receivables secured by guarantees takes into account the effects of the enforcement of such guarantees.

Invoice adjustments are taken into account in accordance with the accrual and prudence principle by allocating credit notes to be issued adjusting receivables and corresponding revenue, or by allocating a special risks provision for the return of goods or products by customers without adjusting the amount of receivables.

Discounts and trade rebates that are estimated to be granted upon collection and other causes for lower realisation are also recognised in a special provision. Discounts and rebates of a financial nature are recognised when collected.

Receivables are derecognised when the contractual rights to the cash flows arising from the receivable are extinguished or when title to the contractual rights to the cash flows arising from the receivables and with it substantially all the risks inherent in the receivable are transferred. All contractual clauses are taken into account in the assessment of risks transfer.

When the receivable is derecognised in the presence of the conditions set out above, the difference between the consideration and the recognition value of the receivable (nominal value of the receivable less any losses allocated to the provision for bad debts) at the time of the transfer is recognised in the income statement as a loss, unless the transfer agreement allows the identification of other economic components of a different nature.

In the case that all risks have not been transferred, transferred receivables remain in the balance sheet and are subject to the general valuation rules indicated above. The anticipation of part of the agreed consideration by the transferee is offset in the balance sheet as a financial payable.



**Financial assets not included under fixed assets****Financial assets for centralised treasury management**

The Company participates in the centralised treasury management programme (cash pooling) carried out by Estra Spa. Cash paid into the common current account (pool account) represents a receivable from the company administering the cash pooling, which is classified under financial assets, while withdrawals from the common current account constitute a payable to the same.

**Cash and cash equivalents**

They represent the positive balances of bank and postal deposits and cheques, as well as cash and valuables on hand at the end of the financial year.

Bank and postal deposits and cheques are valued at their presumed realisable value, cash and stamps on hand at nominal value, and foreign currency holdings are valued at the exchange rate at the closing date of the financial year.

**Accruals and deferrals**

Accrued income and deferred charges represent portions of income and expenses respectively pertaining to the financial year that will be manifested financially in subsequent years.

Prepaid expenses and deferred income represent portions of costs and income, respectively, that have had a financial manifestation during the financial year or in previous financial years but which are accrued in one or more subsequent financial years.

Therefore, only portions of costs and income common to two or more financial years are recognised under these headings.

At the end of each financial year, the conditions that led to their initial recognition are verified and, if necessary, value adjustments are made. In particular, in addition to the passage of time, the presumed realisable value is considered for accrued income, while the existence of the future economic benefit related to the deferred costs is considered for prepaid expenses.

**Shareholders' Equity**

This item includes all transactions of an equity nature carried out between the Company and entities exercising their rights and duties as shareholders.

**Provisions for risks and charges**

These provisions are recognised for possible liabilities of a given nature, whose existence is certain or probable, but whose amount or date of occurrence could not be determined at the end of the financial year. Allocations reflect the best possible estimate on the basis of the commitments made and the elements available. Provisions for risks and charges are recognised under the operational items to which the transaction relates (characteristic, accessory or financial), as the criterion of classification by "nature" of the costs prevails. Consequently, provisions for risks and charges relating to core and ancillary activities are recorded as a priority under items in class B of the income statement, other than items B12 and B13. Provisions for risks and charges related to financial activities are recorded under class C items in the income statement.



The general criteria of prudence and accrual have been observed in the valuation of these provisions, and no generic risks provisions without economic justification have been established.

Contingent liabilities have been recognised in the financial statements and entered in the provisions as they are considered probable and the amount of the related charge can be reasonably estimated.

Risks for which the occurrence of a liability is only possible are disclosed in the notes to the accounts, without making allocations to a provision for risks and charges.

### **Employee severance indemnity**

This represents the actual payable accrued to employees in accordance with the law and applicable labour contracts, taking into account any form of remuneration of an ongoing nature.

The provision corresponds to the total of the individual indemnities accrued in favour of employees at the reporting date, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date. Following the entry into force of Italian Law 296 of 27 December 2006, the employee severance indemnity accrued from 1 January 2007 in the contributing companies was either allocated to supplementary pension funds or transferred to the treasury fund set up at INPS, according to the choice exercised by the worker.

### **Payables**

Payables arising from the acquisition of assets are recognised in the balance sheet when significant ownership risks, charges and rewards have been substantially transferred. Payables for services are recognised when the services have been rendered, i.e. the service has been performed.

Financial payables arising from financing transactions and payables arising for reasons other than the purchase of goods and services are recognised when the undertaking's obligation to the counterparty exists, identified on the basis of legal and contractual rules.

On the other hand, advances received from customers for goods or services not yet delivered are included in the item advances. Payables are valued in the financial statements at amortised cost, taking into account the time factor.

If the transaction interest rate is not materially different from the market rate, the payable is initially recorded at a value equal to the nominal value net of all transaction costs and all premiums, discounts and rebates directly deriving from the transaction that generated the payable.

These transaction costs, such as incidental expenses for obtaining financing, any commission income and expenses, and any difference between the initial value and the nominal value at maturity are allocated over the term of the payable using the effective interest method.

When, on the other hand, it appears that the transaction interest rate inferable from the contractual terms is significantly different from the market rate, the payable (and the corresponding cost in the case of commercial transactions) is initially recorded at a value equal to the actual value of future cash flows and taking into account any transaction costs. The rate used to discount future flows is the market rate.

The amortised cost criterion has not been applied as the effects are irrelevant for the purpose of giving a true and fair view. In particular, the payables are not discounted when their term to maturity is less than 12 months and/or because the effects are insignificant compared to the non-discounted value. Therefore, payables are stated at nominal value.

With reference to payables recorded in the financial statements prior to the financial year beginning on or after 1 January 2016, these are recorded at their nominal value since, as envisaged by accounting standard OIC 19, it was decided not to apply the amortised cost criterion and discounting.

**Risks, commitments, guarantees**

Commitments not resulting from the balance sheet represent obligations assumed by the company towards third parties that originate from legal transactions with certain mandatory effects but not yet executed by either party. The amount of commitments is the nominal value that can be inferred from the relevant documentation.

Guarantees given by the company include both personal guarantees and collateral.

Risks of a remote nature are not taken into account.

**Revenue recognition**

Positive and negative income components are considered on an accrual basis, i.e., regardless of the date of receipt or payment, excluding unrealised gains at the end of the financial year, and taking into account risks and losses accrued as at the end of the financial year even if they become known at a later date.

In relation to the application of the new OIC 34, a preliminary assessment indicates that no significant effects are expected.

Resolution 570/19/R/gas as amended and supplemented introduced the new tariff regulation for the 2020-2025 period by approving the "RTDG 2020-2025" and with it the period of application of the provisions contained in the single text of the regulation on the quality and tariffs of gas distribution and metering services for the six years 2020-2025 period, initiating the "5th regulatory period".

It provides (like the previous regulation) for the application to customer sales companies of a supra-regional compulsory tariff defined for the six national macro-areas.

Similarly, an "operator's own reference tariff" is envisaged, which is approved in two stages and which represents the operator's own and specific costs incurred. The reference tariff consists of several components, a parametric part of which represents the recognised national average costs (operating costs and centralised investments) and a part directly representing the investment costs incurred by the individual distributor (localised investments in distribution, metering, concentrators and centralised metering).

Starting from the revenue realised by the operator with the application of the mandatory tariff, a complex equalisation mechanism is used to attribute to each distributor the revenue (constraints) determined by the application of its reference tariff, which is representative of the invested capital and operating costs.

The allowed revenue constraint, which represents the company's actual operating revenue for distribution and metering activities, is determined by multiplying the reference tariff by the number of active customers as at 31 December in the financial year t-2 for the non-parametric investments part and by the average customers number in the financial year t (NUAeff) for the parametric part of the reference tariff.

ARERA (Autorità di Regolazione per Energia Reti e Ambiente - Energy, Networks and Environment Regulatory Authority) approves each year's reference tariffs in two stages, provisional reference tariffs by March of the year and then final reference tariffs by the same month of the following year. While the OPEX components of the reference tariff do not differ from the provisional to the definitive tariffs, the CAPEX components differ from the provisional to the definitive tariffs because ARERA, while for the definitive ones considers all asset increases deriving from the final balance of the year t-1 with respect to the reference tariff, for the provisional ones considers the preliminary asset increases in the year t-1 (considering that the final balance has not yet been approved on the calculation date); furthermore it adopts a simplified calculation method with an estimate of some preliminary 2020 increases (e.g. contributions and divestments). The calculation method is described in the "Guide to the calculation of reference tariffs" published by ARERA together with Resolution 367/14.

For the purposes of the 2023 balance, as the “definitive reference tariffs” on which the year’s VRT is usually calculated are not yet available, the 2023 VRT was calculated on the basis of the provisional tariffs, approved on the basis of the 2022 preliminary investments with Resolution 207/2023/R/gas of 16 May 2023.

Article 16.4 of Italian Legislative Decree no. 164/00 on the liberalisation of the gas market requires natural gas distribution companies to pursue energy saving targets in end uses and the development of renewable sources. To this end, the Italian Ministry of Economic Development has established, updated and revised the TEE (“Titoli Efficienza Energetica” - Energy Efficiency Certificates) mechanism: one TEE currently corresponds to the certification of one tonne oil equivalent (TOE) of primary energy obtained through the implementation of energy efficiency projects and interventions.

With the Decree of 21 May 2021, the Italian Ministry of Ecological Transition, now the Ministry of the Environment and Energy Security (MASE), determined the national quantitative energy savings targets for the obligation years 2021 to 2024, revised downwards the target for the year 2020 and approved the guidelines for the preparation, execution and evaluation of energy efficiency projects.

As stated in the regulations, the starting date of an obligation year is from 1 June of the current year to 31 May of the following year.

As a result of the above, two obligation years pertain to the 2023 calendar year:

- 1 January 2023 to 31 May 2023 – second part of the 2022 obligation year;
- 1 June 2023 to 31 December 2023 – first part of the 2023 obligation year.

The specific target for each obligated party is defined by ARERA on the basis of the quantity of gas distributed in the year n-2 with respect to the obligation year.

Specifically, Centria's targets for the 2022 and 2023 obligation years are reported:

- 2022 obligation year: Determination no. DMRT/EFC/7/2022 of 12 October 2022 in which Centria S.r.l. is listed with a specific target of 20,283 TEEs;
- 2023 obligation year: Determination no. DSME 3/2023 of 31 October 2023 in which Centria S.r.l. is listed with a specific target of 27,914 TEEs;

With Resolution no. 270/2020/R/efr of 14 July 2020, ARERA published the methodology for determining the tariff contribution to be recognised to distributors in the context of the energy efficiency certificates mechanism in execution of the Lombardy Regional Administrative Court's ruling no. 2538/2019.

This Resolution defined the algorithm for calculating the tariff contribution, which refers to the TEE market quotations, whose maximum value (cap) is 250.00 €/TEE.

The same Resolution also defined the algorithm for calculating a fee additional to the tariff contribution, which refers to the amount of TEEs available compared to the national targets, with a maximum value of 10 €/TEE.

With Resolution 340/2023/R/EFR of 25 July 2023, ARERA published the value of the tariff contribution, equal to 250.00 €/TEE, and of the additional fee, equal to 0.68 €/TEE, to be paid to distributors within the framework of the energy efficiency certificates mechanism for the 2022 obligation year.

The tariff contribution and the additional fee for the 2023 obligation year will be defined after the end of the period, i.e. after 31 May 2024.

During the year 2023, the average price in the organised market did not fluctuate much, about € 14, between about 244.84 €/TEE and about 258.79 €/TEE.

The absolute minimum quotation was 242.00 €/TEE while the maximum market value was 259.00 €/TEE.

With regard to the accounting of TEEs, the receivables from the AEEG are recognised limited to the valuation of the certificates in the portfolio at the reference date.

A TEE risks provision may be set up to cover the risk of charges arising from the difference between the cost of acquisition of the TEEs and the revenue that can be realised from the transfer to the Authority in order to comply with regulatory obligations.

The "virtual" TEEs issued by the GSE upon submission of a specific application are recognised as costs only for the differential portion between the final contribution and the average purchase cost. No value is recognised as revenue.

Centria's LPG division is the concessionaire of the LPG gas distribution and sales service in 47 municipalities, included in six provinces (Arezzo, Florence, Grosseto, Siena, Rimini and Rieti), spread over three central Italian regions (Emilia Romagna, Lazio, Tuscany). The LPG Division operates in particular in the Member Municipalities of Intesa S.p.A. (Municipalities in the Siena Area, falling within the Provinces of Grosseto and Siena), in the Shareholder Municipalities of Consiag S.p.A. (Municipalities in the Prato Area, falling within the Province of Florence) and in the Shareholder Municipalities of Coingas S.p.A., falling within the Province of Arezzo.

Since 2014 LPG tariffs have been determined by AEEGSI with Resolution 633/13 only for municipalities with a number of active PDRs greater than 300, which means that tariff regulation is only in place for the 5 municipalities with more than 300 PDRs, for the rest of the municipalities Centria's Board of Directors decided to extend the same tariffs applied to the 5 regulated municipalities. For 2023, the discount for regularity of payments was confirmed with the aim of improving the service's competitiveness and at the same time promoting customers' regularity of payment.

Operating subsidies such as fees for connections received from customers against the distribution network connection costs are allocated to the income statement in the financial year in which the revenue is certain in terms of presence and amount, provided that the connection is realised in the financial year; otherwise, contributions are deferred and allocated to the income statement in the financial year in which the relevant connections are executed. In particular, these contributions are correlated to the costs incurred in making these connections and attributed to the income statement, as deferred income, in relation to the useful life of the assets to which they refer.

Equipment contributions are accounted for on an accrual basis and are allocated to the income statement on the basis of the depreciation period of the property, plant and equipment to which they relate, with the portion pertaining to future years recognised as deferred income and the portion already approved but not yet disbursed recognised as a receivable.

### **Income taxes**

Current taxes are calculated on the basis of a realistic forecast of taxable income for the financial year, determined in accordance with tax legislation, and applying the tax rates in force at the reporting date.

The relevant tax liability is recognised in the balance sheet at nominal value, net of payments on account, withholdings and tax receivables that can be offset and for which reimbursement has not been requested; in the event that payments on account, withholdings and credits exceed taxes due, the relevant tax receivable is recognised.

The Company participates in the national tax consolidation scheme of its parent company Estra Spa for IRES purposes. Receivables from and payables to the consolidating company arising from the quantification of tax benefits attributed and received are therefore recognised in the balance sheet.

Deferred and prepaid income taxes are calculated on the cumulative amount of all temporary differences between the values of assets and liabilities determined according to statutory valuation criteria and their recognised value for tax purposes.

Deferred and prepaid income taxes are recognised in the financial year in which the temporary differences arise and are calculated by applying the tax rates in effect in the year in which the temporary differences will reverse, if those rates have already been determined at the reporting date. Otherwise, they are calculated on the basis of the rates in force at the reporting date.

In the case of deductible temporary differences, deferred tax assets are recognised in the financial statements only if there is reasonable certainty of their future recovery.

In the balance sheet, deferred and prepaid taxes are offset when the conditions are met. The offsetting balance is recorded under the specific items of current assets, if an asset, and provisions for risks and charges, if a liability.

The notes to the financial statements present a statement of the temporary differences that resulted in the recognition of deferred tax assets and liabilities, specifying the rate applied and the changes from the previous financial year, the amounts debited or credited to the income statement or equity and the items excluded from the calculation, as well as the amount of prepaid taxes recognised in the financial statements pertaining to losses for the year or previous years and the amount of taxes not yet recognised.

The parent company Estra spa has opted for the tax regime known as the National Tax Consolidation, whose rules are indicated in Articles 117 to 129 of Italian Presidential Decree no. 917/86. This optional regime provides for the determination by the parent company of a single group taxable income, corresponding to the algebraic sum of the total net income of the participating entities and, consequently, of a single group company income tax.

Since the 2014 financial year the "scope of consolidation" has also included Centria.

### **Events occurring after the end of the financial year**

Events occurring after the end of the financial year that change conditions already existing at the reporting date and require changes to the values of assets and liabilities, in accordance with the relevant accounting standard, are recognised in the financial statements, in accordance with the accrual basis of accounting, to reflect the effect that these events have on the financial position and the economic result at the closing date of the financial year.

Events occurring after the end of the financial year that change situations existing at the date of the financial statements, but that do not require a change in the values of the financial statements, in accordance with the reference accounting standard, as they pertain to the following financial year, are not recognised in the financial statements but are illustrated in the notes to the financial statements when necessary for a more complete understanding of the company's situation.

The time limit within which the fact must occur in order for it to be taken into account is the date on which the Directors prepare the draft financial statements, except in cases where events occur between that date and the date scheduled for the approval of the financial statements by the Shareholders' Meeting that make it necessary to amend the draft financial statements.

### **Statement of Cash Flows**

The cash flows shown in the statement represent an increase or decrease in the amount of cash and cash equivalents.

Cash and cash equivalents consist of bank and postal deposits, cheques and cash on hand.

“Operating activities” generally include transactions related to the acquisition, production and distribution of goods and the provision of services, as well as other transactions not included in investment and financing activities.

“Investment” activities include the purchase and sale of property, plant and equipment, intangible and financial fixed assets and financial assets not held as fixed assets.

“Financing” activities include obtaining and repaying cash and cash equivalents in the form of venture capital or debt capital.

# Analysis of financial statements items

## Balance Sheet - Assets

### FIXED ASSETS

#### Intangible assets

The breakdown of this item is shown in the table below:

Intangible assets	31/12/2023	31/12/2022	Change
Start-up and expansion costs	0	2,650	-2,650
Industrial patent and intellectual property rights	3,180,104	589,328	2,590,776
Fixed assets under construction and advances	3,473,797	3,247,818	225,980
Other intangible assets	115,745	115,850	-105
<b>Total</b>	<b>6,769,646</b>	<b>3,955,645</b>	<b>2,814,000</b>

For each item, the following tables show the changes during the financial year:

	Start-up and expansion costs	Development costs	Industrial patent rights and use of intellectual works	Goodwill	Fixed assets under construction and advances	Other fixed assets	Total
<b>Cost or valuation</b>							
Opening Historical Cost	3,328,655	54,764	8,073,528	874,795	3,247,818	13,985,639	29,565,199
Increases			3,965,138		225,980		4,191,118
Decreases			-31,553				-31,553
Closing historical cost	3,328,655	54,764	12,007,114	874,795	3,473,797	13,985,639	33,724,764
<b>Depreciation, amortisation and write-downs</b>							
Opening accumulated depreciation	-3,326,005	-54,764	-7,484,200	-874,795		-13,869,790	-25,609,554
Amortisation for the financial year	-2,650		-1,342,810			-105	-1,345,565
Closing accumulated amortisation	-3,328,655	-54,764	-8,827,010	-874,795		-13,869,895	-26,955,118
Closing book value	0		3,180,104		3,473,797	115,745	6,769,646

Start-up and expansion costs consist almost exclusively of costs incurred in past years in relation to staff training hours and professional services to increase operating capacity in view of the future tenders in the area that will affect the natural gas distribution sector, which, however, were already fully amortised as at 31 December 2018.

Only a portion of about € 50 thousand of historical cost, also fully amortised, relates to constitution expenses.

There were no increases in 2023 related to start-up and expansion costs.

Development costs include costs for investments related to tests on the development of the SAC system, incurred mainly in 2018 and 2019.



The amortisation period is three years and they were fully amortised as at 31 December 2023. Industrial patents and intellectual property rights includes the software for operating the SAC central acquisition system at a historical cost of € 1,131,035 (although fully amortised). The remainder relates to developments and implementations of management software, including all the increases for 2023, largely related to the new software the company started using in 2022.

Fixed assets under construction with a value of € 3,473,797, relate to costs incurred in view of future tenders (of a different nature from those recorded under expansion costs, as they are costs for specific preliminary projects and activities).

They relate, for example, to the tender simulation activities in specific Minimum Economic Territorial Areas (ATEMs), thus including training hours for internal staff, professional consultancy, external technical services, etc.

Also recognised under this item are all of the costs incurred for the participation in the tender of the Prato ATEMem and the staff hours dedicated to this activity.

"Other intangible assets" have an opening historical cost consisting almost entirely of expenses for concessions and tenders in the municipalities of Rieti and Magione (about € 13.7 million).

The remaining portion consists of costs incurred in connection with a tariff revision project (approximately € 90 thousand) that generated a higher VRT from the 2019 financial year and will continue to do so in future years, and other sundry expenses for the remaining part.

All concession fees are amortised over the term of the concession, while other intangible assets are amortised over four years.

Based on the analyses carried out on the recoverability of the value of intangible assets, there were no indicators of impairment as at the reporting date.

## Property, plant and equipment

The breakdown of this item is shown in the table below:

Property, plant and equipment	31/12/2023	31/12/2022	Change
Land and buildings	1,348,828	1,389,492	-40,663
Plant and machinery	338,057,980	338,116,958	-58,979
Industrial and commercial equipment	46,138,426	45,329,393	809,033
Other assets	395,730	371,998	23,731
Fixed assets under construction and advances	5,206,099	2,205,221	3,000,878
<b>Total</b>	<b>391,147,062</b>	<b>387,413,062</b>	<b>3,734,000</b>

Below is a breakdown of the changes during the financial year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
<b>Cost or valuation</b>						
<b>Opening Historical Cost</b>	3,200,426	506,471,961	67,045,731	2,503,095	2,205,221	581,426,434
Increases		14,738,267	8,560,939	108,807	3,931,923	27,339,935
Decreases		-262,553	-4,329,450	-6,274		-4,598,278
Reclassifications	3,498	927,546			-931,045	0
Write-downs			-1,630,907			-1,630,907
<b>Closing historical cost</b>	3,203,924	521,875,221	69,646,313	2,605,628	5,206,099	602,537,184
<b>Depreciation, amortisation and write-downs</b>						
<b>Opening accumulated depreciation</b>	-1,810,935	-168,355,002	-21,716,338	-2,131,097		-194,013,371
Amortisation for the year	-44,162	-15,553,817	-4,402,124	-85,076		-20,085,178
Elimination of depreciation		91,578	2,610,574	6,274		2,708,427
<b>Closing accumulated amortisation</b>	-1,855,096	-183,817,241	-23,507,887	-2,209,898		-211,390,123
<b>Closing book value</b>	1,348,828	338,057,980	46,138,426	395,730	5,206,099	391,147,062

The analytical breakdown of the various items of property, plant and equipment and their changes are shown in the tables below:

<b>NET VALUE</b>	<b>BALANCE 31/12/2022</b>	<b>Increases</b>	<b>Operating revenue and reclassifications</b>	<b>Depreciation</b>	<b>Write- downs</b>	<b>Disposals and divestments</b>	<b>BALANCE 31/12/2023</b>
<b>land and buildings</b>							
- land	535,159						535,159
- LPG land	162,355						162,355
- industrial buildings	689,153		3,498	-43,597			649,055
- lightweight constructions	2,825			-565			2,260
	<b>1,389,492</b>		<b>3,498</b>	<b>-44,162</b>			<b>1,348,828</b>
<b>plant and machinery</b>							
- teleoperations	3,086,090	1,057,497	0	-282,858			3,860,728
- tanks	6,885	0	0	0			6,885
- urban methane gas networks	244,093,497	6,542,928	787,373	-9,504,661		-170,975	241,748,163
- compression and pumping stations	12,885,593	3,845,141	3,902	-1,096,502			15,638,134
- methane gas connections	71,310,528	3,280,775	136,271	-4,372,338			70,355,236
- LPG teleoperations	0			0			0
- LPG connections	384,292	11,926		-16,053			380,165
- urban LPG networks	6,046,014	0		-202,067			5,843,946
- LPG tanks	304,060			-79,338			224,723
	<b>338,116,958</b>	<b>14,738,267</b>	<b>927,546</b>	<b>-15,553,817</b>		<b>-170,975</b>	<b>338,057,979</b>
<b>industrial and commercial equipment</b>							
- equipment	622,652	80,789		-116,040		-4,610	582,791
- meters	2,547,970	417,640		-230,729		-103,202	2,631,679
- electronic methane gas meters	41,562,238	7,782,128		-3,973,935	-1,630,907	-1,611,064	42,128,460
- concentrators	558,636	278,279		-78,899			758,016
- LPG meters	37,897	2,104		-2,521			37,480
	<b>45,329,393</b>	<b>8,560,939</b>		<b>-4,402,124</b>	<b>-1,630,907</b>	<b>-1,718,876</b>	<b>46,138,425</b>
<b>other assets</b>							
- furniture, ordinary office machines	22,303	20,148		-4,355			38,096
- electronic & electrotechnical machines	118,182	88,659		-62,195			144,646
- cars and trucks	1,344			-384			960
<b>Assets under concession</b>							
- concession networks	230,169			-18,142			212,028
	<b>371,998</b>	<b>108,807</b>		<b>-85,076</b>			<b>395,729</b>
<b>fixed assets under construction and advances</b>							
- fixed assets under construction	2,205,220	3,931,923	-931,045				5,206,100
	<b>2,205,220</b>	<b>3,931,923</b>	<b>-931,045</b>				<b>5,206,100</b>
<b>Total</b>	<b>387,413,061</b>	<b>27,339,936</b>	<b>0</b>	<b>-20,085,178</b>	<b>-1,630,907</b>	<b>-1,889,851</b>	<b>391,147,062</b>

<b>COST</b>	<b>BALANCE 31/12/2022</b>	<b>Increases</b>	<b>Reclassifications</b>	<b>Revenue in the year</b>	<b>Revaluations (Write-downs)</b>	<b>Disposals and divestments</b>	<b>BALANCE 31/12/2023</b>
<b>land and buildings</b>							
- land	535,159						535,159
- LPG land	162,355						162,355
- industrial buildings	2,443,434			3,498			2,446,932
- lightweight constructions	6,198						6,198
- lightweight LPG constructions	53,281						53,281
	<b>3,200,426</b>			<b>3,498</b>			<b>3,203,924</b>
<b>plant and machinery</b>							
- teleoperations	5,561,384	1,057,497					6,618,881
- tanks	499,970						499,970
- urban methane gas networks	358,234,660	6,542,928		787,373		-262,553	365,302,408
- compression and pumping stations	27,517,856	3,845,141		3,902			31,366,898
- methane gas connections	101,471,375	3,280,775		136,271			104,888,422
- LPG teleoperations	96,587						96,587
- LPG connections	653,456	11,926					665,382
- urban LPG networks	10,727,783						10,727,783
- LPG tanks	1,708,890						1,708,890
	<b>506,471,960</b>	<b>14,738,267</b>		<b>927,546</b>		<b>-262,553</b>	<b>521,875,220</b>
<b>industrial and commercial equipment</b>							
- equipment	2,809,550	80,789				-91,236	2,799,103
- meters	6,690,455	417,640				-909,370	6,198,725
- electronic methane gas meters	56,429,690	7,782,128			-1,630,907	-3,328,845	59,252,066
- concentrators	904,821	278,279					1,183,100
- LPG meters	211,214	2,104					213,318
	<b>67,045,731</b>	<b>8,560,939</b>			<b>-1,630,907</b>	<b>-4,329,450</b>	<b>69,646,312</b>
<b>other assets</b>							
- furniture, ordinary office machines	160,255	20,148					180,403
- electronic machines	1,358,245	88,659					1,446,904
- cars and trucks	147,660					-6,274	141,385
Assets under concession							
- concession networks	629,750						629,750
- concessionary connections	151,906						151,906
- concessionary telecontrol	55,279						55,279
	<b>2,503,095</b>	<b>108,807</b>				<b>-6,274</b>	<b>2,605,628</b>
<b>fixed assets under construction and advances</b>							
- fixed assets under construction	2,205,220	3,931,923		-931,045			5,206,099
	<b>2,205,220</b>	<b>3,931,923</b>		<b>-931,045</b>			<b>5,206,099</b>
<b>Total</b>	<b>666,468,010</b>	<b>27,339,936</b>		<b>0</b>	<b>-1,630,907</b>	<b>-4,598,278</b>	<b>602,537,183</b>

<b>DEPRECIATION</b>	<b>BALANCE 31/12/2022</b>	<b>Increases</b>	<b>Reclassifications</b>	<b>Others changes</b>	<b>Disposals and divestments</b>	<b>BALANCE 31/12/2023</b>
<b>land and buildings</b>						
- land	0					0
- LPG land	0					0
- industrial buildings	1,754,281	43,597				1,797,877
- lightweight constructions	3,373	565				3,938
- lightweight LPG constructions	53,281					53,281
	<b>1,810,935</b>	<b>44,162</b>				<b>1,855,096</b>
<b>plant and machinery</b>						
- teleoperations	2,475,294	282,858				2,758,152
- tanks	493,085					493,085
- urban methane gas networks	114,141,163	9,504,661			-91,578	123,554,245
- compression and pumping stations	14,632,263	1,096,502				15,728,765
- methane gas connections	30,160,848	4,372,338				34,533,186
- LPG teleoperations	96,587					96,587
- LPG connections	269,164	16,053				285,217
- urban LPG networks	4,681,769	202,067				4,883,836
- LPG tanks	1,404,829	79,338				1,484,167
	<b>168,355,002</b>	<b>15,553,817</b>			<b>-91,578</b>	<b>183,817,241</b>
<b>industrial and commercial equipment</b>						
- equipment	2,186,898	116,040			-86,626	2,216,312
- meters	4,142,486	230,729			-806,168	3,567,047
- electronic methane gas meters	14,867,452	3,973,935			-1,717,781	17,123,606
- concentrators	346,185	78,899				425,084
- LPG meters	173,317	2,521				175,838
	<b>21,716,337</b>	<b>4,402,124</b>			<b>-2,610,574</b>	<b>23,507,887</b>

<b>other assets</b>						
- furniture, ordinary office machines	137,952	4,355				142,307
- electronic & electrotechnical machines	1,240,063	62,195				1,302,259
- cars and trucks	146,315	384			-6,274	140,425
<i>Assets under concession</i>						
- concession networks	399,581	18,142				417,722
- concessionary connections	151,906					151,906
- concessionary telecontrol	55,279					55,279
	<b>2,131,096</b>	<b>85,076</b>			<b>-6,274</b>	<b>2,209,898</b>
<i>fixed assets under construction and advances</i>						
<b>Total</b>	<b>194,013,371</b>	<b>20,085,178</b>			<b>-2,708,427</b>	<b>211,390,122</b>

The most significant increases relate to works to expand urban networks and connections, extraordinary maintenance and plant construction, and the changes in the meter fleet, as detailed below.

The column "increases" includes purchases and all capitalised costs for the year, while the column "entries in operation" includes entries into operation of fixed assets that were under construction as at 31 December 2023. The column "disposals and divestments" shows the decreases in the financial year due by disposals and divestments during the year.

Even if fully depreciated, assets appear in the financial statements until they are taken out of the production process, due to disposal, scrapping, loss or any other reason.

The depreciation rates for property, plant and equipment pertaining to the year 2023 amount to € 20,085,178 as shown above; depreciation has been calculated on a straight-line basis in accordance with the economic and technical life of the asset, as indicated in the table detailing the rates for property, plant and equipment.

## Land and buildings

There are no increases for the year 2023.

## Plant and machinery

The increases to the item Plant and Machinery, amounting to € 14,738,267, essentially relate to the capitalisation of costs related to connections, urban networks and plants for works carried out by the company in 2023 and are correlated to the item "increases in fixed assets from in-house production".

Income from work in progress in the previous year amounted to € 931,045.

The column "disposals and divestments" shows the divestments of pipes carried out during the year, with a net value of € 170,975.

It should be noted that the book value of the networks and connections (included in the item "plant and machinery") includes the higher values that emerged following the transfer from Estra of the business unit relating to gas distribution and sale and distribution of LPG to Centria, which took place with effect from 1 January 2014, together with the deficit that emerged following the Melfi Reti Gas merger in 2019.

These higher values were equal to a net book value as at 1 January 2014 of € 117,757,592 for gas networks and € 53,217,838 for gas connections, for a total of € 170,975,429, plus an additional € 9,210,888 as at 15 October 2019 of net book value as merger deficit related to networks.

As at 31 December 2020, following the depreciation process and the various extraordinary transactions that have taken place, there were higher values associated with these items amounting to € 91,462,683 for networks and € 31,212,666 for connections, for a total of € 122,675,349.

As a result of Italian Law no. 126 of 13 October 2020 relating to *"Conversion into law, with amendments, of Italian Decree-Law no. 104 of 14 August 2020"*, for these higher values in 2020 Centria availed itself of the possibility of realigning civil and tax values, paying a 3% substitute tax for the purposes of tax recognition of the higher values recorded in the Financial Statements as at 31 December 2020.

From the 2021 financial year, therefore, it was also possible to deduct the higher depreciation for tax purposes.

The natural gas distribution service is entrusted by means of public tenders that do not refer to individual municipalities but to Minimum Economic Territorial Areas ("ATEMs"). Therefore, municipalities cannot independently proceed to award the service through individual tenders.

However, prior to the adoption of Italian Legislative Decree no. 164/2000 ("Letta Decree"), the gas distribution service was entrusted through direct assignment by individual municipalities. In addition, after the adoption of Italian Legislative Decree no. 164/2000 and until the issuance of the implementing decrees relating to it, the natural gas distribution service was entrusted through public tenders by the individual municipalities. Therefore, on this date, the Company still has a number of concessions awarded directly or by public tender by individual municipalities.

In the event of expiry of concessions, the duration of the concession relationship is deemed to be extended until the new tender is called. During this extension period, the existing relationships between the grantor and the concessionaire remain in force and, therefore, the latter remains obligated to continue to manage the service, limited to the ordinary administration, until the start date of the new assignment.

In addition, the outgoing operator meets all the obligations arising from the concession, including that of paying the concession fee due to the granting body.

If the Company fail to win the new tenders for the provision of the services that continue under the prorogation regime, when taking over, the new operator must pay the Company, as outgoing operator, a sum of money in exchange for the transfer of the distribution networks from the outgoing operator to the new concessionaire.

This sum is determined on the basis of the provisions of the concession contract.

In the absence of a specific provision (or in the absence of certain elements), the contractual provisions are supplemented by the guidelines dictated by Italian Ministerial Decree 226/11.

In relation to the above, it should be noted that technical appraisals have shown a Residual Industrial Value (VIR) of networks, plants, connections and other assets pertaining to gas distribution that is higher than the net book value.

## Industrial and commercial equipment

This item includes workshop equipment and meters for recording gas consumption at end customers.

Almost all of the increases originated from investments related to electronic meters, amounting to € 7,782,128 (slightly higher than in 2022, equal to € 7,258,533) out of a total increase of € 8,560,939.

The "disposals and divestments" column includes the historical cost, accumulated depreciation and net book value of disposed assets, which consist almost entirely of meters.

Obligations to replace traditional meters imposed by the AEEG (Resolution 631/2013/R/gas, whose obligations were postponed by one year with Resolution 501/2020/R/gas) gave rise to capital losses of about € 103 thousand.

The replacements of the G4 and G6 meters decommissioned in this financial year and installed before 2015, however, are covered by the future revenue that the Authority will in any case continue to recognise in the VRT (Variable Rate Technology) meters in connection with the QA (depreciation portion).

With regard to electronic meters, it should be noted that, based on the analyses performed on the recoverability of the value of property, plant and equipment, in the 2019 financial year there were indicators of impairment related to this class that had led to a write-down, pursuant to OIC 9, of € 1.76 million, a write-down that was then increased by a further € 600 thousand in the 2022 financial year.

This was because malfunctions had been identified in connection with a significant number of meters that would lead to their replacement before the end of their useful life, according to a staggered schedule.

Statutory depreciation was carried out on the written-down value, while for tax purposes, depreciation was deducted on the full value, with consequent utilisation of prepaid taxes.

For a residual portion of malfunctioning meters, no write-downs had been made because settlement agreements had been signed with suppliers that provided for compensation for the economic damage suffered, compensation that is accounted for under other revenues in A) 5 of the income statement and that is recognised in correlation with the time the malfunctioning meters are disposed of.

In 2023, all malfunctioning meters were replaced.

Consequently, at 31 December, Centria recorded the entire residual compensation recognised by the supplier under the other revenues item A) 5 of the income statement and again performed an impairment test, in accordance with OIC 9, for all malfunctioning electronic meters still in place at 31 December 2023 and also estimated possible future malfunctions, although these had not been identified at the end of the financial year.

Taking into account possible field interventions and the compensation recognised by ARERA in the tariff for non-applied depreciation on some types of meters, the recoverable value was lower than the net book value by around € 1.63 million; therefore, in 2023 a further write down was carried out for this amount.

## Other assets

This item includes office furniture, hardware, cars and trucks owned by the company, as well as assets related to concessions.

## Fixed assets under construction and advances

Changes in this item originate from the capitalisation of costs for fixed assets still under construction as at 31 December 2023 and those that came into operation during the financial year.

These consist almost entirely of network extensions.

## Financial fixed assets

## Equity investments

Equity investments in subsidiaries and jointly controlled companies	Opening	Decreases	Increases	Other changes	Closing
Grosseto Energia Ambiente	36,159,000				36,159,000
Murgia Reti Gas	42,084,694				42,084,694
Edma Reti Gas	15,893,000				15,893,000
<b>Total</b>	<b>94,136,694</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>94,136,694</b>

It should be noted that the equity investment in the company Murgia Reti Gas was purchased on 1 April 2019 for a value of € 42 million plus ancillary notary charges (about € 11 thousand), subsequently increased following the payment of the price adjustment (about € 73 thousand) and therefore has a value as at 31 December 2023 of € 42.084 million. Murgia is 100% owned.

The equity investment in Gergas, with a value of € 11,988,000, was acquired in December 2020 following a contribution.

In 2022, following the contribution by the parent company Estra Spa, the value increased by € 24,171,000, therefore for a total of € 36,159,000, a value that remained unchanged in 2023.

The equity investment in Gergas is equal to 85.49%.

Also following a contribution by the parent company Estra Spa, Centria also acquired a 44.96% interest in Edma Reti Gas in 2022, thus representing a subsidiary (with joint control). In 2023 the equity investment remained unchanged.

Information on equity investments with reference to the interest held and the comparison between their financial statements value and the corresponding portion of shareholders' equity as at 31 December 2023 is provided below:

Equity investments in subsidiaries and jointly controlled companies	% ownership	Shareholders equity 31.12.23	Profit for the year 31.12.23	Share of shareholders' equity	Equity investment value	Delta
Murgia Reti Gas Srl*	100%	43,803,264	1,442,042	43,803,264	42,084,694	1,718,570
Gergas Spa	85.49%	42,380,802	1,022,049	36,231,248	36,159,000	72,248
Edma Reti Gas	45.00%	36,393,207	1,475,222	16,376,943	15,893,000	483,943

\* Budget proposal not yet approved by the Board of Directors

All equity investments are valued at cost.

It should be noted that in 2020 both the company Murgia Reti Gas and the company Gergas took advantage of the option for the civil and fiscal revaluation of assets (Italian Law no. 126 of 13 October 2020), with the consequent recognition of the emerging revaluation reserve under Shareholders' equity.

The values shown are already inclusive of the results of this operation.

With regard to the equity investment in Gergas, the corresponding portion of shareholders' equity is in line with the book value of the equity investment.

However, it should be noted that there are implicit unrecognised gains in the investee company's financial statements in relation to gas distribution, as the revaluation took place with a reduction in the appraised value of about 20%.

If the full value had been revalued, the corresponding portion of shareholders' equity attributable to Centria would have been much higher than the book value of the equity investment.

## Receivables

Long-term receivables	31/12/2023	31/12/2022	Change
Receivables from others	5,211,583	5,205,821	5,762
<b>Total</b>	<b>5,211,583</b>	<b>5,205,821</b>	<b>5,762</b>

Receivables of € 5,211,583 are recorded under financial fixed assets.

Almost the entire amount (€ 5 million) relates to the receivable from the Municipality of Rieti as a one-off fee paid when the service was entrusted and to be repaid by the municipality at the expiry of the concession. This claim pertains to Centria following the merger with TuaRete.

The remainder relates to security deposits for methane gas pipeline crossings.



## CURRENT ASSETS

### Inventories

The analysis of raw material inventories is as follows:

Inventories	31/12/2023	31/12/2022	Change
Raw and ancillary materials, consumables	3,563,704	4,819,995	-1,256,291
<b>Total</b>	<b>3,563,704</b>	<b>4,819,995</b>	<b>-1,256,291</b>

This item includes miscellaneous materials such as: pipes, meters, reducers, fuel and consumables for the maintenance and construction of the company's plant assets.

In addition, inventories of € 338,130 are included related to various LPG tanks.

As stated in the introduction, the valuation is carried out at weighted average cost and net of the inventory write-down provision of € 105 thousand.

### Receivables

An analysis of the breakdown of receivables and a breakdown by maturity is provided below:

Receivables	31/12/2023	31/12/2022	Change
Receivables from users and customers	8,476,231	1,222,371	7,253,861
Receivables from subsidiaries	1,509,760	890,254	619,507
Receivables from parent companies	1,711,259	1,975,421	-264,162
Receivables from companies subject to control	6,492,592	313,463	6,179,128
Tax receivables	1,703,594	1,922,906	-219,312
Deferred tax assets	14,516,403	12,894,086	1,622,317
Receivables from others	24,589,592	38,719,352	-14,129,760
<b>Total</b>	<b>58,999,432</b>	<b>57,937,854</b>	<b>1,061,578</b>

Receivables	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Receivables from users and customers	8,476,231			8,476,231
Receivables from subsidiaries	1,509,760			1,509,760
Receivables from parent companies	1,502,477	208,782		1,711,259
Receivables from companies subject to control	6,492,592			6,492,592
Tax receivables	1,703,594			1,703,594
Deferred tax assets	14,516,403			14,516,403
Receivables from others	19,738,471	4,851,121		24,589,592
<b>Total</b>	<b>53,939,529</b>	<b>5,059,903</b>	<b>0</b>	<b>58,999,432</b>

### From customers

The customer balance is broken down as follows:

Trade receivables	31/12/2023	31/12/2022
For invoices issued	3,797,311	711,865
For invoices to be issued	5,097,772	955,724
Receivables from LPG customers	319,894	360,248
- provision for bad debts	-738,746	-805,466
<b>Total</b>	<b>8,476,231</b>	<b>1,222,371</b>

Trade receivables in the financial statements mainly include receivables, both for invoices issued and invoices to be issued, for transmission, network and other services, as well as invoices issued to end users for LPG consumption.

All trade receivables are due within 12 months and are due from Italian entities.

Compared to 2022, there was a significant increase in trade receivables.

This is due to the pass-through components returning to normal operation in the last few months of 2023. In the last few months of 2022, in fact, as a result of regulatory changes introduced by ARERA, transmission invoicing had given rise to many credit notes to sales companies (instead of invoices).

Other payables to customers originated by this mechanism had been recognised in 2022 under sundry payables.

In the 2023 financial statements, on the other hand, invoicing has returned to "positive", thus originating receivables, and not payables, from customers.

The provision for bad debts changed as follows during the financial year:

Provision for bad debts	31/12/2023
Opening provision for bad debts	-805,466
Allocations	-73,500
Utilisation for losses on receivables	140,220
<b>Closing provision for bad debts</b>	<b>-738,746</b>

The amount of the provision is deemed adequate to cover the risks of uncollectability on the basis of assessments by analysis of the individual positions and the overall riskiness of the receivables.

### ***From subsidiaries***

Receivables from subsidiaries	31/12/2023	31/12/2022
Gergas Spa	318,323	240,712
Murgia Reti Gas Srl	811,363	285,154
Edma Reti Gas Srl	380,074	364,387
<b>Total</b>	<b>1,509,760</b>	<b>890,254</b>

Receivables from Murgia refer to the chargeback of costs for services, works, various services, leasing of the Campobasso ATEM business unit, and meter sales to Murgia Reti Gas during 2023.

Receivables from Gergas refer to recharges for work carried out by Centria on the Grosseto ATEM and for seconded staff.

The receivable of € 380 thousand from Edma Reti Gas originated from recharges of costs for seconded staff and various services carried out by Centria.

### ***From parent companies***

Receivables from parent companies	31/12/2023	31/12/2022
Estra Spa	1,711,259	1,975,421
<b>Total</b>	<b>1,711,259</b>	<b>1,975,421</b>

Receivables from the parent company refer, for € 208,782, to receivables assigned with recourse by the parent company and not collected as at 31 December 2023, for € 1,377,988 for IRES receivables (relating to the tax consolidation) and for the remaining portion to invoices issued and to be issued for services and reimbursement of costs for seconded staff.

### From companies subject to control of parent companies

Receivables from companies subject to control of parent companies	31/12/2023	31/12/2022
Estracom Spa	8,520	8,520
Estra Clima Srl	99,586	99,575
Prometeo Spa	111,176	3,380
Estra Energie Srl	6,240,858	201,989
Ecolat Srl	756	
Ecos Srl	600	
Ecocentro Toscana S.R.L.	3,904	
Publiacqua	27,192	
<b>Total</b>	<b>6,492,592</b>	<b>313,463</b>

Receivables from companies subject to control of parent companies amounted to € 6,492,592 and showed a significant increase compared to the previous financial year.

The reason for this significant change is the same as that for trade receivables, as this change is due almost exclusively to the amounts due from Estra Energie.

Receivables from Estra Energie and Prometeo originate from transmission service and ancillary services, both invoiced and to be invoiced.

Receivables from Estraclima originate from recharges of seconded staff.

Receivables from Estracom relate to space service.

Receivables from Publiacqua refer to re-invoicing of works.

### Taxes

Tax receivables	31/12/2023	31/12/2022
IRES	4,636	9,273
IRAP	102,868	231,648
Receivables from the tax authority for VAT	1,595,759	1,520,835
Other tax receivables	330	161,151
<b>Total</b>	<b>1,703,594</b>	<b>1,922,906</b>

Tax receivables consist of a residual IRES receivable for Research and Development and IRAP receivable for advance payments made in excess of the tax that was due for 2023.

The company adheres to the tax consolidation, therefore, IRES receivables and payables are shown under receivables from or payables to the parent company, with the exception of previous ones that are not included in the consolidation.

There is also a significant VAT receivable arising from the invoicing mechanism in force until mid-2023, which resulted in credit notes being issued instead of invoices. At present the receivable is being reabsorbed, as VAT settlements are closing with a debit balance, given the end of this mechanism.

### Prepaid taxes

Temporary differences giving rise to deferred tax assets are detailed below:

Temporary difference	Opening temporary differences	Allocations	Reversal	Utilisation	Closing temporary differences
Provision for risks	2,760,960	2,505,771	66,592	-641,496	4,691,827
Taxed provision for bad debts	489,556	15,233	0	0	504,789
Write-downs Property, plant and equipment/intangible assets	1,757,550	2,006,704	0	-1,702,388	2,061,867
Other temporary differences	1,192,922	991,250	0	-905,175	1,278,997
Excess statutory amortisation/depreciation	36,241,248	5,539,042	0	-748,738	41,031,552
Prepayments for connections	11,283,123	0	0	-367,142	10,915,981
<b>Total</b>	<b>53,725,359</b>	<b>11,058,000</b>	<b>66,592</b>	<b>-4,364,938</b>	<b>60,485,013</b>

This is the amount of prepaid taxes (calculated at a rate of 24%, except for those relating to the provision for risks and to the write-down calculated at a rate of 29.12%):

Prepaid taxes	Opening prepaid taxes	Allocations	Reversal	Utilisation	Closing prepaid taxes
Provision for risks	662,630	601,385	15,982	-153,959	1,126,038
Taxed provision for bad debts	117,493	3,656			121,149
Write-downs Property, plant and equipment/intangible assets	421,812	481,609		-408,573	494,848
Other temporary differences	286,301	237,900		-217,242	306,959
Excess statutory amortisation/depreciation	8,697,900	1,329,370		-179,697	9,847,573
Prepayments for connections	2,707,949			-88,114	2,619,835
<b>Total</b>	<b>12,894,086</b>	<b>2,653,920</b>	<b>15,982</b>	<b>-1,047,585</b>	<b>14,516,403</b>

Prepaid taxes are mainly caused by the mismatch between civil and tax amortisation and depreciation rates, as well as the tax treatment of connections contributions.

These receivables are deemed recoverable from taxable income that will be generated in future years.

### **From others**

The balance of receivables from others is broken down as follows:

Receivables from others	31/12/2023	31/12/2022
Security deposits	-730	-730
Receivables from Social Security Institutions	7,675	496
Advances to suppliers	1,619,455	1,530,895
Energy Authority receivables	21,708,059	35,906,899
Receivables from other related parties	421,756	504,151
Other receivables	833,377	777,642
<b>Total</b>	<b>24,589,592</b>	<b>38,719,352</b>

Receivables from the Energy Authority mainly refer to amounts due in application of the equalisation mechanism with reference to the total distribution revenue constraint and pass-through components.

There was a noticeable decrease in the amount receivable from the Fund: this was also due to the pass-through mechanism that had given rise to a significant receivable from the Fund in 2022, a mechanism that was terminated in the second half of 2023.

The equalisation receivables amounts to about € 6.8 million and that for pass-through components about € 2.3 million.

There are also receivables for safety incentives (€ 6.5 million, relating to the years 2020 to 2023), TTEL and TECON reimbursements (€ 1.8 million, relating to the years 2021 to 2023), the QA component that will be recognised in future VRTs and relating to divestments of traditional subsidised meters carried out up to 31 December 2023 (€ 0.98 million). Receivables related to the achievement of energy-saving targets account for only about € 1 thousand because Centria received an advance payment that almost entirely covers the receivable accrued as at 31 December 2023.

Receivables also include the amount recognised to Centria for IRMA (residual amount of non-applied depreciation) on traditional meters following Resolution 559/2021/R/gas of 9 December 2021 and additional amounts recognised from 2022 for IRMA on electronic meters already removed as at 31 December 2023 (as per Resolution 737/2022/R/gas of 29 December 2022, for a total receivable of approximately € 3.3 million).

The amount included in advances to suppliers relates to one-off advances paid in view of future segment tenders (€ 1.23 million) plus additional amounts for advance payments, while receivables from other related parties refer to recharges and services rendered for other companies directly or indirectly owned by Estra (SIG, AES Fano and Sei Toscana).

Other receivables include the receivable for LPG tax-exemption and various receivables for insurance indemnities and reimbursements.

All receivables from others are due within 12 months, with the exception of advances for one-off tender expenses, a portion of approximately € 800 thousand included in Receivables from the Authority relating to future QAs to be recognised in the VRT and 2/5 of the IRMA on traditional meters amounting to approximately € 502 thousand.

## Financial assets

Financial assets	31/12/2023	31/12/2022
Cash pooling receivables		58,569,688
<b>Total</b>	<b>0</b>	<b>58,569,688</b>

As at 31 December 2023 there are no cash pooling receivables due to Centria as the cash pooling balance closes with a payable, shown under payables to the parent company.

## Cash and cash equivalents

The balance of cash and cash equivalents is broken down as follows:

Cash and cash equivalents	31/12/2023	31/12/2022
Bank and postal deposits	3,194,446	1,128,418
Cash and valuables on hand	16	16
<b>Total</b>	<b>3,194,462</b>	<b>1,128,434</b>

The balance represents cash and cash equivalents at the end of the financial year.

## Accrued income and prepaid expenses

Accrued income and prepaid expenses	31/12/2023	31/12/2022
Prepaid expenses	45,985	32,129
<b>Total</b>	<b>45,985</b>	<b>32,129</b>

Prepaid expenses are broken down as follows:

Prepaid expenses	31/12/2023	31/12/2022
Prepayments for insurance policies	25,286	18,687
Other prepayments	20,700	13,442
<b>Total</b>	<b>45,985</b>	<b>32,129</b>

*Details of expiry of prepayments:*

Within 12 months	Beyond 12 months	Beyond 5 years	Total
40,177	5,808		<b>45,985</b>

## Balance Sheet - Liabilities

### SHAREHOLDERS' EQUITY

#### Statement of changes in shareholders' equity

Statement of changes in shareholders' equity (in units of €)	Share Capital	Share premium reserve	Legal reserve	Extraordinary reserve	Retained earnings (losses carried forward)	Net income for the financial year	Total shareholders' equity
<b>Opening balances</b>	<b>249,000,000</b>	<b>32,496,858</b>	<b>5,732,157</b>	<b>37,191,582</b>	<b>-2,007</b>	<b>5,195,604</b>	<b>329,614,195</b>
Allocation of result			259,780			-259,780	0
Dividends distributed						-4,935,823	-4,935,823
Result for the financial year						994,189	994,189
<b>Closing balances</b>	<b>249,000,000</b>	<b>32,496,858</b>	<b>5,991,938</b>	<b>37,191,582</b>	<b>-2,007</b>	<b>994,189</b>	<b>325,672,560</b>

#### Statement of changes in the last 3 financial years

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	EXTRAORDINARY RESERVE	RETAINED EARNINGS (LOSSES CARRIED FORWARD)	CASH FLOW HEDGE RESERVE	PROFIT (LOSS) FOR THE FINANCIAL YEAR	SHAREHOLDER S' EQUITY
<b>Balances 31.12.2020</b>	<b>180,622,334</b>	<b>10,957,894</b>	<b>3,285,972</b>	<b>1,714,066</b>	<b>-2,007</b>	<b>-2,755</b>	<b>40,808,315</b>	<b>237,383,819</b>
Allocation of result			2,040,416	33,767,899			-35,808,315	0
Dividend distribution							-5,000,000	-5,000,000
Distribution of reserves							0	0
Result for the financial year							8,115,387	8,115,387
Others						2,755		2,755
<b>Balances 31.12.2021</b>	<b>180,622,334</b>	<b>10,957,894</b>	<b>5,326,388</b>	<b>35,481,965</b>	<b>-2,007</b>	<b>0</b>	<b>8,115,387</b>	<b>240,501,961</b>
Allocation of result			405,769	1,709,618			-2,115,387	0
Capital Increase	68,377,666	21,538,965						89,916,631
Dividend distribution							-6,000,000	-6,000,000
Distribution of reserves								0
Result for the financial year							5,195,604	5,195,604
<b>Balances 31.12.2022</b>	<b>249,000,000</b>	<b>32,496,858</b>	<b>5,732,157</b>	<b>37,191,582</b>	<b>-2,007</b>		<b>5,195,604</b>	<b>329,614,195</b>
Allocation of result			259,780				-259,780	0
Capital Increase								0
Dividend distribution							-4,935,823	-4,935,823
Distribution of reserves								0
Result for the year							994,189	994,189
Others								0
<b>Balances 31.12.2023</b>	<b>249,000,000</b>	<b>32,496,858</b>	<b>5,991,938</b>	<b>37,191,582</b>	<b>-2,007</b>		<b>994,189</b>	<b>325,672,560</b>

### Changes in reserves

#### Legal reserve

The increase in the legal reserve is attributable to the allocation of the 2022 profit.

#### Reserve for expected cash flow hedging transactions

The reserve for expected cash flow hedging transactions included the negative fair value, net of tax effect, of hedging financial instruments.

As at 31 December 2023, Centria no longer had any SWAP derivative financial instruments.

## Possibility of utilisation and distribution of reserves

	Amount	Possibility of utilisation	Available portion	Summary of utilisations in the three previous years	
				to cover losses	for other reasons
<b>SHARE CAPITAL</b>	249,000,000	B			
<i>of which reserve pursuant to revision of Italian law no. 26/2020</i>	118,995,089	B			
<b>Share capital reserves:</b>					
Share premium reserve	32,496,858	A-B-C	32,496,858		
<b>Profit Reserves:</b>					
Legal reserve	5,991,938	B			
Extraordinary reserves	37,191,582	A-B-C	37,191,582		
<b>Retained earnings (losses carried forward)</b>	-2,007	A-B-C			
<b>Fair value valuation reserves</b>					
Reserve for expected cash flow hedging transactions	0				
<b>Total</b>	<b>324,678,372</b>		<b>69,688,441</b>		

### KEY

A - For capital increase

B - To cover losses

C - For distribution to shareholders

Following the realignment of statutory and tax values that took place in the financial statements for the year ended as at 31 December 2020, a portion of share capital equal to the realigned amount (€ 122,675,349) net of the substitute tax (€ 3,680,260) was set as non-distributable, therefore for an amount of € 118,995,089.

## PROVISIONS FOR RISKS AND CHARGES

Provision for risks and charges	31/12/2023	31/12/2022	Change
For taxes	237,642	267,946	-30,304
Other provisions for risks and charges	5,954,633	4,027,574	1,927,059
<b>Total</b>	<b>6,192,275</b>	<b>4,295,520</b>	<b>1,896,755</b>

## Provision for deferred taxes

Temporary differences giving rise to deferred taxes are detailed below:

Details of temporary differences	Opening temporary differences	Allocations	Utilisation	Closing temporary differences
Other temporary differences	257,802	0	-73,448	184,354
Revaluation of property, plant and equipment and intangible assets	662,342	0	-30,618	631,723
<b>Total</b>	<b>920,144</b>	<b>0</b>	<b>-104,066</b>	<b>816,078</b>

This is the amount of deferred taxes (calculated at a rate of 24% for IRES plus 5.12% for IRAP):

Deferred taxes	Opening deferred taxes	Allocations	Utilisation	Closing deferred taxes
Other temporary differences	75,072		-21,388	53,684
Revaluation of property, plant and equipment and intangible assets	192,874		-8,916	183,958
<b>Total</b>	<b>267,946</b>	<b>0</b>	<b>-30,304</b>	<b>237,642</b>



Deferred taxes are calculated on temporary differences between balance sheet assets/liabilities and tax assets/liabilities at the end of the financial year.

The tax provision changed as follows:

- decrease related to the partial reversal of deferred tax liabilities to the income statement following the amortisation process, in order to recognise the correct tax charge for the financial year (€ 8,916 of reversed deferred taxes);
- decrease of € 21,388 following the process of amortisation of certain assets received from Consiag through a free-of-charge sale in 2022, whose value is taxed over 5 years.

Deferred taxes, amounting to € 237,642, refer for € 183,958 to the misalignment of higher statutory values with respect to tax values originated by the contribution of a business unit by Energie Offida in 2017 and for € 53,684 to the above-described free transfer of assets.

### Other provisions for risks and charges

Other provisions for risks and charges	Opening	Allocations	Reversal	Utilisation	Closing
Other risks	853,648	400,000	-54,883	-190,903	1,007,861
Disputes and defence legal costs	2,074,585	2,000,883			4,075,468
Energy Efficiency Certificates	1,099,342			-228,038	871,304
<b>Total</b>	<b>4,027,574</b>	<b>2,400,883</b>	<b>-54,883</b>	<b>-418,941</b>	<b>5,954,633</b>

The increase in the provision for future risks and charges for a total of € 2,400,883 is mainly composed of provisions for interest expenses that the company may have to pay for the delayed payment of disputed payable items, in the event of a negative outcome.

There are also additional provisions of € 400,000 set aside to cover risks related to various penalties that the Authority might charge (default penalties, failure to read and replace meters, indemnities following Resolution 269/2022 and In & Out penalties as per Resolution 494/23).

There are no provisions to cover risks related to the performance of the energy efficiency bond market, as the existing provision is already sufficient.

With regard to decreases, the amount of € 228,038 was used to cover losses on TEEs realised in 2023, € 190,903 for penalties on meter replacements and default service accrued in 2022 but charged in 2023, and about € 54 thousand was reversed.

The item Disputes and defence legal costs also includes the provision, already allocated in previous years, to cover all risks arising from the dispute with Toscana Energie for € 1.752 million, which is also adequate for 2023 considering the updated status of the dispute, as well as further amounts for ancillary legal expenses.

### EMPLOYEE SEVERANCE INDEMNITY

Employee severance indemnity provision	31/12/2023	31/12/2022	Change
Employee severance indemnity	2,163,501	2,288,281	-124,780
<b>Total</b>	<b>2,163,501</b>	<b>2,288,281</b>	<b>-124,780</b>

The provision set aside represents the company's actual payable to employees in place as at 31 December 2023, net of advances paid.

Employee severance indemnity provision	Opening	Increases	Other changes	Decreases	Closing
Employee severance indemnity provision	2,288,281	586,382		-711,162	2,163,501
<b>Total</b>	<b>2,288,281</b>	<b>586,382</b>	<b>0</b>	<b>-711,162</b>	<b>2,163,501</b>

Increases relate to the portion of employee severance indemnity accrued during the year, while decreases originate from payments to pension funds for those employees who decided not to keep their severance indemnity in the company.

## **PAYABLES**

An analysis of the breakdown of payables and a breakdown by maturity is provided below:

Payables	31/12/2023	31/12/2022	Change
Payables to shareholders for loans	70,000,000	70,000,000	0
Amounts due to banks	45,701,242	67,355,599	-21,654,357
Advances	478,803	453,282	19,599
Trade payables	31,934,905	30,402,329	1,532,576
Payables to subsidiaries	173,893	314,875	-140,982
Payables to parent companies (ref. pub. entities)	16,993,799	7,521,560	9,472,239
Payables to companies under control of parent companies	12,406,697	31,139,237	-18,732,539
Tax payables	306,081	1,527,748	-1,221,667
Payables to social security institutions	637,945	610,414	27,531
Other payables	5,684,426	21,967,140	-16,282,714
<b>Total</b>	<b>184,311,868</b>	<b>231,292,183</b>	<b>-46,980,315</b>

Payables	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Payables to shareholders for loans		70,000,000		70,000,000
Amounts due to banks	17,950,396	27,750,847		45,701,242
Advances	27,399	445,481		472,880
Trade payables	31,775,616	159,289		31,934,905
Payables to subsidiaries	173,893			173,893
Payables to parent companies (ref. pub. entities)	16,993,799			16,993,799
Payables to companies under control of parent companies	511,462		11,895,235	12,406,697
Tax payables	306,081			306,081
Payables to social security institutions	637,945			637,945
Other payables	4,969,003		715,423	5,684,426
<b>Total</b>	<b>73,345,594</b>	<b>98,355,617</b>	<b>12,610,658</b>	<b>184,311,868</b>

## **Payables to shareholders for loans**

Payables	31/12/2023	31/12/2022	Change
Payables to shareholders for loans	70,000,000	70,000,000	0

In 2022, a medium/long-term bullet loan of € 70 million was disbursed by the parent company Estra, maturing on 30 June 2027.

The interest rate applied is equal to the 6-month Euribor (measured at the beginning of the period) with zero floor, plus a spread of 258 bps.

As at 31 December 2023, therefore, the residual payable to shareholders for loans amounted to € 70 million.

## Amounts due to banks

Amounts due to banks	31/12/2023	31/12/2022
Mortgages	45,659,372	67,268,921
Advances	41,870	86,679
<b>Total</b>	<b>45,701,242</b>	<b>67,355,599</b>

Amounts due to banks amounted to € 45,701,242 as at 31/12/2023.

The table below only shows changes related to mortgages:

Opening value	Disbursement	Other changes	Repayment	Closing value
67,268,921	0	95,416	-21,704,965	45,659,372

Mortgages are predominantly at variable rates. For more information on the characteristics, please refer to the Report on Operations.

## Trade payables

	31/12/2023	31/12/2022	Change
Trade payables	31,934,905	30,402,329	1,532,576

Trade payables, amounting to € 31,934,905, relate to normal operations and originate from the supply of goods and services necessary for the Company to conduct its business.

The amount also includes payables accrued under concessions for distribution services in municipalities acquired through tenders.

The increase compared to 2022 derives from some payments that were postponed from the end of 2022 to the beginning of 2023.

All payables relate to the geographical area of Italy and are due within 12 months.

## Payables to subsidiary companies

Payables to subsidiaries	31/12/2023	31/12/2022
Gergas Spa	45,000	45,000
Murgia Reti Gas Srl	116,366	247,369
Edma Reti Gas Srl	12,527	22,506
<b>Total</b>	<b>173,893</b>	<b>314,875</b>

Payables to subsidiary companies refer to payables to Murgia Reti Gas and originate entirely from the recharge to Centria of work performed at the Campobasso ATEM.

The amount shown under payables refers only to works in the last quarter of 2023, as the others had already been invoiced and paid for.

Payables to Gergas, on the other hand, refer to the payment of the rental fee for the Company's distribution business branch relating to the municipality of Castel del Piano.

Payables to Edma Reti Gas refer to various recharges (e.g. cars).

## Payables to parent companies

Payables to parent companies	31/12/2023	31/12/2022
Estra Spa	16,993,799	7,521,560
<b>Total</b>	<b>16,993,799</b>	<b>7,521,560</b>

Payables to the parent company Estra S.p.a. consist of the negative cash pooling balance (about € 10.6 million, absent last year as the balance was a receivable) and amounts due as a result of contracts entered into between the parent company and Centria, such as mainly the service, the use of the equipped space, and the recharge of all expenses incurred by Estra Spa but pertaining to Centria (condominium, canteen, vehicle management, IT services, seconded staff, etc.).

There are no tax payables from consolidation as a receivable was recognised at the end of the financial year (last year there was a payable of € 1.75 million).

Compared to last year, the change is attributable to the negative cash pooling balance (+ € 10.6 million), the absence of the tax payable from consolidation (- € 1.75 million) and the increase in the service (+ € 0.6 million).

## Payables to companies subject to control of parent companies

Payables to companies subject to control of parent companies	31/12/2023	31/12/2022
Estracom Spa	298,057	277,717
Estra Clima Srl	41,551	98,733
Prometeo Spa	253,393	587,238
Estra Energie Srl	11,805,125	30,169,293
Ecolat Srl	6,105	
Ecos Srl	2,370	6,257
Publiacqua	96	
<b>Total</b>	<b>12,406,697</b>	<b>31,139,237</b>

The main payables to group companies concern:

- Estra Energie for about € 11.6 million for security deposits received (as required by the network code) plus additional amounts for compensation, various services and energy consumption;
- Prometeo for security deposits;
- EstraCom for consumption of telephony and telecommunication services, also relating to plant;
- Estraclima for maintenance;
- Ecos and Ecolat for waste disposal service;

## Tax payables

Tax payables	31/12/2023	31/12/2022
Payables for withholding tax for self-employed persons/employees/occasional staff	305,566	300,559
Other tax payables	515	1,227,188
<b>Total</b>	<b>306,081</b>	<b>1,527,748</b>

Tax payables consist of withholding taxes payable to the Tax Authority and other minor payables.

In 2022, the balance of other tax payables included the last portion to be paid for the 3% substitute tax on realignment, amounting to € 1,227,188, paid in 2023.

There are no payables to the tax authorities for current taxes, since, for IRAP, the company had a credit balance at the end of the financial year as at 31 December 2023.

## Other payables

Other payables	31/12/2023	31/12/2022
Payables to CCSE	3,062,319	2,401,330
Payables to staff and accessories	1,390,111	1,259,963
Security deposits	715,423	468,522
Sundry payables	516,573	17,837,324
<b>Total</b>	<b>5,684,426</b>	<b>21,967,140</b>

Payables to CCSE relate to amounts due to the Electricity and Gas Sector Equalisation Fund in connection with the equalisation mechanism and pass-through components.

The increase is due to the payable for pass-through components and equalisation advances to be paid. The equalisation balance closes with a receivable in both 2023 and 2022.

Payables to staff mainly relate to payables for holidays and leave not taken and for the productivity bonus.

Other payables decreased significantly as last financial year they included payables to customers originating from the issue of Credit Notes, as better described in the paragraph relating to trade receivables.

## ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income	31/12/2023	31/12/2022	Change
Accrued expenses	7	6,698	-6,691
Deferred income	44,728,357	45,702,445	-974,088
<b>Total</b>	<b>44,728,364</b>	<b>45,709,142</b>	<b>-980,779</b>

The breakdown and maturity of deferred income is as follows:

Deferred income	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Deferred revenues			236,147	<b>236,147</b>
Connection contributions	543,791	2,165,463	14,777,793	<b>17,487,048</b>
Equipment contributions	847,774	3,390,540	22,507,842	<b>26,746,156</b>
Others	12,900	48,710	197,397	<b>259,006</b>
<b>Total</b>	<b>1,404,465</b>	<b>5,604,713</b>	<b>37,719,179</b>	<b>44,728,357</b>

The item "Deferred revenues" includes contributions for connections that customers have already paid for during the 2023 financial year, but whose work has not yet been carried out, while "Connections contributions" includes the residual contributions for connections already in operation; contributions are gradually being depreciated/amortised over the useful life of the asset.

Prepayments on equipment contributions (i.e., relating to network extension works, other than connections, received from both private entities and public companies and public bodies in connection with extension requests), both in operation and not, are included in the item "equipment contributions".

Both contributions are gradually recognised in the income statement under item A5, in relation to the residual possibility of utilisation of the assets to which they refer, as shown in the valuation criteria.

## **COMMITMENTS, RISKS AND GUARANTEES**

The company has outstanding sureties and guarantees not shown in the balance sheet.

In particular, they include:

- sureties related to the use of public land issued to the bodies that authorised works and for various risks totalling € 7,857,948;
- sureties issued in relation to the gas concession service for a total of € 1,650,300;
- guarantees issued in favour of the subsidiary Murgia Reti Gas towards the entities that authorised works and for various risks for a total of € 411,138;
- guarantees issued in favour of the parent company Estra Spa for a total value of € 187,472,711 to cover the issuance of bonds and loans.

## **INCOME STATEMENT**

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## Production value

Production value	31/12/2023	31/12/2022	Change
Revenue from sales and services	134,208,752	139,835,580	-5,626,828
Increases in fixed assets from in-house production	27,335,159	22,426,463	4,908,696
Other revenue and income (not sales/services)	13,125,770	8,662,731	4,463,039
<b>Total</b>	<b>174,669,681</b>	<b>170,924,774</b>	<b>3,744,907</b>

## Revenue from sales and services

The breakdown of this item is as follows:

Revenue from sales and services	31/12/2023	31/12/2022	Change
Total VRT	52,773,451	50,878,852	1,894,600
LPG revenues	2,622,599	2,735,856	-113,257
Revenue from measurement activities	1,446,116	1,118,790	327,326
Other revenue	1,885,659	2,140,024	-254,365
Pass-through components	74,994,089	81,928,590	-6,934,502
Contingencies	486,838	1033468	-546,630
<b>Total</b>	<b>134,208,752</b>	<b>139,835,580</b>	<b>-5,626,828</b>

The item VRT (Total Revenue Constraint) refers to revenue from transmission activities, while revenue from measurement activities include that related to the reading service carried out on behalf of sales companies, as well as the insurance portion to end customers, both revenues being typical of the distribution activity performed by Centria.

Centria's VRT for the year 2023 is € 52,773,451, compared to € 50,878,852 in 2022.

The increase was due to the effect of investments, which offset the decrease related to the recognition of operating costs.

It should be noted that 2020 saw the entry into force of the new regulatory period for tariffs. The new 2020-2025 RTDG has precisely introduced substantial reductions in the tariff recognition of the operating costs recognised to the operator.

The GS-RE-RS-UG1-UG2 pass-through components are shown separately, their corresponding cost being recorded under production costs, under item B.14 (sundry operating expenses), in the amount of € 74,994,089.

As explained in the receivables section, the decrease compared to 2022 is related to the calculation mechanism applied in 2022 and the return to ordinary operations after mid-2023.

Pass-through components that were still negative at the end of the year were recognised under costs, as expenses, while positive amounts with the respect to the Fund were recognised as revenue within Production Value.



LPG revenue refers to sales activities in relation to the liquid propane gas market in accordance with the provisions of AEEGSI Resolution 633/13 on LPG tariffs and the Board of Directors' resolution on the tariffs to be applied to those municipalities with less than 300 active PDRs.

Other revenue includes: a) the recognitions of the TTEL and TCON components relating to 2023, for an amount of approximately € 505 thousand; b) future tariff recognitions of the QA relating to traditional meters decommissioned in 2023 and incentivised, net of the amount included in the 2023 VRT but pertaining to previous years as it relates to decommissioning carried out in past years, for a total net negative amount of approximately € 98 thousand; c) about € 1.297 million relating to IRMA (residual amount of non-applied depreciation) on electronic meters, recognised on the basis of Resolution 737/2022/R/gas of 29 December 2022 (€ 847 thousand originating from the 2023 decommissions and € 450 thousand for adjustment for 2022); d) about € 181 thousand in revenue for customer insurance pursuant to Resolution 79/10; e) further marginal revenue for interconnection.

Contingencies include the equalisation adjustments of about € 486 thousand of contingent assets in 2023, while in 2022 equalisation adjustments led to the recognition of contingent assets of € 310 thousand.

In 2022 there were also contingent assets for the recalculation of the equalisation balance for the years from 2015 to 2020 for about € 407 thousand, and a further amount of about € 316 thousand for equalisation adjustments recognised in the areas affected by the Sisma bonus.

The geographical area covered by the revenue is the national territory.

### **Increases in fixed assets from in-house production**

<b>Increases in fixed assets from in-house production</b>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Change</b>
Purchase of goods	7,834,914	4,456,436	3,378,478
Works	9,010,684	6,294,702	2,715,982
Provision of services	1,015,474	1,795,326	-779,852
Inventories	-	1,762,374	-1,762,374
Staff	6,404,244	6,192,484	211,760
Other charges	3,069,843	1,925,141	1,144,701
<b>Total</b>	<b>27,335,159</b>	<b>22,426,463</b>	<b>4,908,696</b>

Capitalisations of costs incurred in the realisation of business investments made on an economic basis are recognised under this heading.

The capitalised amount for 2023 is higher than the amount for 2021 by almost € 5 million, with the difference due to the higher investments made in 2023.

## Other revenue and income

Other revenue and income	31/12/2023	31/12/2022	Change
Revenue from compensation	837,550	40,815	796,735
Reimbursement of seconded staff costs	533,936	515,493	18,443
Sundry contingencies	192,155	397,988	-205,833
Other revenue and income	4,570,817	4,190,295	380,522
Revenue from portion of connection contributions	530,096	509,451	20,645
Equipment contributions	845,951	832,700	13,251
Revenues from documentary checks	123,019	142,784	-19,765
Revenue from TEEs	5,253,988	1,760,784	3,493,204
Reimbursement of vehicle expenses	50,349	34,062	16,287
Operating grants	101,215	185,794	-84,579
Reimbursement of sundry expenses	15,882	31,269	-15,388
Capital gains from disposals	15,930	2,095	13,835
Reversal of provision for risks	54,883	19,202	35,681
<b>Total</b>	<b>13,125,770</b>	<b>8,662,731</b>	<b>4,463,039</b>

The item "revenue from compensation" includes various indemnities recognised by suppliers for malfunctioning electronic meters pertaining to 2023, in addition to other sundry marginal amounts recognised for penalties or breach of contract.

The item "Revenue from portion of connection contributions" includes the annual portion of contributions that are allocated to the income statement based on the depreciation period of the property, plant and equipment to which they relate.

Revenue from TEEs includes the contribution related to TEEs purchased from 1 January to 31 December, net of those sold.

With Resolution 340/2023/R/EFR of 25 July 2023, ARERA published the value of the tariff contribution, equal to 250.00 €/TEE, and of the additional fee, equal to 0.68 €/TEE, to be paid to distributors within the framework of the energy efficiency certificates mechanism for the 2022 obligation year.

Therefore, the contribution for certificates purchased from 1 January to 31 May 2023 (closing date of the 2022 obligation year) was 250 €/TEE (2,317 TEEs), to which the additional contribution of 0.68 €/TEE for the 5,379 TEEs purchased in the 2022 obligation year (from 1 June 2022 to 31 May 2023) is to be added.

The additional contribution was fully recognised in the 2023 financial year (also for previously purchased TEEs) as previously this contribution was not certain and its extent was not known.

For certificates purchased from 1 June 2023, on the other hand, the contribution was estimated at 248 €/TEE, considering the market price trend.

Compared to 2022, there is a significant increase in TEEs revenue, due to the higher number of TEEs purchased (about 14,000 TEEs more).

Other revenue and income, amounting to € 4.57 million, include the following amounts:

- € 72.6 thousand for recharges to Estra for service;
- about € 641 thousand in recharges to Murgia for service, meter sales and sundry services in addition to € 100 thousand for the lease of the Campobasso ATEM business unit;
- € 348 thousand in revenue from Edma Reti Gas for TEE-related service and recharges of seconded staff;

- € 145 thousand for service and recharges of staff seconded to AES Fano;
- € 286 thousand from Gergas for work carried out by Centria in municipalities of the Grosseto ATEM (€ 18.3 thousand), service (€ 261.7 thousand) and recharge of seconded staff costs (€ 6 thousand);
- € 78 thousand to SIG for service and various recharges;
- € 263 thousand for reimbursement of default charges;
- around € 720 thousand for ancillary services related to the transmission service;
- € 1.81 million for safety incentives for the year 2022;
- € 100 thousand for sundry revenue.

Sundry contingencies refer to lower revenue pertaining 2022.

## PRODUCTION COSTS

Production costs	31/12/2023	31/12/2022	Change
Raw and ancillary materials, consumables and goods	10,475,701	11,288,950	-813,250
Services	25,485,960	21,689,210	3,796,750
Use of third-party assets	10,037,161	9,859,413	177,748
Personnel costs	13,273,217	13,064,584	208,633
Amortisation of intangible assets	1,345,565	1,164,568	180,997
Depreciation of property, plant and equipment	20,085,178	19,308,258	776,921
Other write-downs of fixed assets	1,630,906	600,000	1,030,906
Write-down of receivables in current assets	73,500	-	73,500
Change in raw material inventories	1,256,291	-806,068	2,062,359
Sundry operating expenses	84,180,204	86,241,691	-2,061,487
<b>Total</b>	<b>167,843,683</b>	<b>162,410,606</b>	<b>5,433,077</b>

### For raw and ancillary materials, consumables and goods

Raw and ancillary materials, consumables and goods	31/12/2023	31/12/2022	Change
Purchase of electricity for industrial use	200,153	279,187	-79,034
Purchase of inventory materials	3,857,787	5,415,119	-1,557,332
Purchases of consumables	3,498	195	3,303
Purchase of goods	673,455	1,022,410	-348,956
Purchase of motor fuels	362,167	373,734	-11,567
Other purchases	4,815,182	2,970,790	1,844,392
Purchase of methane gas	563,459	1,227,515	-664,056
<b>Total</b>	<b>10,475,701</b>	<b>11,288,950</b>	<b>-813,250</b>

This item includes costs for consumables and inventory materials, purchases of LPG, fuel for company vehicles, and electricity and gas for ordinary operations.

Most of these costs were then capitalised as they related to investment activities (e.g. meter placements, materials for network expansion or connections realisation, furniture and fittings, etc.).

The cost for the purchase of LPG was about € 1.20 million (lower than the 2022 cost of about € 1.43 million).

## For services

The breakdown of this item is as follows:

Costs for services	31/12/2023	31/12/2022	Change
Service from parent companies	5,772,854	5,170,857	601,996
Services rendered by gas distribution companies	28,405	58,340	-29,934
Billing costs	9,396	7,969	1,426
Contracts for works	10,981,650	7,745,492	3,236,157
Telecommunications connection services	44,840	27,624	17,216
Telephone and telecommunications costs	1,889,322	1,751,124	138,198
Machinery and plant maintenance expenses	236,337	231,740	4,596
Utilities and facilities maintenance costs	22,859	19,200	3,659
Property maintenance for third parties	28,876	57,822	-28,946
Legal, notary, tax and administrative consultancy	297,738	571,275	-273,537
Technical services and consultancy	635,164	719,414	-84,250
Remuneration of the Board of Statutory Auditors	47,002	44,504	2,498
Remuneration of the Board of Directors	109,501	119,346	-9,845
Auditing company fees	52,000	60,720	-8,720
External EDP assistance	1,060,197	658,304	401,893
Advertising and sponsorship services	-	3,070	-3,070
Postal charges	20,240	20,307	-67
Insurance costs	595,202	431,411	163,791
Bank charges	47,788	18,568	29,220
Seconded staff	434,632	438,426	-3,794
Cleaning and security services	8,486	9,240	-754
Canteen services	311,206	231,818	79,387
Entertainment expenses	1,596	2,756	-1,160
Transport costs	32,480	46,317	-13,837
Other sundry expenses	484,406	538,645	-54,238
Emergency services	386,676	375,894	10,782
Meter reading costs	496,863	381,139	115,725
Condominium expenses	368	210	158
Maintenance and upgrading of thermal plants	66,411	59,873	6,538
Professional services	1,352,988	1,832,001	-479,013
Waste disposal	30,478	55,802	-25,324
<b>Total</b>	<b>25,485,960</b>	<b>21,689,210</b>	<b>3,796,750</b>

The item “services from parent companies” includes recharges by Estra for all services rendered to Centria, amounting to € 5.77 million in 2023.

As already explained, the increase in costs for works contracts was also reflected in an increase in the capitalised amounts for this item compared to the previous financial year, as most of these costs relate to investment activities.

In addition to mobile and fixed telephony, telephone and telecommunication costs also include costs originating from installations.

The increase is due to the gradual replacement of traditional meters with smart meters, which in fact communicate via SIM cards.

External EDP support includes all costs related to smart metering software fees, IT consultancy, fees, software support and maintenance. Compared to the previous financial year, a significant increase is observed, but this is due to the more precise allocation of some costs, highlighted last year under professional costs.

Meter reading costs also include, as in the previous year, the costs incurred by Centria for the service it performs on behalf of Edma Reti Gas on a contract basis for the parent company and whose amount is then re-invoiced to Estra.

Professional services mainly comprise activities related to the connections of external estimators and other investment-related activities, as well as a non-capitalised portion of consultancy and miscellaneous services. The decrease in costs for professional and technical services and consultancy is related, as already explained, to the more precise allocation of certain costs, recognised in this financial year under those related to external EDP assistance.

Other sundry expenses include costs for document verification, car maintenance, etc.

The cost of the emergency service switchboard also includes the service fee for Edma Reti Gas.

### Use of third party assets

The breakdown of this item is as follows:

Cost for use of third-party assets	31/12/2023	31/12/2022	Change
Rent of corporate offices	1,020,029	971,514	48,514
Sundry leases and rents	1,699,469	1,381,900	317,568
State property concession fees	277,564	273,276	4,288
Rentals, concessions	-	6,520	-6,520
Gas distribution concession fees	7,040,100	7,226,203	-186,103
<b>Total</b>	<b>10,037,161</b>	<b>9,859,413</b>	<b>177,748</b>

Rents concern the company headquarters and the various peripheral offices.

The item "Sundry leases and rent" includes car rental fees and other sundry lease fees (e.g., equipment, printers, etc.), as well as the amount of condominium expenses, amounting to € 835,650 compared to € 582,366 in the previous year).

The concession fees pertaining to 2023 recognised to the municipalities contracted with the natural gas distribution and metering service amounted to a total of € 7,006,398 and are distributed as follows:

- € 2,548,055 paid to the 71 municipalities contracting with the service and shareholders of Coingas S.p.A. of Arezzo, Consiag S.p.A. of Prato and Intesa S.p.A. of Siena;
- € 2,895,579 to the 5 municipalities in which the natural gas distribution and metering service was acquired in concession following public tenders (Cavriglia, Figline Valdarno, Montevarchi, Seravezza, Caprese Michelangelo);
- € 1,273,779 to the new 4 municipalities of Rieti, Mosciano, Citerna and Magione managed from 2018;
- € 67,379 to municipalities for the LPG service;
- € 221,606 to the municipalities of the Isernia ATEM.

This item also includes € 33,702 relating to contingent liabilities.

The concession fees for the year 2023 are defined on the basis of the ARERA tariff determinations.

With regard to the fees of the Municipality of Seravezza (post-2017) and the Municipalities of Valdarno (Montevarchi, Cavriglia and Figline Valdarno), which are managed under a concessionary prorogation by law regime, please note that the Company has initiated legal disputes concerning the definition of the amount of the concession fees due to these Municipalities.

Please refer to the ongoing disputes section for more details.

In these financial statements, in continuity with previous years, the full contractual amount has continued to be recognised at cost.

The item State concession fees, equal to € 277,564, includes the concession fees for gas pipeline crossings.

## Personnel costs

The breakdown of this item is as follows:

Personnel costs	31/12/2023	31/12/2022	Change
Wages and salaries	9,368,905	9,202,095	166,810
Social charges	3,293,726	3,094,493	199,233
Employee severance indemnity	586,382	741,924	-155,542
Other personnel costs	24,205	26,072	-1,868
<b>Total</b>	<b>13,273,217</b>	<b>13,064,584</b>	<b>208,633</b>

This item represents the total company costs for the two contracts applied, the Federgasacqua contract for employees and the Confservizi contract for managers, and includes all costs incurred, including the cost of holidays not taken.

The amount is slightly higher than last financial year.

## Depreciation, amortisation and write-downs

Depreciation and amortisation only reflect economic and technical criteria.

Amortisation of intangible assets	31/12/2023	31/12/2022	Change
Amortisation of start-up and expansion costs	2,650	4,592	-1,941
Amortisation of concessions, trademarks and licences	1,342,810	606,121	736,688
Amortisation of other intangible assets	105	553,855	-553,750
<b>Total</b>	<b>1,345,565</b>	<b>1,164,568</b>	<b>180,997</b>

Depreciation of property, plant and equipment	31/12/2023	31/12/2022	Change
Depreciation of land and buildings	44,162	44,076	85
Depreciation of plant and machinery	15,553,817	15,116,231	437,586
Depreciation of industrial and commercial equipment	4,402,124	4,045,257	356,867
Depreciation of other property, plant and equipment	85,076	102,693	-17,617
<b>Total</b>	<b>20,085,178</b>	<b>19,308,258</b>	<b>776,921</b>

For comments, please refer to the items under assets in the balance sheet.

## Write-downs

As already explained in the section on property, plant and equipment, an impairment of € 1,630,906 relating to electronic meters has been recorded.

Centria performed an impairment test, in accordance with OIC 9, for all malfunctioning electronic meters still in place at 31 December 2023 and also estimated possible future malfunctions, although these had not been identified at the end of the year.

Taking into account possible field interventions and the compensation recognised by ARERA in the tariff for non-applied depreciation on some types of meters, the recoverable value was lower than the net book value by around € 1.63 million; therefore, in 2023 a write down was carried out for this amount.

## Sundry operating expenses

The breakdown of this item is as follows:

Sundry operating expenses	31/12/2023	31/12/2022	Change
Sundry indirect taxes and duties	96,214	82,856	13,357
Stationery and printed matter	30,206	56,660	-26,453
Membership fees	1,102	2,100	-998
Contribution to Energy and Gas Authority	20,172	21,303	-1,131
Damages	26,192	4,923	21,269
Administrative sanctions	3,898	0	3,898
Other sundry expenses	47,186	37,349	9,837
Compensation to customers	451,846	218,930	232,916
Civil utilities liability insurance account	180,257	180,307	-50
Other non-extraordinary contingencies	4,727	30,624	-25,897
Taxes for occupying public areas	775,388	682,541	92,847
Costs for purchase and production of TEE certificates	5,253,988	1,761,121	3,492,866
Pass-through components	74,994,089	81,928,590	-6,934,502
Capital losses on disposals	1,894,940	672,685	1,222,255
Allocation to sundry operating expenses risks	400,000	561,701	-161,701
<b>Total</b>	<b>84,180,204</b>	<b>86,241,691</b>	<b>-2,061,487</b>

The costs of purchasing and producing TEEs relate to purchases made in the year 2023, for the purpose of obtaining energy saving certificates to meet the obligations imposed by sector regulations.

A total of 21,152 TEEs were purchased at a cost of € 5,264,336.

There are also an additional 21,769 "virtual" certificates, purchased directly from the GME and which did not give rise to the recognition of costs and revenue (as for the others), but only the valuation (among costs) of the amount that the GME retained for these certificates at the time of the disbursement of the contribution for the 2022 obligation year, equal to € 217,690.

As with revenue, the difference with respect to the 2022 values is the higher amount of TEEs purchased.

The amount of the TEEs cost is net of the utilisation of the provision for risks, amounting to € 228,038 (€ 333,319 in 2022).

The item "Provision for risks for sundry operating expenses" includes provisions made for risks related to various penalties that the Authority might charge for a total of € 400 thousand (default penalties, failure to read and replace meters, IN & OUT penalties).

As already described in the section relating to revenue from sales, the item "Pass-through components" includes the sector contributions of the GS-RE-RS-UG1-UG2 components, amounts due to the Electricity and Gas Authority for the Electricity Sector Equalisation Fund in for the electric sector.

As explained in the receivables section, the decrease compared to 2022 is related to the calculation mechanism applied in 2022 and the return to ordinary operations after mid-2023.

Pass-through components that were still negative at the end of the financial year were recognised under costs, as expenses, while positive amounts with the respect to the Fund were recognised as revenue within Production Value.

The capital losses originated both from the obligation to replace traditional meters imposed by the Authority (about € 105 thousand for which, however, the QA component will continue to be recognised in the VRT if installed by 2014), and from the decommissioning of non-functioning electronic meters (about € 1.6 million,



for which other revenue for compensation received from suppliers for € 837 thousand and IRMA revenue on electronic meters decommissioned in 2023 for about € 850 thousand are recognised under other revenues), as well as from the decommissioning of pipes (about € 150 thousand) and fixed assets under construction for projects that will not be realised (about € 39 thousand).

Indirect taxes and duties include IMU, TASI, virtual stamps, and administrative rights; taxes for occupying public areas include TOSAP, which the company pays to municipalities where methane gas distribution networks are located; indemnities to customers mainly include amounts paid to sales companies for meter reading indemnities.

## FINANCIAL INCOME AND EXPENSES

Financial income and expenses	31/12/2023	31/12/2022	Change
Income from equity investments	2,467,055	1,677,601	789,453
Other financial income	311,477	46,386	265,092
Interest and other financial expenses	9,293,267	3,971,469	5,321,799
<b>Total</b>	<b>-6,514,736</b>	<b>-2,247,482</b>	<b>-4,267,253</b>

### Other financial income

Other financial income	31/12/2023	31/12/2022	Change
Interest income on receivables from parent companies	291,778	28,379	263,400
Interest income on bank and postal accounts	8,027	2,536	5,491
Interest on overdue trade receivables	1,477	2,287	-809
Other financial income	10,195	13,184	-2,989
<b>Total</b>	<b>311,477</b>	<b>46,386</b>	<b>265,092</b>

The increase in interest income from parent companies is linked to the increase in the interest rate used to remunerate the positive balance of cash pooling accounts.

Interest on arrears to sales companies is due to late payment of transmission invoices.

Other financial income is related to the portion of implicit interest income arising from the recognition of the revenue and the discounting, starting in 2019, of the future QA portions that the Authority will recognise for the replacements of traditional subsidised meters.

Therefore, the portion of implicit interest income accrued is recognised in the income statement.

### Interest and other financial expenses

Financial expenses	31/12/2023	31/12/2022	Change
To parent companies	4,375,536	2,340,181	2,035,354
To others	4,917,732	1,631,288	3,286,444
<b>Total</b>	<b>9,293,267</b>	<b>3,971,469</b>	<b>5,321,799</b>

**Financial expenses to parent companies**

The amount of € 4,375,536 relates to interest paid to the parent company on outstanding loans (€ 4.138 million), plus interest expenses for utilisation of the cash pooling facility (€ 112 million), plus other amounts for interest recharged for commissions on overdrafts by Estra.

The significant increase compared to 2022 is related to the higher interest rate applied to the loan of € 70 million outstanding with the Parent Company, regulated at a variable rate.

**Breakdown of financial expenses to others**

Other financial expenses are broken down as shown in the table below:

Interest and other financial expenses	31/12/2023	31/12/2022	Change
Interest expenses on loans	2,997,740	1,491,301	1,506,440
Other financial expenses	1,910,142	139,859	1,770,282
Interest on arrears	9,850	128	9,722
<b>Total</b>	<b>4,917,732</b>	<b>1,631,288</b>	<b>3,286,444</b>

Again, the increase in interest expenses on mortgages compared to 2022 is due to the increase in the interest rate, as most of them are at variable rates.

The item other financial expenses includes provisions for interest expenses that the company may have to pay for late payment of disputed payable items, in the event of a negative outcome.

**Taxes for the year**

The breakdown of operating taxes, which had an impact of € 682,926, is as follows:

Taxes	31/12/2023	31/12/2022	Change
IRES	520,565	1,756,786	-1,236,221
IRAP	371,311	468,684	-97,373
Taxes for previous years	77,819	0	77,819
<b>Current taxes</b>	<b>969,695</b>	<b>2,225,470</b>	<b>-1,255,775</b>
Deferred taxes	-30,304	66,139	-96,443
Prepaid taxes	-1,622,317	-1,220,527	-401,790
<b>Total</b>	<b>-682,926</b>	<b>1,071,082</b>	<b>-1,754,008</b>

Regarding changes in deferred tax assets and liabilities, please refer to the notes to the relevant asset and liability items in the Balance Sheet.

Please note that the company has opted for the tax regime known as the National Tax Consolidation, whose rules are set forth in Articles 117 to 129 of Italian Presidential Decree no. 917/1986. This optional regime, which is also valid for 2023, provides for the determination by the parent company of a single group taxable income, corresponding to the algebraic sum of the total net income of the participating entities and, consequently, of a single income tax for the group companies.

## Reconciliation between the financial statements tax burden and the theoretical tax burden

IRES	Value	Taxes
<b>Profit before tax</b>	311,262	
Theoretical tax burden (%)	24.00%	
<b>Theoretical IRES</b>		<b>74,703</b>
Temporary taxable differences in subsequent years:	<b>5,397,108</b>	<b>1,295,306</b>
Temporary differences deductible in subsequent years:	<b>3,422,596</b>	<b>821,423</b>
Reversal of temporary differences from previous years	<b>-1,667,011</b>	<b>-400,083</b>
Differences that will not be reversed in subsequent years	<b>-4,085,362</b>	<b>-980,487</b>
<b>ACE deduction</b>	<b>-1,209,574</b>	<b>-290,298</b>
<b>Taxable income</b>	<b>2,169,020</b>	
<b>Effective IRES</b>	<b>167.24%</b>	<b>520,565</b>

IRAP	Value	Taxes
<b>Difference between production value and production costs</b>	<b>21,803,622</b>	
Non-deductible costs for IRAP purposes	646,715	
<b>Gross production value for IRAP purposes</b>	<b>22,450,337</b>	
<b>Theoretical tax burden (%)</b>	<b>5.12%</b>	<b>1,149,521</b>
decreases	-2,176,210	-111,422
Deductions	-13,023,217	-666,789
<b>Taxable income</b>	<b>7,250,909</b>	
<b>IRAP on taxable income</b>	<b>1.65%</b>	<b>371,311</b>

## Public grants received

With reference to the changes introduced by Italian Law no. 124 of 4 August 2017 "Annual law on competition", in Article 1, paragraphs 125-129, it should be noted that during 2023 the following grants were received from public entities.

These contributions relate to interventions on the natural gas distribution network and connections.

Beneficiary	Granting body			Type of operation	Amount
	Name	Tax code	VAT NUMBER		
CENTRIA srl	MUNICIPALITY OF BIBBIENA	00137130514	00137130514	Equipment contributions (Connections)	10,120
CENTRIA srl	PUBLIACQUA S.P.A.	05040110487	05040110487	Equipment contribution (distribution network)	94,922
				Equipment contributions (Connections)	200
CENTRIA srl	MUNICIPALITY OF MURLO	80003070523	00352080527	Equipment contribution (distribution network)	129,388
				Equipment contributions (Connections)	4,672

For further information, please refer to the National State Aid Register.

## Transactions with related parties

With reference to the disclosure required by Article 2427, no. 22-bis, of the Italian Civil Code, there are no transactions with related parties not concluded at normal market conditions to be reported.

The following table summarises the 2023 costs and revenue with respect to shareholders, the parent company and associated companies and companies directly or indirectly controlled by Estra Spa.

**Costs and revenues pertaining to associated companies, group companies and parent companies**

Company	Costs	Revenue
ESTRA SPA	12,920,697	486,782
ALIA SERVIZI AMBIENTALI SPA		1,340
ESTRA ENERGIE SRL	987,647	-4,451,163
ESTRA COM SPA	1,947,159	8,520
ESTRA CLIMA SRL	97,843	124,852
GERGAS SPA	180,000	361,616
EDMA RETI GAS SRL	-1,395,864	391,152
PROMETEO SPA	10,780	28,562
AES FANO DISTRIB. GAS SRL		161,901
MURGIA RETI GAS SRL	-464,063	741,359
SIG	2	100,782
ECOLAT SRL	6,105	756
ECOCENTRE TOSCANA SRL		3,904
ECOS SRL	28,321	600
SEI TOSCANA		176,399
PUBLIACQUA	2,214	95,122
<b>Total</b>	<b>14,320,841</b>	<b>-1,767,514</b>

Please refer to what has been described earlier in this document and to the specific paragraph in the Report on Operations for more details on the nature of the transactions underlying the above amounts.

**Employees**

With reference to Article 2427, no. 15, of the Italian Civil Code, the following table shows the average number of functional employees, the breakdown of employees by category, and also, for the sake of clarity, a comparison with the previous financial year's figures.

Average workforce by qualification	31/12/2023	31/12/2022
Managers	5	1
White-collar workers and managers	114	115
Blue-collar workers	107	110
<b>Total</b>	<b>226</b>	<b>226</b>

**Remuneration to Directors and Statutory Auditors**

With reference to Article 2427, no. 16, of the Italian Civil Code, the remuneration due to the directors, pursuant to Article 2389 of the Italian Civil Code, to the Auditing Company and to the Board of Statutory Auditors is shown below:

Remuneration	31/12/2023
Remuneration of the Board of Directors	109,501
Remuneration of the Board of Statutory Auditors	47,002
Auditing company fees	38,000
<b>Total</b>	<b>194,503</b>

### **Proposed allocation of the annual result**

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The Board of Directors proposes to the Shareholders to allocate the profit of € 994.189 from the financial statements for the year ended as at 31 December 2023 as follows

- € 49,709.45, equal to 5.00% of the profit realised, to increase the legal reserve;
- € 2,007 to cover losses carried forward;
- € 631,210.55 to increase the extraordinary reserve;
- € 311,262 distributed to shareholders according to their respective shares.

These financial statements, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statements, give a true and fair view of the financial position and results of operations for the year and correspond to the accounting records.

Arezzo 27/03/2024

For the Board of Directors  
The Chief Executive Officer  
Riccardo Matteini  
Signed<

# Centria S.r.l.

Financial statements as at December 31, 2023

Independent auditor's report in pursuant to article 14 of  
Legislative Decree n. 39, dated 27 January 2010

## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

To the Shareholders of  
Centria S.r.l.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Centria S.r.l. (the Company), which comprise the balance sheet as at December 31, 2023, the income statement and statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report



that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Centria S.r.l. are responsible for the preparation of the Report on Operations of Centria S.r.l. as at December 31, 2023, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Centria S.r.l. as of December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Centria S.r.l. as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Firenze, April 12, 2024

EY S.p.A.

Signed by: Andrea Eronidi, Auditor

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