

Alternative capital performance indicators	Description
Net working capital	A capital indicator that expresses the capital employed in current and non-financial assets and liabilities. This is defined as the sum of the values relating to trade receivables and payables, inventories, tax receivables and payables, provisions for risks and charges, deferred tax assets, deferred tax liabilities and other assets and liabilities.
Fixed capital	A capital indicator that expresses the total fixed assets. It is defined as the sum of the values relating to items of Property, plant and equipment, Intangible assets net of Other liabilities relating to connection contributions, Equity investments and Net debt relating to investment activities.
Net invested capital	A capital indicator that expresses the investments made by the company in operations. This is defined as the sum of the values related to fixed capital, net working capital, provisions for employee benefits and assets held for sale and directly related liabilities.
Alternative financial performance indicators	Description
Cash flow from operating activities	It represents the net cash flow from the operating activity of the mandatory schemes, excluding the effects deriving from the application of the IFRS 15 accounting standard (Other liabilities relating to connection contributions).
Free cash flow before M&A transactions	It represents the cash surplus or deficit remaining after the financing of investments, excluding the flow deriving from Merger and Acquisition transactions.
Free cash flow	It represents the cash surplus or deficit remaining after financing of the investments.
Net financial debt	Determined as the sum of short and long-term financial debt, net of cash and cash equivalents and current financial assets, such as, for example, securities held for trading (note 18).

6.4.1 Reconciliation of the reclassified Income Statement, Statement of Financial Position and Statement of Cash Flows

In line with ESM/2015/1415 guidance, the reconciliation of the Income Statements, Statements of Financial Position and Statements of Cash Flows of the Italgas Group and Italgas S.p.A., commented in the Directors' Report is provided below with the related legally required statements.

In compliance with the ESMA provisions for the taxonomy of ESEF (European Single Electronic Format) annual financial statements, a number of items in the balance sheet and income statement were reclassified, also readjusting the values as at 31 December 2021.

For more details, see the "Financial Statements" section of the notes to the consolidated financial statements and separate financial statements.

RECONCILIATION BETWEEN RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS AND THE LEGALLY REQUIRED FINANCIAL STATEMENTS

RECLASSIFIED INCOME STATEMENT

(€ million)	Reference to the explanatory notes of the consolidated financial statements	2020			2021		
		Figures from restated mandatory statement	Partial figures from restated mandatory statements	Figures from restated reclassified statements	Figures from mandatory statements	Partial figures from mandatory statements	Figures from reclassified statements
Revenues (from mandatory statements)		2,126.8			2,163.2		
Revenues for construction and upgrading of distribution infrastructures IFRIC 12	(note 27)		(668.2)			(772.0)	
Release of connection contributions relating to the financial year	(note 27)		(19.5)			(19.6)	
Net income from Energy Efficiency Certificates	(note 27)		3.4			-	
Reimbursement of faulty meters	(note 27)		(0.2)			(0.8)	
Total revenue (from reclassified statements)				1,442.2			1,370.8
Operating costs (from mandatory statements)		(1,081.1)			(1,134.7)		
Revenues for construction and upgrading of distribution infrastructures IFRIC 12	(nota 27)		668.2			772.0	
Net income from Energy Efficiency Certificates	(nota 27)		(3.4)			-	
Reimbursement of faulty meters	(nota 27)		0.2			0.8	
Operating costs (from reclassified statements)				(416.1)			(361.9)
EBITDA				1,026.1			1,008.9

(€ million)	Reference to the explanatory notes of the consolidated financial statements	2020			2021		
		Figures from restated mandatory statement	Partial figures from restated mandatory statements	Figures from restated reclassified statements	Figures from mandatory statements	Partial figures from mandatory statements	Figures from reclassified statements
Amortisation, depreciation and impairment (from mandatory statements)		(440.0)			(445.3)		
Release of connection contributions relating to the financial year	(note 27)		19.5			19.6	
Amortisation, depreciation and impairment (from reclassified statements)				(420.5)			(425.7)
EBIT		605.7		605.6	583.2		583.2
Net financial expense		(49.2)		(49.2)	(60.4)		(60.4)
Net income from equity investments		1.5		1.5	2.5		2.5
Gross profit		557.9		557.9	525.3		525.3
Income taxes		(152.7)		(152.7)	(141.9)		(141.9)
Net profit (loss)		405.2		405.2	383.4		383.4

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€ million)	Reference to the explanatory notes of the condensed consolidated half-year financial statements	31.12.2020		31.12.2021	
		Partial figures from restated mandatory statements	Figures from restated reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Fixed capital					
Property, plant and equipment			369.9		372.1
Intangible assets, of which:			6,511.5		6,938.1
Intangible assets	(note 14)	7,055.0		7,469.8	
from which to deduct Connection contributions	(note 21)	(543.5)		(531.7)	
Participating interests, composed of:			34.2		35.1
Equity investments measured using the equity method	(note 15)	29.3		30.1	
Other investments	(note 16)	4.9		5.0	
Financial receivables and securities instrumental to operations			0.2		2.8

(€ million)	Reference to the explanatory notes of the condensed consolidated half-year financial statements	31.12.2020		31.12.2021	
		Partial figures from restated mandatory statements	Figures from restated reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
(Where not expressly indicated, the item is obtained directly from the legally-required statement)					
Net payables relating to investment activities, composed of:			(208.6)		(241.9)
Payables for investment activities	(note 19)	(225.1)		(241.6)	
Payables due to Conscoop shareholders	(note 18)	-		(5.6)	
Receivables from investment/divestment activities	(note 9)	16.5		5.3	
Total fixed capital (from reclassified statements)			6,707.2		7,106.2
Net working capital					
Trade receivables			462.2		388.6
Inventories			101.2		105.3
Tax assets, composed of:			64.4		71.6
Current income tax assets	(note 11)	7.6		21.7	
Non-current income tax assets	(note 11)	-		22.9	
Other current tax assets	(note 12)	40.8		10.7	
IRES receivables for National Tax Consolidation Scheme	(note 9)	16.0		16.3	
Accruals and deferrals from regulated activities			202.8		115.8
Other assets, composed of:			148.3		186.5
Other receivables	(nota 9)	140.3		177.9	
Other assets	(nota 12)	8.0		7.9	
Other financial assets	(nota 20)	-		0.7	
Trade payables			(303.0)		(300.9)
Provisions for risks and charges			(202.6)		(159.5)
Deferred tax liabilities			(55.2)		(50.8)
Tax payables, composed of:			(43.5)		(12.1)
Current income tax liabilities	(note 11)	(34.4)		(3.4)	
Other tax liabilities	(note 21)	(9.0)		(8.7)	
Parent company's payables for liquidation of Group VAT	(note 19)	(0.1)		-	
Other liabilities, composed of:			(263.4)		(234.8)
Other payables	(note 19)	(239.4)		(220.9)	
Other liabilities	(note 21)	(2.7)		(7.2)	
Other financial liabilities	(note 20)	(21.3)		(6.7)	
Total net working capital (from reclassified statements)			111.2		109.7

(€ million)	Reference to the explanatory notes of the condensed consolidated half-year financial statements	31.12.2020		31.12.2021	
		Partial figures from restated mandatory statements	Figures from restated reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
<i>(Where not expressly indicated, the item is obtained directly from the legally-required statement)</i>					
Provisions for employee benefits			(104.6)		(95.6)
Assets held for sale and directly related liabilities, composed of:			0.1		2.2
Assets held for sale	(note 17)	0.1		2.2	
NET INVESTED CAPITAL			6,713.9		7,122.5
Shareholders' equity including minority interests			(1,977.4)		(2,142.5)
Net financial debt					
<i>Financial and bond debt, composed of:</i>			(5,405.1)		(6,376.9)
Long-term financial liabilities	(note 18)	(4,651.1)		(5,735.3)	
Short-term financial liabilities, composed of:					
Short-term portions of long-term financial debt	(note 18)	(97.7)		(208.0)	
Short-term financial liabilities:					
Short-term financial liabilities	(note 18)	(580.5)		(363.6)	
from which to deduct Factoring transactions in transit		0.5		-	
Financial liabilities pursuant to IFRS 16	(note 18)	(76.3)		(70.0)	
<i>Financial receivables and cash and cash equivalents, composed of:</i>			668.6		1,396.9
Cash:			663.5		1,391.8
Cash and cash equivalents	(note 7)	664.0		1,391.8	
from which to deduct Factoring transactions in transit		(0.5)			
Current financial assets, composed of:			5.1		5.1
Financial receivables non-instrumental to operations	(note 8)	5.0		5.0	
Other financial assets held for trading or available for sale	(note 8)	0.1		0.1	
Total net financial debt (from reclassified statements)			(4,736.5)		(4,980.0)
HEDGING			(6,713.9)		(7,122.5)

RECLASSIFIED STATEMENT OF CASH FLOWS

(€ million)	2020		2021	
	Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Reclassified Statement of Cash Flows items and intersection of legally-required statement items				
Net profit		405.2		383.4
<i>Correction:</i>				
Amortisation, depreciation and other non-monetary components:		428.3		426.6
Amortisation and depreciation	443.3		444.4	
Net impairment of property, plant and equipment and intangible assets	0.9		0.9	
Contributions for connections - uses	(19.5)		(19.6)	
Effect of valuation using equity method	(1.5)		(2.5)	
Non-monetary items (stock grants)	5.1		3.4	
Net capital losses (capital gains) on asset sales and eliminations		(1.1)		3.6
Interest, income taxes and other changes:		201.2		203.6
Interest income	(5.3)		(3.6)	
Interest expense	54.5		65.3	
Income taxes	152.0		141.9	
Change in working capital due to operating activities:		(110.8)		76.5
Inventories	(48.9)		(3.5)	
Trade and other receivables	11.9		35.1	
Trade and other payables	3.9		(50.4)	
Change to provisions for risks and charges	29.7		(43.5)	
Other assets and liabilities	(99.8)		148.4	
from which to deduct Deferrals for connection contributions - increases	(7.1)		7.7	
from which to deduct Deferrals for connection contributions - uses	19.5		(19.6)	
from which to deduct effects of transactions to municipalities	(10.6)		-	
Change in provisions for employee benefits	(8.6)		(9.6)	
other changes	(0.8)		-	
Dividends, interest and income taxes collected (paid):		(176.2)		(261.8)
Dividends collected	7.4		1.3	
Interest income	1.4		3.6	
Interest paid	(48.3)		(59.8)	
Income taxes (paid) refunded	(136.7)		(206.9)	
Cash flow from operating activities		746.6		831.9

(€ million)	2020		2021	
	Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Reclassified Statement of Cash Flows items and intersection of legally-required statement items				
Technical investments:		(741.8)		(809.3)
Property, plant and equipment	(39.5)		(30.8)	
Intangible assets	(709.4)		(786.2)	
Contributions for connections - increases	7.1		7.7	
Other changes relating to investment activities:		(5.2)		14.6
Disinvestments:		2.0		12.5
Property, plant and equipment	2.0		1.3	
Intangible assets	11.2		-	
Change in receivables relating to investment activities	(11.2)		11.2	
Free cash flow before M&A transactions	1.6		49.7	
Change in scope of consolidation		(4.4)		(22.1)
price paid for equity	(4.4)		(22.1)	
Business units and assests		(9.7)		(1.7)
Free cash flow		(12.5)		25.9
Change in financial debt:		657.3		955.6
Change in short- and long-term financial debt (*)	657.3		955.6	
Reimbursements of financial liabilities for leased assets		-24.1		(21.5)
Capital contribution from third parties		-		11.3
Equity cash flow		-211.4		(243.1)
Net cash flow for the year		409.3		728.2

(*) The statement takes into account an adjustment of 0.5 made in 2020 for factoring income

RECONCILIATION BETWEEN RECLASSIFIED FINANCIAL STATEMENTS OF ITALGAS S.P.A. AND THE LEGALLY REQUIRED FINANCIAL STATEMENTS

RECLASSIFIED INCOME STATEMENT

(€ million)	Reference to the explanatory notes of the consolidated financial statements	2020			2021		
		Figures from mandatory statements	Partial figures from mandatory statements	Figures from reclassified statements	Figures from mandatory statements	Partial figures from mandatory statements	Figures from reclassified statements
Revenues (from mandatory statements)		106.6			104.5		
Income for second-ed personnel	(note 25)		(2.4)			(2.3)	
Total revenue (from reclassified statements)				104.1			102.2
Operating costs (from mandatory statements)		(111.0)			(103.4)		
Income for second-ed personnel	(note 25)		2.4			2.3	
Operating costs (from reclassified statements)				(108.6)			(101.1)
EBITDA				(4.5)			1.1
Amortisation, depreciation and impairment		(6.6)		(6.6)	(5.3)		(5.3)
EBIT		(11.0)		(11.0)	(4.2)		(4.2)
Net financial expense		(17.4)		(17.4)	(23.1)		(23.1)
Net income from equity investments		239.7		239.7	264.1		264.1
Gross profit		211.2		211.2	236.9		236.9
Income taxes		3.7		3.7	2.7		2.7
Net profit (loss)		214.9		214.9	239.6		239.6

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€ million)	Reference to the explanatory notes of the financial statements	31.12.2020		31.12.2021	
		Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
(Where not expressly indicated, the item is obtained directly from the legally-required statement)					
Fixed capital					
Property, plant and equipment			15.8		12.3
Intangible assets			13.5		0.4
Equity investments			2,994.6		3,010.4
Net payables related to investments			(3.7)		(1.1)
Financial receivables and securities instrumental to operations			3,181.0		3,687.8
Total fixed capital (from reclassified statements)			6,201.2		6,709.8
Net working capital					
Trade receivables			49.1		37.2
Inventories			-		-
Tax assets, composed of:			55.8		17.3
Income tax assets	(note 11)	-		12.6	
Other current tax assets	(note 12)	30.2		4.7	
IRES receivables for National Tax Consolidation Scheme	(note 9)	25.6		-	
Group VAT receivables	(note 9)	-		-	
Deferred tax assets			9.0		4.7
Other assets			4.5		4.4
Other current and non-current assets	(note 12 e 20)	4.5		4.4	
Trade payables			(32.9)		(17.1)
Provisions for risks and charges			(8.4)		(8.0)
Tax payables, composed of:			(74.7)		(31.2)
Income tax liabilities	(note 11)	(26.6)		(11.5)	
Other current tax liabilities	(note 21)	(1.6)		(1.4)	
Group VAT payables	(note 19)	(46.4)		(18.3)	
Other liabilities, composed of:			(34.0)		(18.1)
Other payables	(note 19)	(12.7)		(10.8)	
Other financial liabilities	(note 20)	(21.3)		(7.3)	

(€ million)	Reference to the explanatory notes of the financial statements	31.12.2020		31.12.2021	
		Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
(Where not expressly indicated, the item is obtained directly from the legally-required statement)					
Total net working capital (from reclassified statements)			(31.6)		(10.8)
Provisions for employee benefits			(14.9)		(12.3)
NET INVESTED CAPITAL			6,154.7		6,686.7
Shareholders' equity including minority interests			(1,708.9)		(1,737.7)
Net financial debt					
Financial and bond debt, composed of:			(5,268.9)		(6,547.8)
Long-term financial liabilities	(note 18)	(4,571.6)		(5,662.5)	
Short-term portions of long-term financial debt	(note 18)	(66.5)		(179.4)	
Short-term financial liabilities	(note 18)	(617.9)		(696.5)	
Financial liabilities pursuant to IFRS 16	(note 18)	(12.9)		(9.5)	
Financial receivables and cash and cash equivalents, composed of:			823.1		1,598.8
Financial receivables non-instrumental to operations	(note 9)	166.0		214.2	
Cash and cash equivalents	(note 7)	657.1		1,384.6	
Total net financial debt (from reclassified statements)			(4,445.8)		(4,949.0)
HEDGING			(6,154.7)		(6,686.7)

RECLASSIFIED STATEMENT OF CASH FLOWS

(€ million)	2020		2021	
	Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Reclassified Statement of Cash Flows items and intersection of legally-required statement items				
Net profit		214.9		239.6
<i>Correction:</i>				
Amortisation, depreciation and other non-monetary components:		6.6		4.8
Amortisation and depreciation	6.6		5.3	
Impairment of equity investments	-		(2.0)	
Non-monetary items (stock grants)	-		1.5	
Interest, income taxes and other changes:		(225.9)		(240.9)
Dividends and other income from equity investments	(239.7)		(261.4)	
Interest income	(35.3)		(38.4)	

(€ million)	2020		2021	
	Partial figures from mandatory statements	Figures from reclassified statements	Partial figures from mandatory statements	Figures from reclassified statements
Reclassified Statement of Cash Flows items and intersection of legally-required statement items				
Interest expense	52.8		61.5	
Income taxes	(3.7)		(2.6)	
Change in working capital due to operating activities:		19.6		(10.2)
Inventories	-		-	
Trade and other receivables	(14.4)		36.5	
Trade and other payables	5.4		(34.3)	
Change to provisions for risks and charges	6.6		(0.4)	
Other assets and liabilities	25.7		(10.6)	
Other changes	(0.9)		0.0	
Change in provisions for employee benefits	(2.8)		(1.4)	
Dividends, interest and income taxes collected (paid):		206.5		244.1
Dividends and other income collected from equity investments	239.7		261.4	
Interest income	10.8		38.4	
Interest paid	(47.4)		(57.3)	
Income taxes (paid) refunded	3.4		1.6	
Cash flow from operating activities		221.6		237.4
Technical investments:		(565.8)		(516.2)
Property, plant and equipment	(0.6)		(1.3)	
Intangible assets	(7.2)		(7.4)	
Equity investments	(0.8)		(0.7)	
Financial receivables instrumental to operations	(558.0)		(506.8)	
Change in receivables relating to disinvestment activities		(2.6)		(2.6)
Disinvestments:		-		4.6
Operating activities sold	-		4.6	
Free cash flow		(346.8)		(276.8)
Change in financial receivables not related to operations		252.9		48.3
Change in short- and long-term financial debt		791.4		1,181.8
Change in financial liabilities for leased assets		(2.3)		(2.2)
Equity cash flow		(207.1)		(223.6)
Other changes relating to non-monetary components		19.1		-
Cash flow for the year		507.2		727.5

6.5 Other information

Treasury shares

The company did not own any treasury shares as at 31 December 2021.

Related party transactions

Based on Italgas' current ownership structure, Italgas related parties include, in addition to directors, statutory auditors, executives with strategic responsibilities, companies associated with the Group or under its joint control, also the subsidiaries directly or indirectly controlled by CDP, therefore including the shareholder Snam, and the Ministry of Economy and Finance (MEF). Transactions with these entities relate to the exchange of assets, the provision of services and, in the case of CDP, the provision of financial resources.

These transactions are part of ordinary business operations and are generally settled at arm's length, i.e. the conditions which would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Italgas Group.

Pursuant to the provisions of the applicable legislation, the Company has adopted internal procedures to ensure that transactions carried out by the Company or its subsidiaries with related parties are transparent and correct in their substance and procedure.

The Directors and Statutory Auditors declare potential interests that they have in relation to the Company and the Group every six months, and/or when changes in said interests occur; in any case, they promptly inform the Chief Executive Officer (or the Chairman, in the case of the Chief Executive Officer's interests), who in turn informs the other directors and the Board of Statutory Auditors, of the individual transactions that the Company intends to carry out and in which they have an interest.

CDP and CDP Reti consolidate Italgas pursuant to IFRS 10. In addition, through the Board of Directors' decision of 1 August 2019, CDP reclassified its investment in Italgas S.p.A. as a controlling interest pursuant to Article 2359, paragraph 1.2) of the Italian Civil Code and Article 93 of the CLF. Italgas is not subject to management and coordination activities by CDP.

As at 31 December 2021, Italgas manages and coordinates its subsidiaries, pursuant to Article 2497 et seq. of the Italian Civil Code.

The amounts involved in commercial, miscellaneous and financial relations with related parties, descriptions of the key transactions and the impact of these on the balance sheet, income statement and cash flows, are provided in the paragraph "Related-party transactions" of the Notes to the consolidated and separate financial statements.

Relations with Key Managers are shown in the paragraph "Operating costs" of the Notes to the consolidated financial statements.

Operating performance of subsidiaries

For information on the outlook of areas where Italgas operates in whole or in part through subsidiaries, please refer to "Operating performance" and "Comment on the economic and financial results" of this Report.

Branch offices

In compliance with Art. 2428, fourth paragraph of the Italian Civil Code, note that the Italgas does not have secondary offices.