Prospectus

E.S.TR.A. S.p.A.

Energia Servizi Territorio Ambiente

(incorporated as a company limited by shares under the laws of the Republic of Italy)

€80,000,000 3.050 per cent. Guaranteed Notes due 14 April 2027

guaranteed by

CENTRIA S.r.l.

(incorporated as a limited liability company under the laws of the Republic of Italy)

The €80,000,000 3.050 per cent. Guaranteed Notes due 14 April 2027 (the "**Notes**") of E.S.TR.A. S.p.A. Energia Servizi Territorio Ambiente (the "**Issuer**") are expected to be issued on 14 April 2022 (the "**Issue Date**") at an issue price of 98.509 per cent. of their principal amount. The Notes are guaranteed by Centria S.r.l. (the "**Guarantor**") pursuant to a deed of guarantee to be dated on or about the Issue Date (the "**Guarantee**").

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 14 April 2027. The Notes are subject to redemption at the option of the Issuer: (i) in whole (but not in part) at their principal amount in the event of certain changes affecting taxation in the Republic of Italy; or (ii) in whole or in part at any time on the giving of notice, at their Early Redemption Make-Whole Amount (as defined below), in each case together with accrued interest. In addition, each holder of a Note may require the Issuer to redeem such Note at its principal amount upon the occurrence of a Put Event (as defined below), all as set out in further detail in "*Terms and Conditions of the Notes — Redemption and Purchase*".

The Notes will bear interest from the Issue Date at the rate of 3.050 per cent. per annum, payable annually in arrear on 14 April each year commencing on 14 April 2023. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Terms and Conditions of the Notes — Taxation*".

This Prospectus is a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Regulation. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer, the Guarantor or the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to its Official List and trading on its regulated market. This Prospectus is available for viewing on Euronext Dublin's website (*https://live.euronext.com*) and the documents incorporated by reference herein may be accessed on the Issuer's website (*www.estraspa.it*) (see "*Information Incorporated by Reference*").

An investment in the Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 13.

The Notes will be in bearer form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), which will be deposited on or around the Issue Date with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A., Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**") not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Joint Global Coordinators

Crédit Agricole CIB **Mediobanca**

Joint Lead Managers

Crédit Agricole CIB **Mediobanca** **MPS Capital Services**

13 April 2022

IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

This Prospectus should be read in conjunction with all information which is incorporated by reference in and forms part of this Prospectus (see "*Information Incorporated by Reference*").

Each of the Issuer and the Guarantor has confirmed to Crédit Agricole Corporate and Investment Bank and Mediobanca – Banca di Credito Finanziario S.p.A. (together, the "**Joint Global Coordinators**") and to MPS Capital Services Banca per le Imprese S.p.A. (together with the Joint Global Coordinators, the "**Joint Lead Managers**") that this Prospectus contains all information regarding the Issuer, the Guarantor and the Notes which is (in the context of the issue of the Notes and the giving of the Guarantee) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or the Guarantor are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information contained herein (in such context) not misleading in any material respect; and all reasonable enquiries have been made to ascertain and to verify the foregoing.

No person is authorised to give any information or make any representation not contained in this Prospectus in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Guarantor or the Joint Lead Managers or any of their respective directors, affiliates, advisers or agents.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer or the Guarantor in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operation, business and prospects of the Issuer or the Guarantor since the date of this Prospectus. The Issuer and the Guarantor are under no obligation to update the information contained in this Prospectus after the initial distribution of the Notes and their admission to trading on the regulated market of Euronext Dublin and, save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer and the Guarantor will not provide any post-issuance information to investors.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. The content of this Prospectus should not be construed as providing legal, business, accounting or tax advice and each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor, and to have consulted its own legal, business, accounting, tax and other professional advisers. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Lead Manager to any person to subscribe for or to purchase any Notes.

SUITABILITY OF INVESTMENT

Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and the Guarantee, and be familiar with the behaviour of financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Guarantor nor any of the Joint Lead Managers represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Joint Lead Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 on insurance distribution, as amended or superseded (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic

law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET: Solely for the purposes of each EU manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the EU manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

For a description of certain other restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures which precede them.

THIRD PARTY INFORMATION

This Prospectus contains information sourced from the *Istituto Nazionale di Statistica* (the National Statistics Institute or "**ISTAT**") and the *Autorità di Regolazione per Energia, Reti e Ambiente* (the Italian Regulatory Authority for Energy, Networks and the Environment or "**ARERA**"). Such information has been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by ISTAT and ARERA, no facts have been omitted which would render such reproduced information inaccurate or misleading.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the business strategies of the Issuer, the Guarantor and the Group (as defined below), expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "may", "are expected to", "should", "could", "predict", "anticipate", "project", "anticipate", "seek", "estimate" "aim", "intend", "plan", "continue", "will" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions, involve a number of risks and uncertainties. By

their nature, forward-looking statements involve known and unknown risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future, and are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus.

Many factors may cause the Issuer's or the Guarantor's results of operations, financial condition and liquidity, and the development of the industries in which the Group competes, to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus. Factors that might affect such forward looking statements include, among other things, overall business and government regulatory conditions, changes in tariff and tax requirements (including tax rate changes, new tax laws and revised tax law interpretations), interest rate fluctuations and other capital market conditions, including foreign currency exchange rate fluctuations, economic and political conditions in Italy and other emerging markets, and the timing, impact and other uncertainties of future actions.

Neither the Issuer nor the Guarantor intends, or assumes any obligation, to update forward-looking statements set out in this Prospectus, whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus.

The risks described under "*Risk Factors*" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's and the Guarantor's results of operations, financial condition and liquidity, and the development of the industries in which the Group operates. New risks can emerge from time to time, and it is not possible for the Issuer or the Guarantor to predict all such risks, nor can the Issuer assess the impact of all such risks on their business or the extent to which any risks, or any combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

(i) references to "**billions**" are to thousands of millions;

(ii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;

(iii) references to **"€", "EUR"** or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;

(iv) the "**Fiscal Agent**" means BNP Paribas Securities Services, Luxembourg Branch as fiscal agent;

(v) the "**Group**" means the group consisting of the Issuer and its Subsidiaries;

(vi) the "**Guarantor**" means Centria S.r.l.;

(vii) references to "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union;

(viii) the "**Issuer**" or "**Estra**" means E.S.TR.A. S.p.A. Energia Servizi Territorio Ambiente;

(ix) references to "**Italian GAAP**" are to generally accepted accounting principles in Italy, as prescribed by Italian law and supplemented by the accounting principles issued by the Italian accounting profession;

(x) the "**Joint Lead Managers**" means Crédit Agricole Corporate and Investment Bank, Mediobanca - Banca di Credito Finanziario S.p.A. and MPS Capital Services Banca per le Imprese S.p.A. as joint lead managers;

(xi) references to a "**Member State**" are to a Member State of the European Economic Area; and

(xii) "**Subsidiary**" has the meaning given to it in the Conditions.

PRESENTATION OF FINANCIAL INFORMATION

This Prospectus incorporates by reference English translations of the following financial statements:

- the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2020 and 2019, prepared in accordance with IFRS; and
- the audited non-consolidated annual financial statements of the Guarantor as at and for the years ended 31 December 2020 and 2019, prepared in accordance with Italian GAAP.

The Guarantor is a wholly-owned subsidiary of the Issuer and, as such, does not prepare consolidated financial statements.

All of the above financial statements have been audited by EY S.p.A.

Except where otherwise indicated, financial information included in this Prospectus has been prepared in accordance with IFRS (in the case of the Issuer) and Italian GAAP (in the case of the Guarantor).

ALTERNATIVE PERFORMANCE MEASURES

In order to better evaluate the Group's financial management performance, management has identified alternative performance measures (each an "**APM**"). Management believes that these APMs provide useful information for investors as regards the Group's financial position, cash flows and financial performance, since they facilitate the identification of significant operating trends and financial parameters.

This Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority's Guidelines on Alternative Performance Measures (ESMA/2015/1415), which are used by the management of the Issuer to monitor its financial and operating performance:

- Total Revenues
- Total Adjusted Revenues
- External consumption
- Gross operating margin or EBITDA
- Adjusted EBITDA
- Adjusted EBITDA margin
- EBIT
- Adjusted EBIT
- Fixed assets
- Net working capital

- Net invested capital
- Net Financial Position
- ROE (Return On Equity)
- ROI (Return On net Invested capital)
- Maintenance capex
- M&A capex
- Cash conversion rate.

More specifically, those APM's are designated and calculated as follows:

- **Total Revenues**: calculated by adding together "Revenues from sales and services" and "Other operating revenues" indicated in the Group's consolidated income statement.
- **Total Adjusted Revenues:** corresponds to Total Revenues, defined above, adjusted to exclude non-recurring revenues.
- **External consumption**: calculated adding together costs for "Consumption of raw and ancillary materials and goods", "Costs for services" and "Other operating costs" indicated in the Group's consolidated income statement.
- **Gross operating margin or EBITDA**: calculated by adding to the Net profit, the "net profit/(loss) of discontinued operations, "income tax for the year", the result of "measurement of equity investments at shareholders' equity", "gains and losses on exchange rates", "financial expenses", "financial income" and "depreciation, amortisation, provisions and impairment losses", deriving from the Group's consolidated financial statements.
- **Adjusted EBITDA**: corresponds to EBITDA, defined above, adjusted to exclude significant non-recurring revenues and costs.
- **Adjusted EBITDA margin**: calculated as the ratio between Adjusted EBITDA and Total Adjusted Revenues.
- **EBIT**: calculated by adding to the Net profit, the "net profit/(loss) of discontinued operations, "income tax for the year", the result of "measurement of equity investments at shareholders' equity", "gains and losses on exchange rates", "financial expenses", and "financial income", deriving from the Group's consolidated financial statements.
- **Adjusted EBIT**: corresponds to the Operating result, coming from the Group's consolidated financial statements, adjusted to exclude significant non-recurring revenues and costs.
- **Adjusted EBIT margin**: calculated as the ratio between Adjusted EBIT and Total Adjusted Revenues.
- **Fixed assets**: determined as the sum of property, plant and equipment, intangible assets and goodwill, equity investments and other non-current financial assets.
- **Net working capital**: defined as the sum of inventories, trade receivables and payables.
- **Net invested capital**: determined as the sum of "Fixed assets", "non-current assets/liabilities", "Net working capital" and "other current assets/liabilities".
- **Net Financial Position**: determined as the sum of the following items: cash and cash equivalents, portion within 12 months of m/l-term loans, portion beyond 12 months of m/l-term loans, short-term financial payables, other current financial assets/liabilities (such as receivable and payable financial instruments).

- **ROE (Return On Equity)**: is the ratio between Adjusted net profit and shareholders' equity and is expressed as a percentage.
- **ROI (Return On net Invested capital)**: is the ratio between Adjusted EBIT and net invested capital and is expressed as a percentage.
- **Maintenance capex**: calculated by adding "Investments in tangible assets" and "Investments in intangible assets", deriving from Estra's consolidated financial statements.
- **M&A capex**: corresponds to "(Acquisition) or disposal of subsidiaries net of cash and cash equivalents", deriving from Estra's consolidated financial statements.
- **Cash conversion rate**: represents EBITDA less Maintenance capex, divided by EBITDA.

The following tables provide a reconciliation of the APM's set out above.

The following table shows the reclassified consolidated income statements of the Group for the years ended 31 December 2020 and 2019.

	For the year ended 31 December	
(in thousands of euro)	**2020**	**2019 Restated**
Revenues from sales of goods and services	748,414	967,943
Other operating revenue	13,936	28,979
Total Revenues	**762,350**	**996,922**
Consumption of raw and ancillary materials and goods	(357,543)	(592,046)
Cost for Services	(242,134)	(255,970)
Other operating costs	(19,880)	(16,579)
External consumption	**(619,557)**	**(864,595)**
Personnel costs	(39,230)	(39,348)
Income/(expenses) from commodity risk management	(1,205)	3,582
Portion of income/(expenses) from measurement of non-financial investments using the equity method	671	679
Gross operating margin (EBITDA)	**103,029**	**97,240**
Depreciation, amortisation, provisions and write-down	(61,248)	(58,715)
Operating result (EBIT)	**41,781**	**38,525**
Financial income	3,482	2,733
Financial expense	(11,984)	(13,231)
Gains or losses on currency conversion	6	(1)
Portion of income/(expenses) from measurement of financial investments using the equity method	(1,166)	(53)
Profit before taxes	**32,119**	**27,973**
Income taxes for the year	38,167	(10,305)
Net profit/(loss) from continuing operations	**70,286**	**17,668**
Net profit/(loss) from discontinued operations / assets held for sale	-	(208)
Net profit	**70,286**	**17,460**

The following table reconciles Revenues, Total Revenues and Total Adjusted Revenues for the years ended 31 December 2020 and 2019.

	For the year ended 31 December	
	2020	**2019 Restated**
	(in thousands of euro)	
Revenues from sales of goods and services	748,414	967,943
Other operating revenue	13,936	28,979
Total Revenues	**762,350**	**996,922**
Non-recurring revenue	(1,667)	(11,138)
Total Adjusted Revenues	**760,683**	**985,784**

The following tables reconcile Net Income to EBITDA and Adjusted EBITDA, for the years ended 31 December 2020 and 2019.

	For the year ended 31 December	
	2020	2019 Restated
	(€ thousands)	
Net Income for the period	**70,286**	**17,460**
Net profit/(loss) from discontinued operations / assets held for sale	-	208
Income taxes for the year	(38,167)	10,305
Portion of income/(expenses) from measurement of financial investments using the equity method	1,166	53
Gains or losses on currency conversion	(6)	1
Financial expenses	11,984	13,231
Financial income	(3,482)	(2,733)
Operating result (EBIT)	**41,781**	**38,525**
Depreciation, amortisation, provisions and write-down	61,248	58,715
EBITDA	**103,029**	**97,240**

	For the year ended 31 December	
	2020	2019 Restated
	(€ thousands)	
Operating result (EBIT)	**41,781**	**38,525**
Non recurring items	3,697	(7,658)
Adjusted EBIT	**45,478**	**30,867**
Depreciation, amortisation, provisions and write-down	61,248	58,715
Non recurring items	-	(2,548)
Adjusted EBITDA	**106,726**	**87,034**

The following table shows the reclassified consolidated statements of financial position of the Group as at 31 December 2020 and 2019.

	As of 31 December	
	2020	2019 Restated
	(in thousands of euro)	
Intangible assets and Goodwill	480,513	481,375
Property, plant and equipment	105,341	107,327
Equity investments and non-current financial assets	39,777	38,789
Fixed assets	**625,631**	**627,491**
Inventories,	18,129	24,768
Trade receivables	234,372	281,434
Trade payables	(170,513)	(215,299)
Net working capital	**81,988**	**90,903**
Other current assets and liabilities	(19,997)	(38,363)
Other non-current assets and liabilities	(3,865)	(53,306)
Net Invested Capital	**683,757**	**626,725**
Shareholders' Equity	**392,377**	**322,552**
Net current financial debt	(37,481)	(73,690)
Non-current financial debt	328,861	377,863
Net Financial Debt	**291,380**	**304,173**
Total sources of financing	**683,757**	**626,725**

The following table sets forth the components of the Group's consolidated net financial position as of 31 December 2020 and 2019.

		Year ended 31 December	
		2020	2019
		(in thousands of euro)	
A.	Cash	16	17
B.	Cash equivalents	160,233	195,731
C.	Securities held for trading	-	-
D.	**Cash and cash equivalents (A) + (B) + (C)**	**160,249**	**195,748**
E.	Current financial receivables	**13,546**	**34,797**
F.	Current bank debt	32,509	31,601
G.	Current portion of non-current debt	93,784	88,271
H.	Other current financial debt	10,021	36,983
I.	**Current financial debt (F) + (G) + (H)**	**136,314**	**156,855**
J.	**Net current financial debt (I) - (E) - (D)**	**(37,481)**	**(73,690)**
K.	Non-current bank debts	161,135	206,810
L.	Bonds issued	145,835	145,292
M.	Other non-current debt	21,891	25,761
N.	**Non-current financial debt (K) + (L) + (M)**	**328,861**	**377,863**
O.	**Net financial Position (J) + (N)**	**291,380**	**304,173**

The following tables reconcile Net Profit to Adjusted Net profit and show the calculation of ROE and ROI for the years ended 31 December 2020 and 2019.

	2020	2019
Net profit	70,286	17,460
Non-recurring items	(45,686)	(5,593)
Adjusted Net profit	**24,600**	**11,867**
Shareholders' equity	392,377	322,553
ROE	**6.3%**	**3.7%**
Adjusted EBIT	45,478	30,867
Net Invested capital	683,757	626,725
ROI	**6.7%**	**4.9%**

The following tables show the calculation of Adjusted EBITDA margin, Adjusted EBIT margin and Cash conversion rate for the years ended 31 December 2020 and 2019.

	2020	2019
Adjusted EBITDA	106,726	87,034
Total Adjusted Revenues	760,683	985,784
Adjusted EBITDA margin	**14.0%**	**8.8%**

	2020	2019
Adjusted EBIT	45,478	30,867
Total Adjusted Revenues	760,683	985,784
Adjusted EBIT margin	**6.0%**	**3.1%**

	2020	2019
EBITDA	103,029	97,240
Maintenance Capex(*)	46,891	44,590
M&A Capex(**)	-	47,504
Cash conversion rate	**54.5%**	**54.1%**

(*) Maintenance capex: calculated by adding "Investments in tangible assets" and "Investments in intangible assets", deriving from Estra's consolidated financial statements.

(**) M&A capex: corresponds to "(Acquisition) or disposal of subsidiaries net of cash and cash equivalents", deriving from Estra's consolidated financial statements.

It should be noted that:

- the APMs are based exclusively on the Group's historical data and are not indicative of future performance;
- the APMs are not derived from IFRS or Italian GAAP and they are not subject to audit;

- the APMs are non-IFRS and non-GAAP financial measures and are not recognised as a measure of performance or liquidity under IFRS or Italian GAAP and should not be recognised as alternative to performance measure derived in accordance with IFRS, Italian GAAP or any other generally accepted accounting principles;
- the APMs should be read together with financial information for the Group taken from the consolidated financial statements of the Issuer; and
- as the APMs are non-IFRS, non-GAAP measures, the definitions of APMs used by the Group may differ from, and therefore not be comparable to, those used by other companies or groups.

Investors are therefore cautioned not to place undue reliance on any APMs.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer, the Guarantor and the Group, and the industries in which they operate, together with all other information contained in this Prospectus (including, in particular, the risk factors described below) and any document incorporated by reference in this Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer and the Guarantor, and the industries in which they operate, as well as the risk relating to the Notes, are those which the Issuer believes, based on information currently available to it, to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Notes. Most of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. However, the inability of the Issuer or the Guarantor to pay interest, repay principal or pay other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

The risks that are specific to the Issuer and the Guarantor are presented in four categories and those specific to the Notes are presented in two categories, in each case with the most material risk factors presented first in each category. Additional risks and uncertainties relating to the Issuer, the Guarantor and the industries in which they operate that are not currently known to the Issuer or the Guarantor or which they currently deem immaterial may also, either individually or cumulatively, have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer, the Guarantor and the Group.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including any information incorporated by reference in this Prospectus, and reach their own views, based upon their own judgment and upon advice from such financial, legal, tax and other professional advisers as they deem necessary, prior to making any investment decision.

MATERIAL RISKS THAT ARE SPECIFIC TO THE ISSUER AND THE GUARANTOR

The risks under this heading are divided into the following categories:

- *Risks relating to the business activities and industries of the Issuer and the Group*
- *Risks relating to macroeconomic conditions*
- *Financial risks*
- *Legal and regulatory risks*

Risks relating to the business activities and industries of the Issuer and the Group

Risks relating to the legislative and regulatory context

The Group operates in a heavily regulated environment, in accordance with, among other things, the rules issued by the Italian Regulatory Authority for Energy, Networks and the Environment (*Autorità di Regolazione per Energia, Reti e Ambiente* or "**ARERA**", formerly the AEEGSI or *Autorità per l'Energia Elettrica, il Gas e il Sistema Idrico*), which in turn operates in accordance with Italian and European laws, regulations and guidelines. Any changes in the applicable legislation and regulations or in their interpretation, whether at national, regional or European level, as well as the regulations adopted by competent national authorities (such as ARERA) could adversely affect the Group's revenues and operations. Such changes could, for example, affect market operating methods, tax rates, the procedure for awarding and/or renewing concessions, the ability of the Group to maintain required authorisations, permits, approvals and other consents, the tariffs charged by the Group for its services, the quality of service levels required, obligations of a technical-

operational nature, disclosure obligations towards customers and competent authorities, the determination of any indemnities or compensation due to the Group in the event of termination or loss of concessions, and environmental, safety or other workplace laws. Public policies relating to energy, energy efficiency and/or air emissions might also affect the market and, in particular, the regulated sectors in which the Group operates. Any substantial changes to existing laws, regulations, guidelines or standards or any substantial change in their interpretation, could adversely affect the business, financial condition and results of operations of the Group.

The following legislation has been subject to change in recent years:

- rules relating to the grant of concessions for the distribution of gas;
- rules relating to the sale of gas and electricity to end costumers;
- regulation of local public services;
- the market regulations regarding White and Green Certificates and renewable energy incentives; and
- the Third Energy Package of the European Union.

Other business areas in which the Group operates, such as the management of heating services (that mainly consist of design, development and management of heating installations for private and public clients) and district heating services (that mainly consist of design, development and management of heating installations operating through water pipes), have also been affected by the introduction of a number of significant legislative and regulatory measures aimed at, among other things, a further liberalisation of the market and ensuring quality and safety standards.

It is not possible to predict how recent changes to the laws and regulations affecting the Group's business sectors will affect the Group. In addition, new legislative measures may be introduced aimed at a further liberalisation of the market, which could facilitate the entry of new competitors into the market or affect the duration of the Group's concessions. Any additional costs incurred and investments made by the Group in order for it to comply with any applicable regulation, as well as any loss of potential business opportunities, could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to concessions and authorisations granted in connection with the Group's business

The public utility services sector in which the Group operates, as well as the other activities carried out by the Group in Italy are heavily dependent on concessions and/or authorisations granted by public authorities. In particular, the Group's core business is based on the following activities:

- sale of natural gas and electricity on a national level;
- distribution of natural gas;
- technical operative management of telecommunications networks and marketing of telecommunications services, technical operative management of LPG distribution networks and its marketing, production of electricity from renewable sources (photovoltaic, in particular), management of district heating systems, heat management, requalification and energy efficiency activities and waste management.

Any issue related to the award of new concessions and/or the loss of the Group's existing concessions and authorisations could have a material adverse effect on the business, financial condition and results of operations of the Group.

Risks relating to concessions granted in connection with the natural gas and LPG distribution businesses

The natural gas distribution business of the Group depends on concessions being granted by Italian local authorities with respect to Minimum Geographical Areas (the "**ATEM**"). A significant number of concessions managed by the Group has expired. With regard to concessions that have expired and have not yet been renewed, the Group's activities continue under the *prorogatio* regime, whereby the concession agreement is

extended and remains in force until such time as a new tender is awarded. As a result, the concession holder (i) remains liable to carry out the ordinary and administrative management of the service until the date on which a new award is made; (ii) continues to receive the related tariffs; and (iii) is required to pay annual fees to the grantor in an amount established each year, taking into consideration any changes to the regulatory and tariff system.

The temporary *prorogatio* regime is applicable until the award of a new concession by the public competent authorities. In this respect, the gas market is regulated by Legislative Decree No. 164 of 23 May 2000 (the "**Letta Decree**"), as amended, pursuant to which the distribution of natural gas must be carried out by operators which are chosen through a public tender process. In addition, where the holder of a gas distribution concession also owns the operated gas distribution networks, facilities and plants and is not awarded a new concession, compensation must be paid to the outgoing concession holder for the assets which will become available to the new concession holder.

Several recent laws and regulations have affected the tender process and the determination of compensation payable to an outgoing concession holder. There is still considerable uncertainty with regard to (i) how certain aspects of the new tender process will work, (ii) how the authorities granting the concessions and the Italian courts will interpret such legislation and (iii) the timing for completion of tender procedures.

However, a significant number of the Group's natural gas distribution concessions have expired, and time limits for calling new tenders by the public competent authorities have also expired. In light of the foregoing, it is not possible to determine when any ATEM (or the regional government, where required to intervene if the ATEM fails to act) can be expected to publish tender notices for renewal of any concessions held by the Group or when the award of any new concession will ultimately be made. In this respect, on 22 December 2020 the municipality of Prato launched a public tender for the natural gas distribution concession in the ATEM comprising Prato (currently operated by a competitor) and surrounding municipalities (currently operated by the Group under the *prorogatio* regime). The Group, through Centria, intends to participate in this tender in light of the strategic importance of such ATEM for the business of the Group. For additional information, see "*Description of the Issuer – Recent Developments*".

No assurance can be given that the Group will be granted concessions in the areas where it currently operates under concession agreements, or even if concessions are granted to it, that they will be on the same conditions as, or on more favourable conditions than, those of existing concessions. In addition, the loss of a concession may result in litigation in connection with the determination of the compensation to be paid by the incoming concession holder. See "*Description of the Issuer – Legal Proceedings – Dispute with the municipality of Prato and Toscana Energia*" below. Moreover, before the tenders are launched, disputes may arise between the Group and the municipalities within the ATEM /or the authorities granting the concession, in particular over the value of the assets to be paid by the incoming operator. Even if the Group is awarded a new concession, a considerable period may subsequently elapse before it actually takes over operation of the concession, because appeals may be brought by other operators taking part in the tender. All of the above factors could adversely affect the business, financial condition and results of operations of the Group.

In addition to risks arising from loss of concessions, the Group may be subject, in the event of breaches or non-performance of its obligations under the concession agreements, to penalties, sanctions and/or suspension of tariff increases, including failure to allow fair access by third parties to its distribution and storage network. Penalties, sanctions or the suspension of tariff increases, could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to the award, maintenance and loss of authorisations

The ability of the Group to carry on the sale of natural gas, electricity and LPG, waste selection and storage and the management of photovoltaic plants for electricity production is subject to it obtaining and maintaining specific authorisations and consents from the competent authorities. Those authorisations and consents are granted on the basis of possession of certain technical and economical requirements for the performance of the service in question and may be subject to compliance with certain quality standards. Failure by the Group

to fulfil its material obligations under an authorisation may lead to sanctions and penalties, including revocation of the authorisation. No assurance can be given that the authorisations obtained by the Group will not subsequently be revoked by the competent authorities. In addition the Group may need to obtain further authorisations, permits and consents, the procedures for which are often long, costly and complex, with unforeseeable results. All of the above factors could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to future consumer trends

In relation to the gas distribution business, on the basis of the current tariff system, the Group's revenues are partly updated annually in accordance with criteria predetermined by ARERA, which reflect an implicit rate of annual growth of the volumes of natural gas put into the transport network (See "– *Risks relating to changes in tariff levels*" below). However, the amounts of natural gas introduced into the Italian transport network depend on factors beyond the Group's control, such as the price of natural gas compared to other fuels, electricity sector development, economic growth, climatic changes, environmental laws, the continuing availability of natural gas imported from abroad and the availability of sufficient transport capacity through import pipelines. With regard to gas and electricity sales, a negative trend or slow growth in the demand for gas and electricity could have an impact in terms of lower sales volumes of gas and electricity for the Group, which could in turn adversely affect its financial condition and results of operations.

Among the activities implemented in this respect, the Group monitors both the electricity load profile and gas consumption trends, at Italian and international macroeconomic scenario levels, based on updates published by the leading economic and financial forecast agencies. The analysis of such data aims to give an indication as far in advance as possible of potential electricity and gas demand trends, and optimise sales accordingly. Notwithstanding the foregoing, there can be no assurance that the steps taken by the Group to monitor demand trends are effective to limit the Group's exposure to losses, which could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to quality standards

The Group is required to comply with certain quality standards for the sale of natural gas and electricity to end users, as well as certain standards of security, continuity and commercial quality with respect to natural gas distribution. Failure to comply with these standards may result in the Group having to pay indemnities to end users, penalties and/or fines. Although the Group believes that it currently complies with the relevant quality and safety standards, any future breach of these standards could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to competition

The markets in which the Group operates are subject to increasing competition in Italy. In particular, the Group faces increasing competition in its domestic natural gas business from both national and international natural gas suppliers. Increasingly high levels of competition in the Italian natural gas market could result in reduced natural gas sales margins for the Group. Furthermore, a number of national gas producers from countries with large gas reserves have started selling natural gas directly to end users in Italy, which could threaten the market position of the Group as it resells gas purchased from producing countries to end users. The Group also faces competition in its domestic electricity business, in which it competes with other producers and traders from Italy and outside of Italy, who sell electricity in the Italian market to industrial, commercial and residential clients.

In addition, the provisions of Law No. 124 of 4 August 2017 (as subsequently amended by Law No. 8 of 28 February 2020 and Law No. 21 of 26 February 2021) on the termination of price protection regimes for customers in the electricity and gas sectors are due to take effect on 1 January 2023 and are intended to implement a full liberalisation of the energy market. Precise, definitive criteria governing this transition have not yet been set by the competent authorities, but the final outcome is expected to involve moving to the free market the customer base that has not, as at 31 December 2022, opted autonomously for a free market

supplier, most likely through an auction mechanism. How the auction mechanism will eventually be implemented may have adverse consequences for the Group, as the transition to full liberalisation of the energy market may result in the loss of customers or a reduction in the energy prices negotiated with its customers.

Any of the events discussed above could have an impact on the prices paid and/or received in the Group's electricity sales activities, and could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to interruption of the Group's operations

The Group is continuously exposed to the risk of interruption of its operations due to the malfunctioning of its infrastructure (transport/distribution networks) and plants (natural gas storage and delivery points and waste selection and management plants) resulting from events outside of the Group's control, such as extreme weather phenomena, natural disasters, fire, malicious damage, accidents, labour disputes and mechanical breakdown as well as the unavailability of equipment or IT systems of critical importance for the Group's business caused by material damage to equipment, components or data. Any such events could compromise production capacity and result in loss of income and/or cost increases and could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to issues encountered along the supply chain

Peak demand periods may coincide with times when there is a shortage of natural gas and electricity. In addition, the Group could experience problems in acquiring natural gas and electricity due to an interruption of the operation of the natural gas transport network or the national electricity transmission network. If the Group encounters these issues, it may be forced to limit or suspend its business.

Furthermore, a large part of the natural gas transported in the Italian national transportation system is imported from or transits through countries that have already experienced and may continue to experience political, social and economic instability. The import of natural gas from, or its transit through, such countries is therefore subject to certain risks inherent in those countries, including high inflation, volatile exchange rates, weak insolvency and creditor protection laws, social unrest, limitations on investments and on the import and export of assets, increases in taxes and excise duties, enforced contract renegotiations, nationalisation or renationalisation of assets, changes to commercial policies, monetary restrictions and loss or damage owing to political upheaval and/or conflict.

All of the above risks could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to seasonality and atmospheric conditions

The Group's business is affected by atmospheric conditions such as the average temperatures influencing overall consumption needs. Significant changes in weather conditions from year to year may affect the demand for natural gas and electricity, it being typically higher in cold winters (due to the need for heating) and hot summers (due to the need for air conditioning). Sudden weather changes could result in a significant variation of normal demand and also affect the Group's production from certain renewable sources. This could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to renewable energy

The Group's renewable energy business is exposed to the risk that the production of electricity from renewable sources may be interrupted due to events out of the Group's control, such as natural calamities, fire, failure or malfunctioning of equipment and control systems, manufacturing defects of plants, damage, theft and other exceptional events. Any interruption could result in a reduction of revenues for the Group, and significant costs could be incurred by the Group in order to resume the production process.

The Group's investments in its renewable energy business may be subject to delays which could affect the implementation and operation of projects and result in higher costs and lower production for the Group. Any prolonged interruption of a project's construction or operation, cost overrun, delay in obtaining permits and authorisations or failure to generate the expected quantity of electricity could adversely affect the business, financial condition and results of operations of the Group. In addition, any failure by the Group to comply with regulations that require authorisations and permits or to comply with the terms and conditions provided under the relevant authorisations and permits could result in penalties and possibly in the Group being required to pay back incentives and/or ineligibility for additional incentives. There is no assurance that the Group will be able to retain authorisations, licences and permits needed to comply with applicable regulations.

The Group often depends on state or local government policies and incentives to support the costs associated with and to finance renewable energy projects. If any of these policies or incentives are adversely amended, delayed, withdrawn or reduced, or are not renewed at the end of the relevant expiry date, the Group may not be able to sustain the costs associated with these projects. In addition, the Group's failure to comply with the incentive regulations could results in penalties involving the reduction, revocation and/or repayment of incentives, depending on the materiality of the non-compliance.

Furthermore, due to the intrinsic features of the sources used in this sector which are linked to the climatic conditions of the sites where the wind and photovoltaic plants are located, the production of electricity experiences a high level of volatility. Although the Group has located its plants across Italian territory in order to benefit from the diverse climatic conditions, it may still incur losses or be subject to compensation claims, which could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to white certificates

Under the applicable legislation, the Group must achieve certain annual targets for energy saving, as determined by the decree of the Ministry of Ecological Transition for the four years from 2021 to 2024. For this purpose, the Group invests in the improvement of the energy efficiency of the technology and equipment it uses, in order to be granted so-called "white certificates". If the Group is unable to obtain a sufficient number of "white certificates" to achieve the relevant annual target, it will need to purchase them on the market. Furthermore, if it then fails to deliver the required number of "white certificates" to the ARERA, it will be subject to a penalty imposed by ARERA, in addition to having to purchase the missing number of "white certificates". In 2021, the market price of "white certificates" significantly increased.

In order to comply with its energy saving obligations, the Group intends to produce "white certificates" directly or to buy them on the market to meet the annual target. If the number of "white certificates" directly produced by the Group are lower than expected and/or if the price of "white certificates" continues to increase in the future, the Group will incur higher costs, which could adversely affect the business, financial condition and results of operations of the Group.

In addition, the GSE (*Gestore dei Servizi Energetici* or Energy Services Operator), which is the public authority responsible for granting "white certificates", has adopted various related measures over time, including: (i) suspension of the concession of "white certificates" for projects that have already been approved; (ii) cancellation of projects approved in the past (even those approved many years previous) insofar as they are not compliant with applicable legislation; and (iii) cancellation of "white certificates" following a failed inspection. No such action has been taken in connection with the Group, but it is not possible to rule it out in the future, which could have a material adverse effect on the business, financial condition and results of operations of the Group.

Risks relating to management control systems

The Group has a periodic reporting system in place which produces the reports the management team requires to carry out its activities and take strategic and operational decisions. The Group believes that this reporting system is currently adequate to allow its management team to make informed assessments of the Group's financial position and prospects. Nonetheless, the Group intends to continue improving the reporting system

in order to achieve better integration and automation of the reports produced by it, reduce the risk of error and increase the speed of the flow of information. If the Group fails to implement the reporting system successfully, it may face the risk of data entry errors, which could mean that its management team is not properly informed of any issues which require prompt intervention, thereby adversely affecting the business, financial condition and results of operations of the Group.

Risks relating to IT systems

The Group's operations are supported by complex IT systems. Risks could arise if the Group were no longer able to ensure the availability or adequacy of these systems and the integrity and confidentiality of data and information and there can be no assurance that serious system failures, network disruptions or breaches in security will not occur. These risks include both internal system failures and violations of its systems due to penetration by outsiders intent on extracting or corrupting information, disrupting business processes or committing fraud. Such violations have become more frequent over the years throughout the world and the risks have been heightened in the current year by the Covid-19 outbreak, with the increasing number of staff working from home.

The IT systems used by the Group are subject to continuous upgrade and development and, at times, the Group may decide to switch to new systems in order to meet its requirements in terms of information technology. In this respect, the Group is implementing a new IT control system, which is expected to replace the existing software starting from mid 2022. Notwithstanding the investments made by the Group in order to maintain efficient IT systems to assist the business activities of the Group, there can be no assurance that any new IT systems will at all times operate properly.

IT system failure, disruption or failure could seriously limit the Issuer's ability to maintain operations on a continuous basis and service its customers, and could result in significant compensation costs for which indemnification or insurance coverage may be only partially available. It could also result in a breach of laws and regulations under which the Group operates (including the General Data Protection Regulation 2016/679/EU) or lead to fines, as well as causing long-term damage to its business and reputation. Any of the above circumstances could adversely affect the Group's business, financial condition and results of operations.

Risks relating to the implementation of the Group's strategic objectives

The Group intends to pursue a strategic plan of growth and development, in particular in the natural gas sale and distribution and the electricity sale sectors, as well as the expansion in other sectors, such as waste management activities. The strategic plan contains, and was prepared on the basis of, a number of critical assumptions and estimates relating to future trends and events that may affect the sectors in which the Group operates, such as estimates of customer demand and changes to the applicable regulatory framework. There can be no assurance that the Group will achieve the objectives under its strategic plan. For example, if any of the events and circumstances taken into account in preparing the strategic plan do not occur, the future business, financial condition, cash flow and/or results of operations of the Group could be different from those envisaged and the Group may not achieve its strategic plan, or do so within the expected timeframe, which could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to the Group's investments

In order to strengthen its competitive position on the market and expand its customer base, the Group has invested and continues to invest in the natural gas and electricity sale sectors and the distribution networks which it owns or operates under concession agreements. In the years ended 31 December 2020 and 2019, the Group made investments and improvements to distribution networks and other infrastructure amounting to €21.2 million and €20.5 million, respectively, representing 19.9% and 19.2% of gas distribution revenues. There can be no assurance that the investment strategies implemented by the Group will be successful, as they may be interrupted or delayed due to difficulties in obtaining environmental and/or administrative authorisations or opposition from political groups or other organisations, or may be influenced by changes being made to the price of equipment, materials and labour and the political or regulatory framework or the

Group becoming unable to raise funds at acceptable interest rates. Such delays could affect the ability of the Group to meet regulatory and other environmental performance standards and could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to the Group's acquisitions

In order to strengthen its competitive position on the market and expand its customer base, the Group has completed the acquisition of several companies and has entered new business areas, such as the waste selection and storage business. The Group may make additional acquisitions in the future to further support its growth and profitability, though there can be no assurance that the Group will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments or acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable.

The integration of new assets into the Group may prove to be more difficult and expensive and the benefits derived from, and/or costs associated with, such integration may not be in line with expectations. The diversion of the management team's attention from their other responsibilities as a result of the need to deal with integration issues could also have an adverse effect on the Group's business. If the Issuer is not able to manage the broader organisation efficiently, it could lose key customers and fail to achieve full integration of the assets and resources of the new business, which could in turn have a material adverse effect on the business, financial condition and results of operations of the Group. In this respect, no assurance can be given that the Group will able to generate expected margins or cash flows, or realise the anticipated benefits of such acquisitions, including growth or expected cost and revenue synergies. For example, the Group's assessments of acquisition targets may prove to be incorrect and actual developments may differ significantly from its expectations. Moreover, certain contracts related to some acquisitions made by the Group contain provisions limiting the liability of the seller for breach of its representations, warranties or other obligations under the related contracts. Consequently, damages suffered by the Group may not be fully recoverable, and this could have a material adverse effect on the business, financial condition and results of operations of the Group.

Risks relating to joint ventures and partnerships

In recent years, the Group has entered into various partnerships, such as the partnership with Estracom for the 5G Technology tests in the municipality of Prato. The Group may enter into further joint ventures or partnerships in the future with the same or other parties. The possible benefits or expected returns from such joint ventures and partnerships may be difficult to achieve or may prove to be less valuable than the Group currently estimates. Furthermore, such investments are inherently risky, as the Group may not be in a position to exercise full influence over the management of the joint venture company or partnership and the business decisions taken by it. In addition, joint ventures and partnerships bear the risk of difficulties that may arise when integrating people, operations, technologies and products. All of the above circumstances could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group aims to participate only in ventures in which its interests are aligned with those of its partners, it cannot guarantee that those interests will at all times remain aligned. Although strategic joint ventures are intended to be stable operational structures, contracts governing such projects typically include provisions for terminating the venture or resolving deadlock. The dissolution of business ventures can be both lengthy and costly and the Group cannot give any assurance that any strategic alliances will endure for a period of time compatible with its strategy.

Risks relating to insurance coverage

The Group maintains insurance coverage in an amount it believes appropriate to protect itself against a variety of exposures and risks, such as property damage, business interruption and personal injury claims. However, there can be no assurance that: (i) the Group will be able to maintain the same insurance cover in the future (on acceptable terms or at all); (ii) claims will not exceed the amount of cover or fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be willing and able to meet their obligations;

or (iv) the Group's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of any liabilities ultimately incurred.

Risks relating to skills and expertise of the Group's employees

The Group's ability to operate its business effectively depends on the skills and expertise of its employees. If the Group loses any of its key personnel or is unable to recruit, retain and/or replace sufficiently qualified and skilled personnel, it may be unable to implement its business strategy, which could in turn adversely affect the business, financial condition and results of operations of the Group.

Risks relating to macroeconomic conditions

Risks relating to adverse financial and macroeconomic conditions within the global markets

The Group's operations are concentrated in Italy and its business, financial condition and results of operations are significantly affected by the general economic situation in Italy which, in turn, is closely linked to the state of the wider economy, both at EU level and worldwide. A number of uncertainties remain in the current macroeconomic environment, namely:

- the consequences of the Russian invasion of Ukraine, the impact of sanctions on Russia and Russian interests and the risk of the conflict spreading elsewhere;
- the impact of Covid-19 on global growth and individual countries;
- weak economic growth in Italy in recent years, alternating with periods of outright recession, as well as political instability;
- trends in the economy and the prospects for recovery and consolidation of the economies of developed countries such as the US and China;
- the trend towards protectionism driven by U.S. government policy and the outcome of the trade dispute between the US and China;
- future development of the monetary policy of the European Central Bank in the Euro area, the Federal Reserve System, and in the Dollar area, and the policies implemented by other countries aimed at promoting competitive devaluations of their currencies;
- concerns over the long-term sustainability of the European single currency;
- the sustainability of the sovereign debt of certain countries, including Italy, and related recurring tensions on the financial markets; and
- the consequences of the UK's withdrawal from the European Union and lingering uncertainties over their future relationship.

In addition, the global economy, the condition of the financial markets, adverse macroeconomic developments in the Group's primary markets and any future sovereign debt crisis in Europe may all significantly influence the Group's performance. The Group's earning capacity and stability can be affected by the overall economic situation and by the dynamics of the financial markets. Moreover, the economy in Italy, the Group's principal market, has been affected in recent years by a significant slowdown as well as an increased focus in terms of legislative and regulatory policies. Over the past two years, the containment measures taken in Italy to tackle the Covid-19 outbreak have significantly reduced economic activity and a reintroduction of such measures could result once again in local, regional or national recessions.

All of these factors, in particular in times of economic and financial crisis, could result in an increase in borrowing costs, a reduction in the volume of business or reduced growth, and a decline in asset values, all of which could have an adverse impact on the Issuer and the Group's business, financial condition and results of operations.

Risks associated with the Russian invasion of Ukraine

Following the Russian invasion of Ukraine, which was launched on 24 February 2022, the United States, the European Union and several other countries enacted sanctions and export controls against Russia, Belarus and certain Russian interests. In addition, at the beginning of March 2022, the United Stated introduced a ban on Russian oil and other energy imports from Russia, while the United Kingdom announced that it would phase out the import of Russian oil and oil products by the end of 2022. Such events have already had a significant impact on the European and global economy, including greater market volatility and significant increases in the prices of energy, natural gas and commodities. However, the invasion of Ukraine may result in additional negative consequences for the European and global economy, such as those deriving from further sanctions, export controls and embargoes, greater regional instability, geopolitical shifts and other adverse effects on macroeconomic conditions, currency exchange rates, supply chains (including the supply of oil, natural gas and other commodities from Russia and Ukraine) and financial markets, all of which could, either directly or indirectly, have an adverse impact on the Group's business, financial condition and results of operations.

Risk relating to changes to the overall economy in the Group's principal markets

The economy in Italy, the Group's principal market, has in recent years experienced long periods of weak growth and stagnation, as well as periods of recession. It is expected that, for the near future, demand for energy will remain substantially below the level achieved before the economic crisis, including as a result of any potential action taken by the European Union to address the invasion of Ukraine. In addition, the decrease in demand for energy has put pressure on sales margins, partly due to greater competition, particularly in the natural gas sector. If demand continues to be sluggish or if there is another reversal in demand without corresponding adjustments in the margins charged by the Group on its sales or without an increase in its market share, then the revenues in most of the Group's business areas will be reduced and its future growth prospects will be limited. Any such scenario would adversely affect the Group's business, financial condition and results of operations.

Risks relating to the coronavirus pandemic

The outbreak of the health crisis deriving from the spread of Covid-19, also known as coronavirus, which was classified as a pandemic by the World Health Organization (WHO) on 11 March 2020, has had and, for an unforeseeable period, may continue to have important health, social and economic consequences worldwide, including in Italy where the Group is active. In addition to the worsening of the global macroeconomic scenario and the risk of deterioration of the credit profile of a considerable number of countries (including Italy), the pandemic has already led to significant slowdowns in many business activities. The Covid-19 pandemic and governmental responses to it have had, and continue to have, a severe impact on global economic conditions, including: (i) significant disruption and volatility in the financial markets; (ii) temporary closures of many businesses, leading to loss of revenues and increased unemployment; and (iii) the institution of social distancing.

The consequences of the coronavirus crisis that are relevant to the business of the Group include the following: reduced consumption of energy and lower energy prices; an increase in non-payment by customers; disruption of supply chains; unavailability of staff and the closure of business premises; more stringent health and safety measures, including both the costs incurred in implementing them and the restrictions imposed on the Issuer's activities; and financial market instability.

The ultimate severity and related consequences of the coronavirus emergency is causing significant uncertainty in both domestic and global financial markets, and could have an impact on the business environment, as well as on the legal, tax and regulatory framework. If the pandemic is prolonged, or other diseases emerge giving rise to similar consequences, the adverse impact on global economy could deepen. At this stage, therefore, it is difficult to predict the impact this situation may have on the Issuer business, operations, financial conditions and results. To the extent the Covid-19 pandemic adversely affects the Group's

business, financial condition and results of operations , it may also have the effect of heightening many of the other risks described herein.

Financial risks

Risks relating to changes in tariff levels

The Group's revenues are partly linked to the tariffs which currently apply to natural gas and (in certain cases) LPG distribution activities and, with particular reference to the price protection regimes for customers, to natural gas and electricity sales. Revenues are therefore exposed to the risk of changes in tariffs, which are determined and adjusted by the competent authorities and may be subject to variation as a consequence of periodic revisions or legislative and regulatory changes.

In particular, the revenues generated from the natural gas distribution business were €108.1 million and €109.4 million, respectively, before intercompany eliminations for the years ended 31 December 2020 and 2019, or 14.2% and 11.0% of total revenues, respectively, for the same periods.

Tariff regulation in the natural gas and LPG distribution sectors is set by ARERA before the start of each regulatory period (which was recently extended from four to six years). Under Resolution No. 570/2019/R/gas, as subsequently amended and implemented, ARERA established the reference tariffs and mandatory tariffs for natural gas distribution and metering services for the regulatory period from 1 January 2020 to 31 December 2025. For further details, see "*Regulation – Natural Gas Distribution*".

With regard to the distribution of natural gas, under the current tariff system, the revenues of the Group are reviewed annually on the basis of criteria set by the ARERA on which the Group has no control, such as the rate of annual growth of natural gas volumes introduced in the natural gas distribution networks. These volumes depend on factors outside of the Group's control, such as the price of natural gas compared to other fuels, economic growth, climate change, environmental laws, availability of natural gas imported from foreign countries and the availability of sufficient transport capacity on import pipelines. If such volumes were lower than the rate of annual growth factored into the above-mentioned criteria, this could adversely affect the business, financial condition and results of operations of the Group. Tariffs also apply to a portion of the Group's sales of natural gas.

There can be no assurance that any future revision of tariffs for the Group's regulated activities will keep them at a level that satisfies the Issuer's expectations or requirements, and they may be significantly reduced, possibly in response to political or public pressure. Should any such changes result in decreases in tariffs or in repayments to customers, these could have a material adverse effect on the Issuer's financial condition and results of operations.

Risks relating to fluctuations in the prices of energy commodities

The Group is exposed to the risk of fluctuations in the prices of the energy commodities it handles, in particular electricity and natural gas. These fluctuations directly and indirectly affect the Group's results through indexing mechanisms contained in pricing formulas. Such risks have been highlighted since the summer of 2021 by heavy increases in the price of natural gas and fuel in European markets and related supply shortages and has been further exacerbated by the ongoing invasion of Ukraine started in February 2022. The invasion may result in further increases in the price of natural gas and other commodities if the relationship between the European Union and Russia continues to deteriorate, especially if sanctions were applied by the European Union to Russian exports of oil, natural gas and/or other commodities. In particular, any price increases or supply shortages may result in failure to deliver natural gas to the Group by its suppliers operating under predefined supply arrangements, which in turn may require the Group to purchase additional volumes of natural gas on the spot market at higher prices. Moreover, because some of the above-mentioned commodity prices are quoted in U.S. dollars, the Group is also exposed to the risk of exchange rates.

In addition to physical and financial contracts related to the Group's industrial activity, which are focused on the maximisation of its sales and supply portfolio (the so-called industrial portfolio), the Group also manages

physical and financial contracts aimed at generating additional profit (the so-called trading portfolio) which, although complementary to the industrial business, are not strictly necessary for it to function. Due to their different objectives, the two portfolios are kept separate and are independently monitored through specific instruments and limits.

In order to manage its exposure to the energy markets, the Group implements appropriate hedging activities to stabilise cash flows generated by the global portfolio of assets and contracts and to protect the Group's operating margin from fluctuations attributable to market risk and foreign exchange risk inherent in the commodities in which it trades. Stabilisation of cash flows also serves the purpose of protecting the value of assets and of avoiding the need for write-downs caused by excessive market-price volatility.

Hedging is implemented on the basis of a cash flow hedging strategy and is carried out gradually over the year in response to market trends and changes in projections of assets and volumes of industrial portfolio, in order to reduce the risk profile within acceptable limits. As a policy, the Group seeks to minimise the use of financial hedging and to maximise the natural hedge offered by the balance of the sale and purchase commodity indexes and by the vertical and horizontal integration of its different business operations. In this context, energy markets exposures are assessed through a netting process that offsets opposite market risks within the Group's global portfolio.

In order to manage residual market risk, the Group uses approved financial derivatives traded on organised markets and over the counter (swaps, forward, contracts for differences and options) with the underlying commodities being crude oil, refined products, electricity and emission credits. Such derivatives are evaluated at fair value on the basis of market prices provided from specialist sources or, in the absence of liquid market prices, on the basis of estimates provided by brokers or suitable evaluation techniques. In particular, trading operations are subject to specific operational requirements designed to limit the net exposure of the entire asset and contract portfolio and monitor the overall level of economic risk undertaken.

The Group gives no assurance that the measures adopted by it to manage the price fluctuation of the commodities it handles are adequate, or that in the future it will be able to continue to rely on hedging arrangements. If those measures prove to be inadequate or cease to be available, this could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to credit management

The Group is exposed to the risk that its receivables will not be paid by customers as they fall due, in particular in the natural gas and electricity sales business. The occurrence of such events is more likely in times of economic downturn or where there are significant increases in the price of commodities sold by the Group (see "*Risks relating to fluctuations in the prices of energy commodities*" above) which could have an impact on the ability of the Group's customers to pay the amounts due to the Group on time. As at 31 December 2020 and 2019, the Group's gross receivables amounted to €287.3 million and €340.4 million respectively. The Group has a central credit policy in place for assessing customers' and other financial counterparties' credit standing, monitoring predicted credit collection flows, issuing payment reminders, extending payment deadlines in certain circumstances, requesting bank or insurance guarantees, assigning credits to credit management companies and implementing suitable recovery steps (including legal proceedings). In addition, provisions for bad debt to cover the potential non-payment of the Group's receivables amounted to €52.9 million as at 31 December 2020 and €58.9 million as at 31 December 2019. Notwithstanding the foregoing, there can be no assurance that the steps taken by the Group to manage and monitor credit risks are effective to limit the Group's exposure to losses, which could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to interest rate fluctuation

The Group is exposed to the risk of interest rate fluctuation, in particular arising under its financial indebtedness. This varies according to the fixed or floating interest rate structure in place. As at 31 December 2020, 65% of the Group's medium-long term financial debt (consisting of bank loans, shareholders' loans,

bonds and payables to leasing companies, and taking into account interest rate hedges) carried a fixed rate of interest whereas 35% of the Group's medium-long term financial debt carried a floating rate of interest. In order to hedge its cash flow and to maintain a balance between floating and fixed rates of interest on its indebtedness, the Group has entered into hedging agreements with financial counterparties in relation to various medium- and long-term loans carrying either a fixed rate or a floating rate of interest. There can be no assurance that the hedging policy adopted by the Group, which is designed to minimise any losses arising from interest rate fluctuation (by converting floating rate indebtedness into fixed rate indebtedness) will actually reduce such losses. To the extent that it does not, this could adversely affect the business, financial condition and results of operations of the Group.

Funding and liquidity risks

The Issuer's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. Borrowing requirements of the Group's companies are coordinated by the Group's central finance department in order to achieve consistency between financial resources and management plans, to manage net trade positions and maintain the level of risk exposure within the Group's prescribed limits. The Group's approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources.

However, these measures may not be sufficient to protect the Group fully from such risk and, in addition to the impact of market conditions, the ability of the Group to obtain new sources of funding may be affected by contractual provisions of existing financings, such as:

- change of control clauses, requiring the Group to remain under the control of local authorities;
- clauses such as negative pledges that restrict the security that can be given to other lenders; and
- financial covenants restricting the amount of indebtedness that the Group may incur.

If insufficient sources of financing are available in the future for any reason, the Group may be unable to meet its funding requirements, which could materially and adversely affect its financial condition and results of operations, and its ability to fulfil its obligations under the Notes.

Legal and regulatory risks

Risks relating to legal proceedings or investigations by the authorities

From time to time the Group is involved in claims arising in the ordinary conduct of its business, including civil, labour, governmental, administrative, antitrust and tax proceedings (see "*Description of the Issuer – Legal Proceedings*" below). The Issuer made provision in its consolidated financial statements for risk and charges which amounted to €2.3 million as at 31 December 2020. The Group may from time to time be subject to further litigation and to investigations by taxation, antitrust and other authorities; in addition, as the business of the Group exposes it to a significant number of customers, it may be subject to class actions, which could result in the diversion of the management team's attention from their other responsibilities, as well as additional costs to manage the litigation.

The Group is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it. In addition, the Group may in future years incur significant losses, over and above the amounts already provisioned in its financial statements, from pending or future legal claims and proceedings owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations; (iii) the emergence of new evidence and information; and (iv) the underestimation of likely future losses. Adverse outcomes in existing or future proceedings, claims or investigations could have an adverse effect on the business, financial condition and results of operations of the Issuer.

Risks relating to potential disputes with employees

Disputes with the Group's employees may arise both in the ordinary course of the Group's business or from one-off events, such as mergers and acquisitions or as a result of employees moving to an incoming concession holder upon the expiry or termination of a concession held by the Group. Any material dispute could give rise to difficulties in supplying customers and maintaining its networks, which could in turn lead to a loss of revenues and prevent the Group from implementing its business strategy. This could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to environmental and safety expenses and liabilities

Risks of environmental and health and safety accidents and liabilities are inherent in many of the Group's operations. Although the Group has adopted operational policies and standards to ensure the safety of its operations, there is a risk that accidents such as blowouts, spillover, contamination and similar events may occur, resulting in damage or harm to the environment, employees and/or local communities. An additional risk arises from adverse publicity that these events may generate and the consequent damage to the Group's reputation.

The Group has made provision for existing environmental expenses and liabilities. However, it may incur additional significant environmental expenses and liabilities due to (i) unforeseen contamination, (ii) the results of ongoing surveys or future surveys on the contamination of certain of the Group's industrial sites as required under applicable regulations and (iii) the possibility that legal proceedings may be commenced against the Group in relation to such matters. Any increase in costs or liabilities could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to potential breach of laws and regulations by employees and operational risk

There is a risk that the Group's employees may breach anti-bribery legislation, the Group's internal policies or governance regulations. In addition, the Issuer and the Group are exposed to different types of operational risk, including the risk of fraud by employees and third parties, the risk of unauthorised transactions performed by employees or the risk of operational errors, including those resulting from defects or malfunctions of computer or telecommunications systems or penetration of IT systems by outsiders intent on extracting or corrupting information or disrupting business processes. The systems adopted for operational risk management are designed to ensure that the risks related to the Group's activities are kept under adequate control. Any inconvenience or defect of such systems could adversely affect the financial position and results of operations of the Issuer and the Group. See also "– *Risks relating to IT Systems*" above. These factors, particularly in times of economic and financial crisis, could lead the Issuer or the Group to incur losses, increases in financing costs and/or reductions in the value of their assets, with a potentially negative impact on the financial condition and results of operations of the Group and the Issuer.

Risk relating to any breaches of the organisation and management model

Legislative Decree No. 231/2001 ("**Decree 231/2001**") imposes direct liability on a company for certain unlawful actions taken by its executives, directors, agents and/or employees. The list of offences under Decree 231/2001 currently covers, among other things, bribery, theft of public funds, unlawful influence of public officials, corporate crimes (such as false accounting), fraudulent acts and market abuse, as well as health and safety and environmental hazards. In order to reduce the risk of liability arising under Decree 231/2001, the Group has adopted an organisation, management and supervision model (the "**Model**") to ensure the fairness and transparency of its business operations and corporate activities, and provide guidelines to its management and employees to prevent them from committing offences. The Group has also appointed a supervisory body to oversee the functioning and updating of, and compliance with, the Model.

Notwithstanding the adoption of these measures, the Group could still be found liable for the unlawful actions of its officers or employees if, in the relevant authority's opinion, Decree 231/2001 has not been complied with. This could lead to a suspension or revocation of concessions currently held by the Group, a ban from

participating in future tenders and/or an imposition of fines and other penalties, all of which could adversely affect the business, financial condition and results of operations of the Group.

MATERIAL RISKS THAT ARE SPECIFIC TO THE NOTES

The risks under this heading are divided into the following categories:

- *Risk relating to the structure of the Notes*
- *Risks relating to the market generally.*

Risk relating to the structure of the Notes

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security moves in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls whereas, if the Market Interest Rate falls, its price typically increases, in each case until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes and the Guarantee are unsecured

The Notes and the Guarantee constitute direct, general and unconditional obligations, respectively, of the Issuer and the Guarantor. Such obligations are unsecured and, save as provided in Condition 4(c) (*Negative Pledge*), the Notes do not contain any restriction on the giving of security by the Issuer, the Guarantor and the Issuer's other Subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer and/or the Guarantor to secure indebtedness, in the event of any insolvency or winding-up of the Issuer and/or the Guarantor, such indebtedness will, in respect of such assets, rank in priority over the Notes and (as the case may be) the Guarantor and the other unsecured indebtedness of the Issuer and/or the Guarantor. This means that, in any distribution of the proceeds from the liquidation of the Issuer's or the Guarantor's assets, secured creditors will be paid in full before any secured creditors (including Noteholders) and, as a result, Noteholders may not be paid in full or at all.

The claims of Noteholders are structurally subordinated with respect to the Issuer's subsidiaries other than the Guarantor

A significant part of the operations of the Group are conducted through subsidiaries of the Issuer, including (but not limited to) the Guarantor. Subsidiaries other than the Guarantor have no obligation, contingent or otherwise, to pay any amounts due under the Notes or to make funds available to the Issuer to enable it to pay any amounts due under the Notes. In addition, those subsidiaries may at any time have other liabilities, actual or contingent, including indebtedness owing to trade creditors or to secured and unsecured lenders or to the beneficiaries of guarantees given by those subsidiaries. Noteholders will not have a claim against any of those subsidiaries and the assets of those subsidiaries will be subject to prior claims by their creditors, regardless of whether such creditors are secured or unsecured.

The Guarantee is limited and may be subject to certain defences that may affect its validity and enforceability

The Guarantee provides Noteholders with a direct claim against the Guarantor in respect of the Issuer's obligations under the Notes. However, enforcement of the Guarantee would be subject to certain generally available defences in Italy, including those relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, corporate purpose, and capital maintenance or similar laws, as well as regulations or

defences which affect the rights of creditors generally. If a court were to find the Guarantee void or unenforceable as a result of provisions under Italian law, Noteholders would cease to have any claim against the Guarantor and would be creditors solely of the Issuer.

Furthermore, in order to comply with provisions under Italian law, the Guarantor is capped at an amount which is the aggregate of (i) 150 per cent. of the aggregate principal amount of the outstanding Notes and (ii) 150 per cent. of the interest on the Notes accrued but not paid, in each case as at any date on which the Guarantor's liability under this Deed of Guarantee falls to be determined.

The Notes may be redeemed for tax reasons

In the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes or, as the case may be, the Guarantee due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes, as set out in Condition 7(b) (*Redemption for tax reasons*). In that event, principal will be repaid to Noteholders and interest will cease to accrue. Any such circumstances will be beyond the control of investors and there can be no assurance that investors will be able to reinvest the proceeds from the redemption of those Notes in comparable securities offering an equivalent yield or otherwise on similar terms.

The exercise of a put option by Noteholders may adversely affect the Issuer's financial position

Upon the occurrence of a Put Event, the Noteholders will have the right to require the Issuer to redeem their outstanding Notes at their principal amount, as set out in Condition 7(d) (*Redemption at the option of Noteholders*). However, it is possible that the Issuer will not have sufficient funds at the time of the Put Event to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes if they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer's financial position.

Investors must rely on the procedures of the clearing systems

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream (the "**ICSDs**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. While the Notes are represented by one or more Global Notes, the ICSDs will maintain records of the beneficial interests in the Global Notes and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. A holder of a beneficial interest in a Global Note must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

Similarly, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of their Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies. As a result, if an ICSD fails to ensure due and punctual payment of principal or interest to a Noteholder or fails to enable a Noteholder to exercise its right to vote at a Noteholders' meeting, then that Noteholder will not have any recourse against the Issuer or the Guarantor for any loss resulting from that failure. Furthermore, the Issuer and the Guarantor give no assurance as to the ability of Noteholders to recover any such loss from the ICSDs.

Minimum denomination of the Notes

The Notes will be issued in denominations of €100,000 or higher integral multiples of €1,000, up to and including a maximum denomination of €199,000. Although Notes cannot be traded in amounts of less than their minimum denomination of €100,000, they may nonetheless be traded in amounts that will result in a Noteholder holding a principal amount of less than €100,000. Any such principal amount would not be

tradeable while the Notes are in the form of a Global Note and, if definitive Notes were issued, such Noteholder would not receive a definitive Note in respect of its holding and, consequently, would need to purchase a principal amount of Notes so as to increase such holding to €100,000. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Change of law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus, which may affect, for example, the extent to which the Notes: (i) remain legal investments for certain Noteholders; (ii) can continue to be used as collateral for various types of borrowing; or (iii) remain attractive investments to potential buyers or can otherwise be freely traded.

The unforeseen consequences of any such change could include a material adverse effect on:

- the marketability and/or value of Notes; or
- the right of certain investors to continue holding the Notes, possibly compelling certain investors to sell their Notes at a loss.

See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

Decisions at Noteholders' meetings bind all Noteholders

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 14(a) (*Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including waivers of the rights of Noteholders and/or modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Possible modifications to the Notes include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provision, whereas waivers proposed at meetings typically relate to actual or potential events of default by the Issuer. Any such modification or waiver may have an adverse impact on Noteholders' rights and on the market value of the Notes.

Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances

The provisions relating to Noteholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders' meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders' meetings where the issuer is an Italian unlisted company. As at the date of this Prospectus, the Issuer is an unlisted company but, if its shares are listed at a future date on a securities market while the Notes are still outstanding, then the mandatory provisions of Italian law that apply to Noteholders' meetings will be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Noteholders should not assume that the provisions relating to Noteholders' meetings contained in the Agency Agreement and summarised in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes. Any of the above changes

could reduce the ability of Noteholders to influence the outcome of any vote at a Noteholders' meeting and, as described in further detail in "*Change of law or administrative practice*" above, the outcome of any such vote will be binding on all Noteholders, including dissenting and abstaining Noteholders, and may have an adverse impact on Noteholders' rights and on the market value of the Notes.

Payments in respect of the Notes may be subject to withholding or deduction of tax

All payments in respect of Notes and/or the Guarantee will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer and the Guarantor's obligation to gross up is, however, subject to a number of exceptions, including in particular withholding or deduction of Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996. Where those exceptions apply, the required withholding or deduction of such taxes will be made for the account of the relevant Noteholders and the Issuer will not be obliged to pay any additional amounts to those Noteholders. As a result, those Noteholders will receive lower amounts of interest than those provided for under the Terms and Conditions of the Notes and neither the Issuer nor the Guarantor will be under an obligation to assist them in recovering any sum that has been withheld or deducted from the Italian tax authorities. To the extent that any such withholding or deduction is not recoverable, the effective yield of the Notes for those Noteholders will be significantly lower than originally envisaged.

Risks related to the market generally

There is no active trading market for the Notes and one cannot be assured

Application has been made to admit the Notes to the official list of Euronext Dublin and for the Notes to be admitted to trading on its regulated market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes at fair market prices or at all. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices of the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Delisting of the Notes

Application has been made for the Notes to be listed on the Official List and admitted to trading on the regulated market of Euronext Dublin. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Risks relating to restrictions on the transfer of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws in the U.S. or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities

laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*". Any restrictions on the ability of investors to sell or transfer their Notes in any jurisdiction may have an adverse effect on the liquidity of Notes on the secondary market and, consequently, on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Prospectus:

(i) the English translation of the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2020 and 2019; and

(ii) the English translation of the audited non-consolidated annual financial statements of the Guarantor as at and for the years ended 31 December 2020 and 2019,

in each case together with the accompanying notes and the English translations of the independent auditors' reports, and (to the extent specified in the cross-reference tables below) the accompanying management report.

Access to documents

The above documents have been previously filed with Euronext Dublin and can be accessed at the following addresses on the Issuer's website:

– consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2020:

https://res.cloudinary.com/estra/image/upload/v1621330849/documenti/Investor relation_EN/Estra_Consolidated_Financial_Statements_31_12_2020.pdf

– consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2019:

https://res.cloudinary.com/estra/image/upload/v1621330849/documenti/Investor relation_EN/Estra_Consolidated_Financial_Statements_31_12_2019.pdf

– annual financial statements of the Guarantor as at and for the year ended 31 December 2020:

https://res.cloudinary.com/estra/image/upload/v1621330852/documenti/Investor relation_EN/Centria_Financial_Statements_31_12_2020.pdf

– annual financial statements of the Guarantor as at and for the year ended 31 December 2019:

https://res.cloudinary.com/estra/image/upload/v1621330852/documenti/Investor%20relation_EN/Centria_Financial_Statements_31_12_2019.pdf

In addition, the Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents containing information incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. Such documents will also be available, without charge, at the specified office of the Fiscal Agent, together with certain other documents relating to the Issuer, the Guarantor and the Notes (see "*General Information – Documents on display*" below).

Cross-reference list

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents. Information contained in the documents referred to above that is not included in the cross-reference list below is either not relevant for an investor or covered elsewhere in this Prospectus.

Consolidated annual financial statements of the Issuer

Section	**Page number(s)**	
	2020	**2019**
Management report		
Alternative Performance Measures	20 - 23	16 - 18
Business Performance – Economic Data	23 - 27	18 - 23
Business Performance - Statement of Financial Position	28 - 30	23 - 25

Consolidated annual financial statements of the Issuer

Section	**Page number(s)**	
	2020	**2019**
Business Performance – Analysis by Strategic Business Unit (SBU)	30 - 34	25 - 29
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Consolidated Income Statement	55	56
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Annual financial statements of the Guarantor

Section	**Page number(s)**	
	2020	**2019**
Balance sheet	45-46	44-45
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Cash flow statement	48-49	47-48
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Any websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus, unless that information is incorporated by reference.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to Notes in definitive form to the extent described in the next section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The €80,000,000 3.050 per cent. Guaranteed Notes due 14 April 2027 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) of E.S.TR.A. S.p.A. Energia Servizi Territorio Ambiente (the "**Issuer**") are guaranteed by Centria S.r.l. (the "**Guarantor**") pursuant to a deed of guarantee dated 14 April 2022 (as amended or supplemented from time to time, the "**Deed of Guarantee**") and are the subject of a fiscal agency agreement dated 14 April 2022 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor and BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (in such capacity, the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined below) of each of the Paying Agents.

1. Definitions and Interpretation

(a) ***Definitions***

In these Conditions:

"**Affiliate**" means, at any time, and with respect to any Person (the "**First Person**"), any other Person that at such time directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the First Person;

"**Aggregated Net Financial Debt**" means, at any particular date, the sum of the following amounts:

(i) in the case of the Guarantor on a standalone basis, 100 per cent. of its Net Financial Debt;

(ii) in the case of each of the Guarantor's Subsidiaries, the Net Financial Debt of such Subsidiary multiplied by the percentage that would, if the Guarantor prepared consolidated financial statements and in accordance with the relevant accounting principles, be applied to the financial position of the individual Subsidiary for the purposes of calculating the Guarantor's consolidated Net Financial Debt; and

(iii) in the case of any other company in which the Guarantor or any of its Subsidiaries has an equity interest, the amount of Net Financial Debt of that company multiplied by a percentage that reflects the proportion of the Guarantor's interest in that company and, where any such equity interest is held by one or more Subsidiaries, after taking account of minority interests in any such Subsidiary and any Intermediate Holding Company,

provided that for the purpose of calculating the Aggregated Net Financial Debt:

(i) any liabilities of the Guarantor to any of its Subsidiaries or *vice versa* or between its Subsidiaries shall be deducted from the Net Financial Debt of the Guarantor and its Subsidiaries to the extent that such liabilities would fall to be excluded from the calculation of the Guarantor's consolidated

Net Financial Debt if the Guarantor prepared consolidated financial statements in accordance with the relevant accounting principles;

(ii) any liabilities under any shareholder loans shall be excluded from the Net Financial Debt of the Guarantor and its Subsidiaries, *provided that* the repayment date or dates for any such loan fall on a date or dates later than the Maturity Date, without any right (conditional or otherwise) to repayment earlier than the Maturity Date; and

(iii) without double counting, any guarantee and/or indemnity given by the Guarantor or any of its Subsidiaries in relation to any Indebtedness shall be added to the Net Financial Debt of the Guarantor and its Subsidiaries,

and, for the purposes of this definition, "**relevant accounting principles**" means, at the relevant time, the accounting principles used by the Guarantor in the preparation of the relevant annual financial statements but as applied to the preparation of consolidated financial statements;

"**Aggregated Net Financial Debt-Regulatory Asset Base Ratio**" means the ratio of the Guarantor's Aggregated Net Financial Debt to its Regulatory Asset Base, in each case as at the Determination Date;

"**Business Day**" means:

(i) for the purposes of Condition 7(d) (*Redemption at the option of Noteholders*), a TARGET Settlement Day; or

(ii) for any other purpose:

(A) in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place; or

(B) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day;

"**Calculation Amount**" means €1,000 in principal amount of Notes;

"**Certification Date**" means a date falling not later than 45 days after the approval by the Issuer's Board of Directors (or equivalent body) of the relevant consolidated financial statements and, in any event, no later than six months after the end of the Financial Period;

a "**Change of Control**" means any event or circumstance in which any Person or Persons (in each case, other than one or more Permitted Holders), acting in concert, together with any of their Affiliates, has or gains control of the Issuer and, for all such purposes:

(i) "**acting in concert**" means, in relation to two or more Persons, any event or circumstances whereby, pursuant to an agreement, arrangement or understanding (whether formal or informal), such Persons co-operate, through the acquisition or holding of voting rights exercisable at a shareholders' or equivalent meeting of the Issuer by any of them, either directly or indirectly, for the purposes of obtaining or consolidating control of the Issuer; and

(ii) "**control**" means, for all purposes in connection with Condition 7(d) (*Redemption at the option of Noteholders*):

(A) in respect of a Person which is a company or a corporation:

(1) the acquisition and/or holding of more than 50 per cent. of the share capital of such Person; or

(2) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(x) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a shareholders' or equivalent meeting of such Person; or

(y) appoint or remove all or a majority of the members of its Board of Directors (or other equivalent body) of such Person; or

(3) the ability to exercise a dominant influence over such Person or a company controlling such Person, whether by reason of voting rights at a shareholders' or equivalent meeting or by virtue of a contractual relationship; or

(B) in respect of any other Person (other than a company or a corporation), the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting rights, by contract or otherwise,

and the expressions "**controlling**", "**controlled**" and "**controlled by**" shall be construed accordingly;

"**Compliance Certificate**" means a certificate of the Issuer duly signed by two directors or by a director and the Chief Financial Officer of the Issuer, substantially in the form annexed to the Agency Agreement, confirming as at the Certification Date:

(i) the number of shares held by Permitted Holders (as far as the Issuer is aware) and the percentage of the Issuer's share capital (excluding treasury shares) represented by such shares;

(ii) which of the Subsidiaries of the Issuer are Material Subsidiaries;

(iii) that its audited consolidated financial statements in respect of the last Financial Period give a true and fair view of the financial condition of the Group as at the corresponding Determination Date and of the results of its operations during such Financial Period; and

(iv) that it is in compliance with the covenant contained in Condition 5(a) (*Limitation on indebtedness*), setting out the amount of the Issuer's Net Financial Debt as at the Determination Date and its EBITDA for the corresponding Financial Period;

(v) whether or not a RAB Event has occurred, setting out the amount of the Guarantor's Aggregated Net Financial Debt and Regulatory Asset Base as at the Determination Date;

(vi) that it is in compliance with the covenant contained in Condition 5(e) (*Guarantor's Restricted Payments*) and has been so compliant during the last Financial Period; and

(vii) to the best of the Issuer's knowledge, having made all due enquiry, that there have been no events, developments or circumstances that would materially affect its ability to certify such compliance on the basis of the Group's financial condition as at the Certification Date and its results of operations since the Determination Date;

"**Day Count Fraction**" means (i) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date;

"**Determination Date**" means the last day of the Issuer's financial year;

"**Early Redemption Date**" means the date specified in any notice to redeem the Notes given by the Issuer pursuant to Condition 7(c) (*Redemption at the option of the Issuer*);

"**Early Redemption Determination Date**" means the third Business Day prior to the Early Redemption Date;

"**Early Redemption Make-Whole Amount**" means, in respect of each Note for the purposes of Condition 7(c) (*Redemption at the option of the Issuer*), an amount per Note rounded to the nearest cent (half a cent being rounded upwards) and equal to the greater of:

(i) 100 per cent. of the principal amount of each Note; or

(ii) as determined by the Early Redemption Reference Dealers, the sum of the then current values of the remaining scheduled payments of principal and interest on such Note (not including any interest accrued on the Note to, but excluding, the Early Redemption Date) discounted to the Early Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or, in the case of a leap year, by 366) at the Early Redemption Reference Rate plus 0.50 per cent.;

"**Early Redemption Reference Bond**" means:

(i) OBL 0% 16/04/2027 (ISIN: DE0001141851); or

(ii) if such reference bond is no longer outstanding, a reference bond or reference bonds issued by the same issuer having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes, as selected by the Early Redemption Reference Dealers, quoted in writing by the Reference Dealers to the Issuer and published in accordance with Condition 16 (*Notices*);

"**Early Redemption Reference Dealers**" means three credit institutions or financial services institutions of recognised international standing which regularly deal in bonds and other debt securities, as selected by the Issuer;

"**Early Redemption Reference Rate**" means the average of the quotations given by the Early Redemption Reference Dealers on the Early Redemption Determination Date at 11.00 a.m. (Central European time (CET)) of the mid-market annual yield to maturity of the Early Redemption Reference Bond;

"**EBITDA**" means, in respect of any particular period, the operating profit before taxation of the relevant entity, before deducting any financial income and charges (including income from investments in subsidiaries, other financial income, interest and other financial expenses and gains and losses on currency conversions in relation thereto), value adjustments of financial assets (including revaluations or write downs of equity, long-term and short-term investments) or extraordinary income and charges (including income deriving from gains on disposals and sundry and charges relating to losses on disposals, taxation of previous tax years and sundry) in respect of that period and adding back amortisation of intangible and tangible fixed assets and other write-downs of fixed assets, provisions for receivables' impairment included in working capital and cash and cash equivalents, in each case, as shown in, or determined by reference to, the Issuer's latest audited consolidated annual financial statements (and, for the avoidance of doubt, calculated on a consolidated basis with respect to the Issuer) or, as applicable, the relevant entity's latest audited annual financial statements;

"**Extraordinary Resolution**" has the meaning given to it in the Agency Agreement;

"**Event of Default**" means any of the events or circumstances described in Condition 9 (*Events of Default*);

"**Financial Period**" means each period of 12 months ending on the Determination Date, the first such period being the 12-month period ended 31 December 2021;

"**Group**" means the Issuer and its Subsidiaries (taken as a whole);

"**Guarantee**" has the meaning given to it in Condition 3 (*Guarantee*);

"**Indebtedness**" means any indebtedness (whether being principal, premium or interest) of any Person for or in respect of money borrowed or raised, including (without limitation) any indebtedness for or in respect of amounts raised under any transaction (including, without limitation, any forward sale or purchase agreement) having substantially the same commercial effect as borrowing;

"**Interest Payment Date**" means 14 April in each year;

"**Intermediate Holding Company**" means a Subsidiary of the Issuer which itself has Subsidiaries;

"**Issue Date**" means 14 April 2022;

"**Material Subsidiary**" means, at any time, any Subsidiary of the Issuer which (consolidated with its own Subsidiaries, if any) accounts for 10 per cent. or more of the Group's consolidated EBITDA, consolidated total revenues or consolidated total assets and, for these purposes:

(i) the Group's consolidated EBITDA, consolidated total revenues or consolidated total assets will be determined by reference to its then latest audited consolidated annual financial statements (the "**Relevant Consolidated Financial Statements**"); and

(ii) the EBITDA, total revenues or total assets of each Subsidiary will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary and those of its own Subsidiaries (if any), in each case upon which the relevant consolidated financial statements of the Issuer have been based,

provided that: (A) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the EBITDA, total revenues or total assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited) and will be consolidated if that Subsidiary itself has Subsidiaries; (B) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the EBITDA, total revenues or total assets of, or represented by, any Person, business or assets subsequently acquired or disposed of; and (C) where an Intermediate Holding Company has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary;

"**Maturity Date**" means 14 April 2027;

"**Milan Business Day**" means a day on which commercial banks are open for general business in Milan;

"**Net Financial Debt**" means, at any particular date, the sum of the following items:

(i) total non-current financial liabilities; plus

(ii) total current financial liabilities (including financial liabilities for derivatives and commodity forward contracts accounted for under IFRS 9 as contracts entered into for trading, speculative and hedging purposes and measured at their fair value); plus

(iii) total financial liabilities for leases; plus

(iv) the amount (being the amount financed) under factoring or securitisation programmes over trade receivables on a *pro solvendo* (with recourse) basis; less

(v) available cash (*disponibilità finanziarie*) and cash equivalents (where "**cash equivalents**" means cash at banks and all assets that can be liquidated within three months); less

(vi) other financial assets represented by Italian government bonds and bonds with an investment grade rating and financial assets for derivatives and commodity forward contracts accounted for under IFRS 9 as contracts entered into for trading, speculative and hedging purposes and measured at their fair value,

in each case, as shown in, or determined by reference to, the Issuer's latest audited consolidated annual financial statements (and, for the avoidance of doubt, calculated on a consolidated basis with respect to the Issuer) or, as applicable, the relevant entity's latest audited annual financial statements;

"**Net Financial Debt-EBITDA Ratio**" means the ratio of (i) Net Financial Debt as at the Determination Date to (ii) EBITDA for the corresponding Financial Period;

"**Permitted Concession Handover**" means any cessation of business by the Issuer, the Guarantor or any Material Subsidiary relating to any Relevant Concession operated by it, whereby such Relevant Concession expires and, following a competitive tender process in which the Issuer, Guarantor or such Material Subsidiary has participated in good faith, is awarded to a third party;

"**Permitted Disposal**" any sale, transfer, contribution, assignment, lease or disposal on arm's length terms by the Issuer, the Guarantor or a Material Subsidiary of any Substantial Part (but not all or substantially all) of its business, assets and/or undertaking that is certified by the Issuer's Board of Directors (or equivalent body) to be at fair market value;

"**Permitted Holders**" means:

(i) any municipalities or provinces in the Republic of Italy that are shareholders of the Issuer as at the Issue Date and any municipalities or provinces in the Region of Tuscany holding or acquiring an equity interest in the share capital of the Issuer at any time, in each case either directly or through one or more intermediate persons (including any consortiums incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000); or

(ii) any Person directly or indirectly controlled by any of the foregoing;

"**Permitted Reorganisation**" means any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent:

(i) in the case of the Guarantor, whereby all or substantially all of the assets and undertaking of the Guarantor are transferred, sold, contributed, assigned or otherwise vested in another entity (the "**Resulting Entity**") and the following conditions are satisfied:

(A) either (1) the Resulting Entity is a Subsidiary of the Issuer or (2) if it is not a Subsidiary of the Issuer, the Issuer holds at least (x) 20 per cent. of its share capital (if the Resulting Entity is not a company whose shares are admitted to trading on a regulated market of Borsa Italiana S.p.A. or another regulated market within the European Economic Area (a "**Listed Company**")) or (y) 10 per cent. of its share capital (if the Resulting Entity is a Listed Company);

(B) the Resulting Entity assumes the obligations of the Guarantor under the Deed of Guarantee, either by operation of law or by entering into a deed poll on terms which are substantially identical to those contained in the Deed of Guarantee;

(C) notice is given to Noteholders of such transaction in accordance with Condition 16 (*Notices*);

(D) upon completion of such transaction, the Resulting Entity would, on a pro forma basis and as calculated by reference to the then latest audited annual financial statements of the relevant entity, have a Net Financial Debt-EBITDA Ratio which is lower than 4.5 to 1.0, and a certificate of the Resulting Entity duly signed by two directors or by a director and the Chief Financial Officer of the Relevant Entity is made available to Noteholders at the Specified Office of the Fiscal Agent, confirming that such is the case;

(E) the Resulting Entity enters into a supplemental agency agreement and such other documents (if any) as are necessary to give effect to the substitution of the Resulting Entity

for the Guarantor (together with any deed poll referred to in paragraph (B) above, the "**Relevant Documents**");

(F) (1) the Deed of Guarantee and the Relevant Documents represent legal, valid, binding and enforceable obligations of the Resulting Entity; and (2) all actions, conditions and things required to be taken, fulfilled and done to ensure that the foregoing is the case (including any necessary approvals, consents, filings and/or registrations) have been taken, fulfilled and done;

(G) the Resulting Entity obtains opinions addressed to the Noteholders from legal advisers of recognised international standing as to matters of English law and the law of the jurisdiction of the Resulting Entity, in each case in a form consistent with the standards of Eurobond transactions, confirming the matters set out in paragraph (F) above and such opinions are made available to Noteholders at the Specified Office of the Fiscal Agent; and

(H) the Resulting Entity subsequent to such transaction operates in the gas distribution sector; or

(ii) in the case of a Material Subsidiary other than the Guarantor whereby: (A) for the purposes of Condition 10(g) (*Cessation of business*), all or a Substantial Part of the business of such Material Subsidiary is transferred, sold, contributed, assigned or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary of the Issuer; or (B) for the purposes of Condition 10(h) (*Winding-up, etc*), all or substantially all of the business, assets and/or undertaking of such Material Subsidiary is transferred, sold, contributed, assigned or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary of the Issuer; or

(iii) on terms previously approved by an Extraordinary Resolution of Noteholders;

"**Permitted Security Interest**" means:

(i) any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Material Subsidiary, *provided that* such Security Interest is not (and does not become capable of being) enforced; or

(ii) any Security Interest created by a Person which becomes a Material Subsidiary after the Issue Date, where such Security Interest already exists at the time that Person becomes a Material Subsidiary *provided that* (A) such Security Interest was not created in connection with or in contemplation of that Person becoming a Material Subsidiary, (B) the aggregate principal amount of Indebtedness secured by such Security Interest is not increased and no additional assets become subject to such Security Interest, in both cases either in connection with or in contemplation of that Person becoming a Material Subsidiary or at any time thereafter; or

(iii) any Security Interest (a "**New Security Interest**") created in substitution for any existing Security Interest permitted under paragraph (ii) above (an "**Existing Security Interest**"), *provided that* (A) the principal amount secured by the New Security Interest does not at any time exceed the principal amount secured by the Existing Security Interest, and (B) other than by reason of general market trends beyond the control of the Issuer, the value of the assets over which the New Security Interest subsists does not at any time exceed the value of the assets over which the Existing Security Interest subsisted; or

(iv) any Security Interest created to secure Project Finance Indebtedness; or

(v) any Security Interest which is created in connection with, or pursuant to, a securitisation or like arrangement whereby (A) the payment obligations in respect of the instruments representing the Relevant Indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the assets over which such Security Interest is created (including,

without limitation, receivables) and (B) the holders of such instruments have no recourse in relation to such Relevant Indebtedness against any assets of any member of the Group;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Project**" means the ownership, acquisition (in each case, in whole or in part), development, restructuring, leasing, maintenance and/or operation of an asset or assets, and the equity participations in a company holding such asset or assets;

"**Project Finance Indebtedness**" means any present or future Indebtedness represented by instruments issued by a Person (the "**relevant borrower**") to finance or refinance a Project, whereby:

(i) the claims of the holders of such instruments (the "**relevant holders**") against the relevant borrower are limited to:

(A) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such Indebtedness; and/or

(B) the amount of proceeds deriving from the enforcement of any Security Interest given by the relevant borrower over the Project (or by any shareholder or the like over the shares or the like held by it in the capital of the relevant borrower) to secure such Indebtedness; and

(ii) the relevant holders have no recourse whatsoever against any assets of any member of the Group other than the Project and such Security Interest given by the relevant borrower over the Project (or by any shareholder or the like over the shares or the like held by it in the capital of the relevant borrower) to secure such Indebtedness;

a "**Put Event**" will be deemed to have occurred when:

(i) a Change of Control occurs; or

(ii) a RAB Event occurs;

"**Put Event Notice**" means a notice from the Issuer to Noteholders describing the relevant Put Event and indicating the start and end dates of the relevant Put Event Notice Period and the Put Option Redemption Date;

"**Put Event Notice Period**" means, in respect of any Put Event, a period of 25 Business Days following the date on which the relevant Put Event Notice is given to the Noteholders in accordance with Condition 7(d) (*Redemption at the option of Noteholders*) and Condition 16 (*Notices*);

"**Put Option Notice**" means a notice from a Noteholder to the Issuer in a form obtainable from any Paying Agent and substantially in the form annexed to the Agency Agreement, stating that such Noteholder requires early redemption of all or some of its Notes pursuant to Condition 7(d) (*Redemption at the option of Noteholders*);

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a Noteholder depositing a Put Option Notice, substantially in the form annexed to the Agency Agreement;

"**Put Option Redemption Date**" means, in respect of any Put Event, the date specified in the relevant Put Event Notice by the Issuer, being a date not earlier than five nor later than 10 Business Days after expiry of the Put Event Notice Period;

a "**RAB Event**" is deemed to have occurred on the date of delivery of a Compliance Certificate in accordance with Condition 5(c) (*Delivery of information*) if, as at the relevant Determination Date, the Guarantor's Aggregated Net Financial Debt-Regulatory Asset Base Ratio is more than 1.0 to 1.0;

"**Rate of Interest**" means 3.050 per cent. per annum;

"**Regulatory Asset Base**" means, in relation to the Guarantor, the value of the net invested capital in distribution and metering assets of Relevant Concessions owned or managed by the Guarantor, its Subsidiaries and any other company in which the Guarantor or any of its Subsidiaries has an equity interest at the Determination Date, as determined and/or approved by the Relevant Authority pursuant to the criteria, formulae and methods of calculation from time to time set forth under resolutions of the Relevant Authority implementing Article 14 of Legislative Decree No. 164 of 23 May 2000 (as amended, supplemented or re-enacted from time to time) or such other equivalent amount as may apply from time to time, *provided that*:

(i) the amount as at a Determination Date shall be that initially determined and/or approved by the Relevant Authority prior to the next Certification Date in each Financial Period and any subsequent adjustment to that amount shall be disregarded; and

(ii) the amount shall be the aggregate of the following amounts at the Determination Date:

(A) in the case of the Guarantor on a standalone basis, 100 per cent. of the relevant amount;

(B) in the case of each of the Guarantor's Subsidiaries, the relevant amount multiplied by the percentage that would, if the Guarantor prepared consolidated financial statements and in accordance with the relevant accounting principles, be applied to the financial position of the individual Subsidiary for the purposes of calculating the Guarantor's consolidated Net Financial Debt; and

(C) in the case of any other company in which the Guarantor or any of its Subsidiaries has an equity interest, the relevant amount multiplied by a percentage that reflects the proportion of the Guarantor's interest in that company and, where any such equity interest is held by one or more Subsidiaries, after taking account of minority interests in any such Subsidiary and any Intermediate Holding Company,

and, for the purposes of this definition, "**relevant accounting principles**" means, at the relevant time, the accounting principles used by the Guarantor in the preparation of the relevant annual financial statements but as applied to the preparation of consolidated financial statements;

"**Relevant Authority**" means the Italian Regulatory Authority for Energy, Networks and the Environment (*Autorità di Regolazione per Energia, Reti e Ambiente*) or such other entity responsible from time to time for the determination or approval of the Regulatory Asset Base;

"**Relevant Concession**" means any concession, licence, franchise or similar rights awarded directly or indirectly by any local, provincial, regional, national or other government entity for the distribution of gas in the Republic of Italy;

"**Relevant Date**" means, in relation to any Note or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 16 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation;

"**Relevant Indebtedness**" means any present or future Indebtedness which is in the form of, or represented by, any bond, note, debenture, certificate or other securities and which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange or any over-the-counter or other securities market;

"**Reserved Matter**" has the meaning given to it in the Agency Agreement and includes any proposal to modify these Conditions falling within the scope of Article 2415 of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce

or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes);

"**Security Interest**" means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any applicable jurisdiction;

"**Specified Offices**" has the meaning given to it in the Agency Agreement;

"**Subsidiary**" means, in respect of the Issuer at any particular time, any *società controllata*, as defined in Article 2359 of the Italian Civil Code;

a "**Substantial Part**" of any Person's business or assets means business or (as the case may be) assets representing the following percentages of the Group's consolidated EBITDA or consolidated total assets:

(i) in the case of Condition 10(g) (*Cessation of business*), 20 per cent. or more; or

(ii) in all other cases, 10 per cent. or more,

in each case determined at any particular time by reference to the Group's then latest audited consolidated annual financial statements;

"**TARGET Settlement Day**" means any day on which the TARGET System is open for the settlement of payments in euro; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (TARGET2).

(b) ***Interpretation***

In these Conditions:

(i) "**outstanding**" has the meaning given to it in the Agency Agreement;

(ii) any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 9 (*Taxation*); and

(iii) any reference to the Notes includes (unless the context requires otherwise) any other securities issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes.

2. Form, Denomination and Title

The Notes are in bearer form in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes and the Coupons, and its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee.

4. Status and Negative Pledge

(a) ***Status of Notes***

The Notes and the Coupons constitute direct, general, unconditional and, subject to the provisions of Condition 4(c) (*Negative pledge*), unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) ***Status of Guarantee***

The Guarantee constitutes direct, general, unconditional and, subject to the provisions of Condition 4(c) (*Negative pledge*), unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) ***Negative pledge***

So long as any Note remains outstanding, neither the Issuer nor the Guarantor shall, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any guarantee and/or indemnity in relation to any Relevant Indebtedness, without (a) at the same time or prior thereto securing the Notes, the Coupons and the Guarantee equally and rateably therewith or (b) providing such other security for the Notes, the Coupons and the Guarantee as may be approved by an Extraordinary Resolution of Noteholders.

5. Covenants

(a) ***Limitation on indebtedness***

So long as any Note remains outstanding, the Issuer shall ensure that, as of each Determination Date its Net Financial Debt-EBITDA Ratio is no more than 4.5 to 1.0.

(b) ***Certification***

The financial ratio set out in Condition 5(a) (*Limitation on Indebtedness*) shall be tested as at each Determination Date following approval by the Issuer's Board of Directors (or equivalent body) of the Group's consolidated annual financial statements, so that the financial ratio will be tested once in each financial year based on the previous Financial Period, as evidenced by the Compliance Certificate in relation to such Financial Period delivered pursuant to Condition 5(c) (*Delivery of information*) and for the first time in respect of the 12-month period ended 31 December 2021.

(c) ***Delivery of information***

The Issuer shall, on each Certification Date, make the following available for inspection free of charge by any Noteholder or Couponholder on its website (*www.estraspa.it*), at its own registered office and at the Specified Office of each Paying Agent:

(i) a Compliance Certificate;

(ii) the Issuer's audited consolidated annual financial statements in respect of the relevant Financial Period, with an English translation (for the first time in respect of the 12-month period ended 31 December 2021); and

(iii) where applicable, such description and other information referred to in Condition 5(d) (*Preparation of financial statements*) as may be necessary.

(d) ***Preparation of financial statements***

The Issuer shall ensure that each set of financial statements delivered pursuant to Condition 5(c) (*Delivery of information*) is:

(i) audited by independent auditors; and

(ii) prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the immediately preceding annual consolidated financial statements of the Issuer unless that set of financial statements includes, or the Issuer otherwise makes available to Noteholders and Couponholders in the manner described in Condition 5(c) (*Delivery of information*):

(A) a description of any changes in accounting policies, practices and procedures; and

(B) sufficient information to make an accurate comparison between such financial statements and the previous financial statements.

(e) ***Guarantor's Restricted Payments***

If during any Financial Period the Guarantor receives one or more Termination Value Payments which, in aggregate, exceed €2,500,000 (the "**Termination Value Payment Threshold**"), from the date on which the Termination Value Payment Threshold is exceeded until the end of such Financial Period the Issuer will procure that the Guarantor will not:

(i) declare or pay any cash dividend or make any distribution in cash on or in respect of its shares to its shareholders;

(ii) purchase, redeem or otherwise acquire or retire for value any of its shares;

(iii) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any shareholder loan incurred by the Guarantor;

(each of the foregoing actions set forth in paragraphs (i), (ii) and (iii) being referred to as a "**Restricted Payment**"), if the Guarantor's Aggregated Net Financial Debt-Regulatory Asset Base Ratio as set out in the most recent Compliance Certificate, recalculated to give *pro forma* effect to (a) any Termination Value Payment received by the Guarantor since the start of that Financial Period; (b) any Restricted Payment (including such proposed Restricted Payment) made during that Financial Period and (c) the reduction of Regulatory Asset Base in respect of which the relevant Termination Value Payments are made as if such events had occurred on the relevant Determination Date, would have been more than 1.0 to 1.0.

For the purposes of this Condition 5(e), "**Termination Value Payment**" means the payment of the termination value due to the Guarantor in accordance with applicable laws and regulations relating to a Relevant Concession operated by it upon the termination, forfeiture, revocation, withdrawal or expiry (*decadenza*, *risoluzione*, *revoca*, *recesso* or *scadenza*) (both if at the stated maturity or anticipated) of such Relevant Concession.

6. Interest

The Notes bear interest from the Issue Date at the Rate of Interest, payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). The first Interest Payment Date will be 14 April 2023.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and

(b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be €30.50 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

7. Redemption and Purchase

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date, subject as provided in Condition 8 (*Payments*).

(b) ***Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if:

(i) the Issuer has or will become obliged, or the Guarantor has or (if the Guarantee were called) would become obliged, to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 14 April 2022; and

(ii) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given (A) earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then due and (B) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer and, in the case of an obligation to pay additional amounts under the Guarantee, the Guarantor shall deliver to the Fiscal Agent:

(A) a certificate signed by two duly authorised officers of the Issuer and, if applicable, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

(c) ***Redemption at the option of the Issuer***

The Issuer may, at any time prior to the Maturity Date, redeem the Notes in whole or in part, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16

(*Notices*) (which notice shall be irrevocable), at their Early Redemption Make-Whole Amount, together with any interest accrued on the Notes to, but excluding, the Early Redemption Date.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7(c) by the Early Redemption Reference Dealers, shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes in accordance with Condition 7(c), the Notes to be redeemed will be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in this Condition 7(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed.

(d) ***Redemption at the option of Noteholders***

In the event of a Put Event, each Noteholder may, during the Put Event Notice Period, serve a Put Option Notice upon the Issuer. The Issuer will redeem in whole (but not in part) the Notes that are the subject of such Put Option Notice on the Put Option Redemption Date at their principal amount together with accrued interest from, and including, the preceding Interest Payment Date (or the Issue Date, if applicable) to, but excluding, the Put Option Redemption Date.

Promptly and in any event within ten Business Days from occurrence of a Put Event, a Put Event Notice shall be given by the Issuer to Noteholders in accordance with Condition 16 (*Notices*). For so long as the Notes are listed on a securities market of Euronext Dublin and the rules of that securities market so require, the Issuer shall also notify Euronext Dublin promptly of any such Put Event, providing information equivalent to that required to be given in a Put Event Notice under this Condition 7(d).

In order to exercise the option contained in this Condition 7(d), the holder of a Note must, on any Business Day during the Put Event Notice Period, deposit with any Paying Agent such Note, together with all unmatured Coupons relating thereto and a duly completed Put Option Notice. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt for such Note to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 7(d), may be withdrawn, *provided, however, that* if, prior to the Put Option Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Option Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 7(d), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(e) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7(a) (*Scheduled Redemption*) to (d) (*Redemption at the option of Noteholders*) above.

(f) ***Purchase***

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith. Such Notes may be held, re-issued or resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation.

(g) ***Cancellation***

All Notes which are (i) purchased by the Issuer, the Guarantor or any other Subsidiaries of the Issuer and surrendered to the Fiscal Agent for cancellation or (ii) redeemed, and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

8. Payments

(a) ***Principal***

Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) ***Interest***

Payments of interest shall, subject to Condition 8(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 8(a) (*Principal*) above.

(c) ***Payments subject to fiscal laws***

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged by or on behalf of the Issuer or (where applicable) the Guarantor or any of their agents to the Noteholders or Couponholders in respect of such payments.

(d) ***Deduction for unmatured Coupons***

If a Note is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment, *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment, *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment, *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 8(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) ***Payments on business days***

If the due date for payment of any amount in respect of any Note or Coupon is not a Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(g) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9. Taxation

(a) ***Gross-up***

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or in respect of the Guarantee by or on behalf of the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of the Note or Coupon; or

(ii) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva*, pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**") and related implementing regulations, as amended, supplemented or re-enacted from time to time; or

(iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (A) presenting the relevant Note or Coupon to another available Paying Agent in a Member State of the European Union or (B) making a declaration of non-residence or other similar claim for an exemption; or

(iv) in each case in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents; or

(v) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon

for payment on the last day of such period of 30 days, assuming that day to have been a Business Day.

(b) ***Taxing jurisdiction***

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdictions other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdictions.

(c) ***FATCA***

For the avoidance of doubt, neither the Issuer nor the Guarantor will have any obligation to pay additional amounts in respect of the Notes for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (as amended, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with those provisions or any agreement with the U.S. Internal Revenue Service) if withholding is imposed under those rules as a result of the failure by any person other than the Issuer, the Guarantor or any of their agents to establish that they are able to receive payments free of such withholding.

10. Events of Default

If any of the following events occurs:

(a) ***Non-payment****:* the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and such failure continues, in the case of principal, for a period of five Milan Business Days or, in the case of interest, for a period of seven Milan Business Days; or

(b) ***Breach of other obligations****:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes (other than the payment obligations provided for under Condition 10(a) (*Non-payment*)) or the Guarantee and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor, has been delivered by or on behalf of any Noteholder either to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or

(c) ***Cross-default of Issuer, Guarantor or Subsidiary****:*

(i) any Indebtedness of the Issuer, the Guarantor or any of the Issuer's Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of an actual or potential default (however described);

(iii) any Security Interest created or assumed by the Issuer, the Guarantor or any of the Issuer's Subsidiaries to secure Indebtedness is (or becomes capable of being) enforced; or

(iv) the Issuer, the Guarantor or any of the Issuer's Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee and/or indemnity given by it in relation to any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i), (ii) and/or (ii) above and/or the amount payable under any guarantee and/or indemnity referred to in sub-paragraph (iv) above individually or in the aggregate exceeds €5,000,000 (or its equivalent in any other currency or currencies); or

(d) ***Unsatisfied judgment****:* one or more judgment(s) or order(s) for the payment of any amount in excess of €5,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Guarantor or any of the Issuer's Subsidiaries and either (i) no appeal is filed within the period prescribed by Italian law and such judgment(s) or order(s) continue(s) unsatisfied after the expiry of the period

prescribed for such payment or (ii) an appeal is filed, but no order for suspension by the relevant court is in force and the judgment(s) or order(s) continue(s) unsatisfied until the date specified by the relevant court for payment; or

(e) ***Security enforced****:* a secured party takes possession of, or a receiver, manager or other similar officer is appointed (or application for any such appointment is made and is not dismissed within 30 days) in respect of all or a Substantial Part of the of the Group's business or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or a Substantial Part of the Group's business or assets; or

(f) ***Insolvency, etc****:* (i) the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, liquidator or other similar officer is appointed in respect of the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries or the whole or any Substantial Part of the Group's business or assets (or application for any such appointment is made and is not dismissed within 30 days), (iii) the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or any class of its creditors, or (iv) the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries declares or proposes a moratorium in respect of any of its Indebtedness or any guarantee and/or indemnity given by it in relation to any Indebtedness; or

(g) ***Cessation of business****:* the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries ceases or threatens to cease to carry on all or a Substantial Part of its business, otherwise than for the purposes of, or pursuant to, a Permitted Concession Handover, a Permitted Disposal or a Permitted Reorganisation; or

(h) ***Winding up, etc****:* an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or

(i) ***Analogous event****:* any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or

(j) ***Guarantee not in force****:* the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(k) ***Unlawfulness****:* it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of their respective obligations under or in respect of the Notes, the Deed of Guarantee or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable; or

(l) ***Controlling shareholder****:* the Guarantor ceases to be a Subsidiary of the Issuer, other than for the purposes of, or pursuant to, a Permitted Reorganisation,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

11. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

12. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Paying Agent may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents, *provided, however, that* the Issuer and the Guarantor shall at all times maintain (a) a fiscal agent, (b) for so long as the Notes are listed on Euronext Dublin and it is a requirement of applicable laws and regulations, a paying agent in the Republic of Ireland and (c) a paying agent in a jurisdiction within the European Union other than the Republic of Italy or (if different) the jurisdiction(s) to which the Issuer and the Guarantor are subject for the purpose of Condition 9(b) (*Taxing jurisdiction*).

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

14. Meetings of Noteholders; Noteholders' Representative; Modification

(a) ***Meetings of Noteholders***

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation by Extraordinary Resolution of the Notes or any of the provisions of the Agency Agreement. Such provisions are subject to compliance with mandatory laws, legislation, rules and regulations of Italy applicable to the Issuer from time to time and, where applicable Italian law so requires, the Issuer's By-laws, including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's By-laws) taking effect at any time on or after the Issue Date.

Subject to the above:

(i) any such meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;

(ii) such a meeting will be validly convened if there are one or more persons present being or representing Noteholders holding at least 78.0 per cent. of the aggregate principal amount of the outstanding Notes;

(iii) the majority required to pass an Extraordinary Resolution at a meeting convened to vote on an Extraordinary Resolution will be:

(A) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least 78.0 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) for voting on a Reserved Matter, the higher of

(1) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes, and

(2) one or more persons holding or representing not less than two thirds of the aggregate principal amount of the outstanding Notes represented at the relevant Meeting,

provided that the Issuer's By-laws (*statuto*) may, from time to time, in each case (to the extent permitted under applicable Italian law) provide for higher majorities.

An Extraordinary Resolution duly passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

(b) ***Noteholders' Representative***

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or "**Noteholders' Representative**") is appointed, *inter alia*, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

(c) ***Modification***

The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

15. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

16. Notices

Notices to the Noteholders shall be valid if published in a reputable leading English language daily newspaper published in London with an international circulation and, for so long as the Notes are admitted to trading on a securities market of Euronext Dublin and it is a requirement of applicable laws and regulations or the rules of that securities market, a leading newspaper having general circulation in the Republic of Ireland or on the website of Euronext Dublin (*https://live.euronext.com*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe (which is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of

any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. Governing Law and Jurisdiction

(a) ***Governing law***

The Notes, the Agency Agreement, the Deed of Guarantee, the Coupons and any non-contractual obligations arising out of or in connection with the Notes, the Agency Agreement, the Deed of Guarantee and the Coupons are governed by English law. Condition 14 (*Meetings of Noteholders; Noteholders' Representative; Modification*) and the provisions of the Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

(b) ***Jurisdiction***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with the Notes). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(c) ***Proceedings outside England***

Condition 18(b) (*Jurisdiction*) is for the benefit of Noteholders only. To the extent allowed by law, any Noteholder may take (i) proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and (ii) concurrent Proceedings in any number of jurisdictions.

(d) ***Process agent***

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London EC2N 4AG or, if different, at its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or it ceases to be registered in England or, for any other reason, is unable or unwilling to act in such capacity, the Issuer shall immediately appoint a further Person in England to accept service of process on its behalf. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together, the "**Global Notes**") which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

Initial form of Notes

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

Eligibility of the Notes for Eurosystem monetary policy

The Notes will be issued in new global note form and, as such, are intended to be held in a manner which will allow for them to be eligible as collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as common safekeeper but does not necessarily mean that the Notes will actually be recognised as eligible, either upon issue or at any time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations, as specified by the European Central Bank from time to time. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not currently expected to satisfy the requirements for Eurosystem eligibility.

Exchange for Permanent Global Note

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Tradeable amounts

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, up to and including €199,000.

Exchange for Definitive Notes

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000, at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached (in respect of interest which has not already been paid in full on the Permanent Global Note), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(i) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(ii) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Note will have no further rights thereunder, but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant executed by the Issuer dated 14 April 2022 (the "**Deed of Covenant**").

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes that they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg. Copies of the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents.

Modifications to Terms and Conditions of the Notes

In addition, the Global Notes will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Notes. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days

Notwithstanding the definition of “Business Day” in Condition 1(a) (*Definitions*), for the purposes of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**Business Day**" means any day which is a TARGET Settlement Day.

Partial exercise of call option

In connection with an exercise of the option contained in Condition 7(c) (*Redemption at the option of the Issuer*) in relation to redemption of the Notes in part only (rather than in whole), the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg, at their discretion, as either a pool factor or a reduction in principal amount).

Exercise of put option

In order to exercise the option contained in Condition 7(d) (*Redemption at the option of Noteholders*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices

Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on a securities market of Euronext Dublin and it is a requirement of applicable law or regulations or the rules of that Stock Exchange, such notices shall also be published in a leading English language newspaper having general circulation in the Republic of Ireland or published on the website of Euronext Dublin (*https://live.euronext.com*).

USE OF PROCEEDS

The net proceeds of the issue of the Notes, which are estimated to be in the sum of €78,807,200, will be used by the Issuer for the general corporate purposes of the Group, including refinancing of existing debt and financial support to its subsidiaries, including the Guarantor, which will also include investments in accordance with the Issuer's investment plan.

DESCRIPTION OF THE ISSUER

Overview

E.S.TR.A. S.p.A. Energia Servizi Territorio Ambiente (the "**Issuer**" or "**Estra**"), together with its subsidiaries (the "**Group**" or the "**Estra Group**"), is one of the main Italian multi-utility providers, with a strong presence in central and southern Italy, in particular in Tuscany but also in the regions of Umbria, Marche, Abruzzo, Molise, Apulia, Campania, Calabria and Sicily, Marche and Molise.

The Issuer is a joint stock company (*società per azioni*) incorporated under Italian law, with its registered office at Via Ugo Panziera 16, 59100 Prato (PO), Italy (telephone number: +39 0574 872, email: *estraspa.cert@pec.estraspa.it*, website: *www.estra.it*). The Issuer is registered with the Companies' Registry (*Registro delle Imprese*) of Prato under registration number 02149060978.

The Estra Group operates in three business segments, namely:

- *Natural gas and electricity sales*: involving sales nationwide in both retail and wholesale markets, including procurement, dispatch, storage and logistics, as well as natural gas trading operations on Italian and foreign platforms, designed to improve the conditions of the Group's purchase and procurement of natural gas;
- *Regulated markets*: relating to the technical and operational management of distribution networks for natural gas and liquefied petroleum gas ("**LPG**"), partly under concession and partly owned by the Group, mainly in the regions of central Italy; and
- *Other business areas*: such as telecommunications, renewable energy, district heating and heat management, redevelopment and energy efficiency activities, and waste selection and storage.

Alternatively, the Group's activities may be broken down between regulated or semi-regulated activities and free-market activities, which are defined as follows:

- *Regulated and semi-regulated activities*: These are carried out only by operators in possession of a concession or authorisation until its expiry date under financial and contractual conditions that are entirely or mainly established by the competent authority. Regulated activities are subject to a regulatory framework applicable to the entirety of the operations relating to such activities; the Group's regulated activities are natural gas distribution and LPG distribution and sale. Semi-regulated activities are subject to regulations applicable only to specific parts of the operations relating to such activities; the Group's semi-regulated activities are the sale and production of electricity from renewable sources.
- *Free-market activities*: These are carried out by all operators in the sector in possession of the requirements set out by applicable regulations and under financial and contractual conditions that are primarily established after having been freely negotiated between the contracting parties. The Group's free-market activities comprise the sale of natural gas and electricity, natural gas trading, telecommunications, management of heating plants owned by third parties and heat management, redevelopment and energy efficiency activities, and waste selection and storage.

The table below shows selected line items from the Issuer's results of operations on a consolidated basis for the years ended 31 December 2020 and 2019.

(in euro thousands)	**2020**	**2019 Restated**[4]
Total revenues[1]	762,350	996,922
External consumption[2]	(619,557)	(864,595)
Personnel costs	(39,230)	(39,348)
Income/(expenses) from commodity risk management	(1,205)	3,582
Income/(expenses) from equity investments of a non-financial nature	671	679
Gross operating margin (EBITDA)[3]	**103,029**	**97,240**
Depreciation/Amortisation	(48,024)	(46,971)
Provisions	(13,224)	(11,744)
Operating result (EBIT)	**41,782**	**38,525**

(1) Total revenues are calculated by adding together "Revenues from sales and services" and "Other operating revenues" indicated in the Group's consolidated income statement.

(2) External consumption is calculated adding together costs for "Consumption of raw and ancillary materials and goods", "Costs for services" and "Other operating costs" indicated in the Group's consolidated income statement.

(3) Gross operating margin or EBITDA is a measure of operating performance and is calculated by adding to the Net profit, deriving from Estra's consolidated financial statements, the "net profit/(loss) of discontinued operations, "income tax for the year", the result of "measurement of equity investments at shareholders' equity", "gains and losses on exchange rates", "financial expenses", "financial income" and "depreciation, amortisation, provisions and impairment losses", deriving from the Group's consolidated financial statements.

(4) The consolidated financial statements of Estra as at and for the year ended 31 December 2019 have been restated for the remeasurement of the purchase price allocation of Murgia S.r.l. and Ecolat S.r.l. in accordance with IFRS 3.

The tables below show a breakdown by business segment of the total revenues and of the adjusted revenues of the Estra Group for the years ended 31 December 2020 and 2019.

(in euro thousands)	**2020**	**%**	**2019**	**%**
Natural gas and electricity sales	669,348	87.8	900,285	90.3
Regulated Markets	108,085	14.2	109,361	11.0
Other business areas	55,930	7.3	62,394	6.3
Infra-group eliminations	(71,014)	(9.3)	(75,118)	(7.5)
Total Revenues	**762,350**	**100.0**	**996,922**	**100.0**

(in euro thousands)	**2020 Adjusted**[1]	**%**	**2019 Adjusted**[1]	**%**
Natural gas and electricity sales	669,349	88	892,973	91
Regulated Markets	106,418	14	107,082	11.0
Other business areas	55,930	7	60,847	6
Infra-group eliminations	(71,014)	(9)	(75,118)	(8)
Total Adjusted Revenues	**760,683**	**100.0**	**985,784**	**100.0**

(1) Corresponds to Total Revenues adjusted to exclude non-recurring revenues.

The decrease in revenues from sales of natural gas and electricity in 2020 as compared to 2019 is due to price and volume factors. With respect to price, the Group experienced a decrease in the cost of commodities and in turn on the price of natural gas and electricity sold to customers. With respect to volumes, in 2020 the Group recorded a fall in natural gas sales on the Italian wholesale market (*punto di scambio virtuale*) relating to its balancing operations, as well as lower volumes sold to customers due to the milder temperatures during winter and reduced activity of its industrial customers as a result of Covid-19 related containment measures.

The table below shows the main economic measures for the years ended 31 December 2020 and 2019.

	2020	2019
	(in euro thousands, except percentages)	
Adjusted EBITDA margin	14.0%	8.8%
Adjusted EBIT margin[(1)]	6.0%	3.1%
Maintenance capex[(2)]	46,891	44,590
M&A capex[(3)]	-	47,504
Cash conversion rate[(4)]	54.5%	54.1%

(1) Negative EBIT contribution of Euro 2.9 million and Euro 2.0 million from other business areas in 2020 and 2019 respectively.

(2) Maintenance capex is calculated by adding "Investments in tangible assets", deriving from Estra's consolidated financial statements, and "Investments in intangible assets", also deriving from Estra's consolidated financial statements.

(3) M&A capex corresponds to "(Acquisition) or disposal of subsidiaries net of cash and cash equivalents", deriving from Estra's consolidated financial statements.

(4) The Cash conversion rate represents EBITDA less Maintenance capex, divided by EBITDA. This therefore represents a measure of cash generation after taking into consideration capital expenditures in tangible assets and in intangible assets.

As at 31 December 2020, the Group had 753 employees and approximately 200 commercial agents located across its distribution network.

History

The Issuer was incorporated in 2008 under the name Estra S.r.l. by three Tuscan multi-utility companies that decided to combine their activities under the umbrella of a single operator in the natural gas and electricity sales sector. The founding shareholders were Consiag S.p.A. ("**Consiag**"), which operates in the province of Prato, Intesa S.p.A. ("**Intesa**"), operating in the province of Siena and Coingas S.p.A. ("**Coingas**"), which operates in the province of Arezzo.

In 2010, the Issuer's founding shareholders established the Group to carry on other businesses as well, namely natural gas distribution, LPG distribution and sale, energy services and telecommunications. At the same time, Estra S.r.l. was transformed into a joint stock company (*società per azioni*) and changed its legal name to "E.S.T.R.A. S.p.A. Energia Servizi Territorio Ambiente".

On 22 October 2013, the Issuer incorporated Centria S.r.l. as a limited liability company ("**Centria**") and transferred to Centria all of its natural gas distribution and LPG distribution and sales businesses, including the ownership of relevant equipment, contracts and resources. This transaction was part of the Issuer's structural-strategic reorganisation project started in 2012 and continued in subsequent years with the main purpose of creating a single Tuscan owner of gas networks and manager of natural gas distribution activities.

On 30 December 2013, the Issuer, together with Multiservizi S.p.A., a major publicly-owned utility company in the Marche region in Central Italy ("**Multiservizi**"), established Energia Del Medio Adriatico S.r.l. ("**EDMA**") through a strategic partnership with the aim of developing the Group's natural gas and electricity sales and gas distribution businesses along the Adriatic coast. In 2017, EDMA was merged in the Issuer and Multiservizi (subsequently renamed Viva Servizi S.p.A.) became a shareholder of the Issuer. See "*Share Capital and Shareholders*".

Since 2015, the Group has steadily expanded its operations through internal growth and bolt-on acquisitions aimed at complementing the geographical footprint of the Group in the natural gas and electricity sales business segment, as well as expand the scope of operations of the Group in the electricity production from renewables.

In 2019, the Estra Group carried out the following acquisitions:

- on 26 February 2019, the Issuer completed the acquisition of Ecolat S.r.l. ("**Ecolat**"), in which it already had a 12% stake, by acquiring the remaining 88% of the share capital of Ecolat from ETH S.r.l., thereby entering into the integrated waste cycle business area; and

- on 1 April 2019, for a consideration of Euro 42 million, the Estra Group acquired 100% of the share capital of Murgia S.r.l., a company newly incorporated by 2i Rete Gas S.p.A., which distributes natural gas in 10 municipalities in Apulia and manages approximately 544 km of distribution network.

In 2020, the Group expanded its operations in the waste management business through the acquisition of stakes in Ecos S.r.l. and Bisenzio Ambiente S.r.l. See "– *Business Areas – Other business areas – Waste selection and storage*".

Strategy

The Group's strategy is based on four key points, namely Growth, Efficiency, Network and Technological development, which are in turn linked to three long-term strategic developments: digital transformation, environmental matters and human centricity. The digital aspect relates to the technological transition and the digital evolution required to enhance the Group's higher value added services; within the environmental strategic item the Group factors in the matters related to climate change and the opportunities arising from energy efficiency initiatives. With respect to human centricity, the Group embraces the opportunities arising from the promotion of human resources, which should in turn enhance productivity and service quality.

Further detail of the four pillars of the Group's strategy is set out below.

Growth

The Group's aim is to consolidate its market share in the areas in which it operates and to develop commercial initiatives, such as:

- reinforcing its sales channels by investing in digital platforms and enhancing its customer care services;
- increasing sales of natural gas and "green" electricity to consumers and businesses, leveraging on the electricity generation from renewable sources and emission offsetting initiatives to improve its natural gas offering, as well as entering into and developing e-mobility operations (e.g. installation of e-charging stations and sales of e-bikes and electric scooters);
- implementing a multi-business corporate model and develop innovative proprietary technologies in order to enhance the Group's commercial offering, with the aim of consolidating its existing customer base.

The Group also aims to expand its operations in businesses which it has more recently entered, such as waste management (through the acquisition of Ecolat in 2019, Ecos in 2020 and, most recently, Bisenzio Ambiente S.r.l.), and to integrate those operations in the near future, while also continuing to increase its footprint in waste management through partnerships and acquisitions.

Efficiency

The Group intends to improve its business processes and make costs more efficient by investing in technologies and optimising processes (such as billing, back and front office and credit recovery).

In addition, in order to gain a competitive advantage, the Group's strategy is aimed at integrating and diversifying the main phases of each business area chain in which it operates. In particular, with regard to the telecommunication business area, the Group intends to exploit opportunities for the development and management of the fibre optic network in new areas.

Furthermore, the Group intends to develop its energy services business by consolidating its role as a provider of services connected with energy savings and redevelopment, and maintaining energy efficiency enhancement on large plants with high technological value.

Network

The Group currently operates in a total of 19 *Ambiti Territoriali Minimi* (Minimum Geographical Areas or "**ATEMs**"), 16 of which are operated under concessions awarded directly to the Group and the remaining three through non-consolidated companies in which the Issuer has a significant shareholding and joint ventures.

The Group aims to maintain and expand the scope of existing concessions, both through direct participation in the ATEM tendering processes and by means of alliances and partnership agreements with other concession holders. Specifically, the Group has continued to invest in technological innovation to maximise the quality and security of services and to satisfy all parameters required to take part in the ATEM tendering processes. To the same end, the Group has made investments to allow for a timely implementation of activities to extend, strengthen and maintain the efficiency of the network and plants and for technological innovation and energy savings.

The Group also intends to continue investing in the telecommunications network it operates through the implementation of hardware and software infrastructure, such as Fibre-to-the-Home (FTTH), Fixed Wireless Access (FWA) and 5G. The Group may also establish partnerships and other commercial arrangements in order to enhance its digital services offering.

Technological development

The Group intends to strengthen its technical-industrial capabilities and know-how through investments aimed at meeting upcoming challenges posed by the energy transition. The Group is adopting measures aimed at consolidating and developing activities and services offered in other areas with a view to achieving the evolution of its IT systems, proposing effective innovative solutions in the field of telecommunications, energy and renewable energies and upselling businesses by offering new products and services. Its offering is structured through the diversification of products, which include not only Commodities (as defined below) but also additional services connected to all businesses in which it operates. Within this strategic objective, the Group has established policies aimed at promoting its human resources, which it expects to implement through training initiatives and the adoption of new managerial and control systems focused on targets (Management by Objectives).

Group Structure and Principal Subsidiaries

The Issuer is the parent company of the Estra Group and as such it exercises activities of coordination and centralised management of corporate functions, such as strategic and organisational planning, financial and budget planning, marketing goals and policies, human resource management policies, strategies and practices, production scheduling, planning and control of business management and IT management.

The chart below shows the Group's structure as of 31 December 2020 and also indicates the business area in which each Group company operates.

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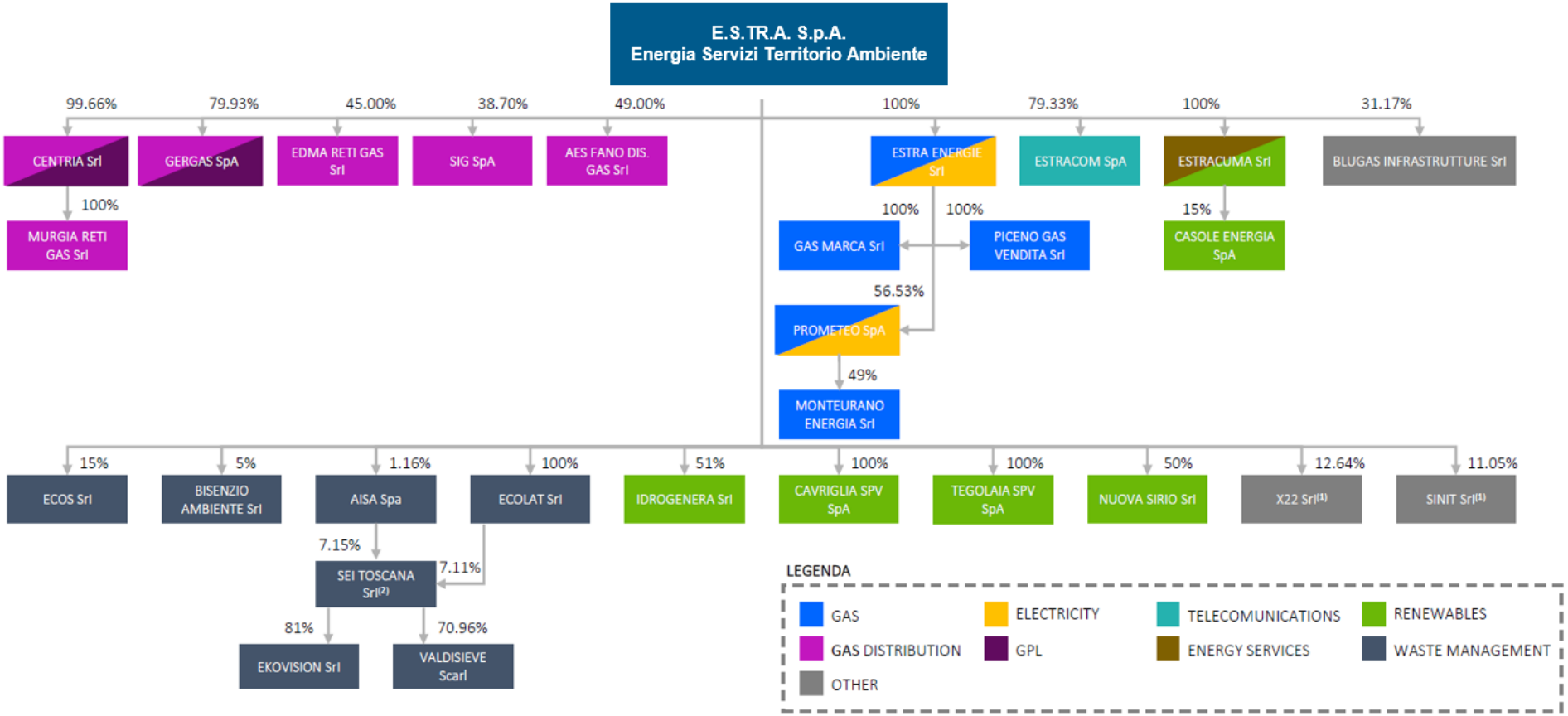


** Companies in liquidation.*

(2) Because of the civil dispute in which Ecolat and SEI Toscana S.r.l. are involved, Ecolat declared a stake of 11.27% in the share capital of SEI Toscana S.r.l. See "Legal Proceedings– Civil disputes".

Principal Subsidiaries

The Issuer is the holding company of the Group, entrusted with the central coordination of certain Group functions, such as strategic, organisational, financial and accounting planning, human resources policies and management, management control and marketing policies.

The majority of the Group's revenues are generated, and most of its assets are held, by Centria, Estra Energie S.r.l. ("**Estra Energie**") and Prometeo S.p.A. ("**Prometeo**"), which are the Group's principal subsidiaries.

Centria

Centria is the main subsidiary of the Issuer operating in the natural gas distribution business segment. As of 31 December 2020, Centria managed the natural gas distribution concessions in 112 municipalities within 12 provinces located in the regions of Marche, Tuscany, Umbria, Lazio and Abruzzo. For additional information, see "*Description of the Guarantor*".

Estra Energie

Estra Energie is a wholly owned subsidiary of the Issuer. It carries out natural gas and electricity sales and marketing for the Group and ancillary activities. In 2020, it operated through approximately 2,284 gas pressure regulation and management cabins (REMI) managed by approximately 172 distribution companies.

Estra Energie sells the majority of its natural gas via the distribution network of Centria. As at 31 December 2020, Estra Energie employed 192 people.

Prometeo

Prometeo was acquired by the Issuer, through Estra Energie, in April 2016 and operates in gas and electricity sales in the regions of Marche, Abruzzo, Molise and Umbria. For the year ended 31 December 2020, Prometeo recorded revenues of Euro 78.4 million from gas sales and Euro 29.8 million from electricity sales.

Business Areas

The Estra Group organises and manages its activities according to the following four business segments: (i) sale of natural gas and electricity; (ii) natural gas and electricity sales; (iii) regulated markets; and (iv) other business areas.

The table below shows the main economic figures relating to the Group's business areas for the years ended 31 December 2020 and 2019.

(*in euro thousands*)	2020	2019 Restated
NATURAL GAS AND ELECTRICITY SALES[1]		
Total Revenues	**669,348**	**900,285**
External costs	(598,759)	(845,592)
Personnel costs	(11,228)	(10,808)
Income/(expenses) from commodity risk management	(1,205)	3,582
Income/(expenses) from equity investments of a non-financial nature	-	-
EBITDA	**58,156**	**47,467**
Depreciation, amortisation and write-downs	(17,243)	(15,334)
Provisions	(12,783)	(11,331)
EBIT	**28,130**	**20,802**
REGULATED MARKETS[2]		
Total Revenues	**108,085**	**109,361**
External costs	(52,681)	(57,444)
Personnel costs	(14,714)	(14,666)
Income/(expenses) from commodity risk management	-	**-**
Income/(expenses) from equity investments of a non-financial nature	671	679
EBITDA	**41,361**	**37,930**
Depreciation, amortisation and write-downs	(18,508)	(19,225)
Provisions	(280)	(166)
EBIT	**22,573**	**18,540**
OTHER BUSINESS AREAS[3]		
Total Revenues	**55,930**	**62,394**
External costs	(39,130)	(36,677)
Personnel costs	(13,288)	(13,874)
Income/(expenses) from commodity risk management	-	-
Income/(expenses) from equity investments of a non-financial nature	-	-
EBITDA	**3,512**	**11,843**
Depreciation, amortisation and write-downs	(12,272)	(12,412)
Provisions	(161)	(247)
EBIT	**(8,921)**	**(816)**

(1) Includes the Group's operations relating to the sale of natural gas and electricity and trading of natural gas.

(2) Includes the Group's operations relating to the distribution of natural gas and LPG distribution and sale.

(3) Includes the remaining operations of the Group.

Natural gas and electricity sales

The Group operates both on the free market and the regulated market, selling (i) natural gas to the retail and wholesale markets; and (ii) electricity, mainly to the retail market of domestic and industrial customers and public administrations, and, to a certain extent, to the wholesale market of wholesalers and electricity companies. Specifically, the Group sells natural gas and electricity:

(i) on the free market to domestic final clients, whereby sales tariffs are determined by the supplier in relation to the "raw gas material" component and "raw energy material" component and by the *Autorità di Regolazione per Energia, Reti e Ambiente* (the Regulatory Authority for Energy, Networks and the Environment or "**ARERA**") for the other components;

(ii) on the free market to non-domestic final clients (including professionals, businesses and public administrations), with sales tariffs determined by the supplier in relation to the "raw energy material" component and by ARERA for the other components.

(iii) on the regulated market, which includes final retail clients, with sales tariffs determined solely on the basis of criteria established by the ARERA; and

(iv) on the wholesale gas and energy markets, where the contracting parties freely determine sales prices, including wholesale customers, natural gas businesses and, in the sale of natural gas, customers of virtual trading points ("**VTP**"), which are virtual points located between the input and output points of the national network of gas pipelines.

In 2020, the Group serviced natural gas and electricity to approximately 817,167 customers and 20% of end customers were "dual fuel" customers, therefore to such customers the Group's supplied both gas and electricity services. In fact, in order to promote synergies, the Issuer has also developed a "dual fuel" commercial strategy which, through the matching of commercial offers of natural gas and electricity, has successfully developed the electricity market. Compared to 2019 the number of end customers for gas fell by 1.7% in 2020 while the number of end customers for electricity rose by 14.3%.

Overall, the sale of natural gas and electricity business generated 88% and 90% of the Group's revenues respectively for the financial years ended on 31 December 2020 and 2019 and for these same years, 56% and 49% of the Group's EBITDA.

Sale of natural gas

The sale of natural gas consists of the supply of gas to end customers, business operations and marketing, customer management and billing.

The tables below show the main operating data of the Group's sales of natural gas for the years ended 31 December 2020 and 2019.

Gas clients by market (thousands)	**2020**	**2019**
Free market	388	364
Regulated market	237	272
Total	**625**	**636**

Gas clients by type (thousands)	**2020**	**2019**
Retail	597	608
Business and wholesale	28	28
Total	**625**	**636**

Gas volume by market (mln m^3)	**2020**	**2019**
Free market	1,126	1,251
Regulated market	203	236
PSV Market[(1)]	65	444
Total	**1,394**	**1,931**

(1) Virtual Trading Point (*Punto di Scambio Virtuale*)

Gas volume by type of client (mln m^3)	**2020**	**2019**
Retail	512	546
Business and wholesale	817	941
PSV Market[(1)]	65	444
Total	**1,394**	**1,931**

(1) Virtual Trading Point (*Punto di Scambio Virtuale*)

As at 31 December 2020, the Issuer serviced approximately 624,869 meter point reference numbers (i.e., the contact points between the distribution network and the final client's equipment) ("**PdRs**") (compared to 635,574 PdRs and 643,461 PdRs serviced in 2019 and 2018, respectively), managed by 176 distribution companies and involving sales of 1,395 million mm^3 of natural gas (compared to 1,931 million mm^3 and 1,483

million mm^3 in 2019 and 2018, respectively). Sales were made mainly in Tuscany, where the Group holds a 20% market share (328,000 PdRs), and Marche, where the Group holds a 23% market share (160,000 PdRs) and other regions of central Italy, such as Umbria, Abruzzo, Lazio and Molise (*Source*: ARERA). In relation to the sale of natural gas, the Issuer also uses third party managed transmission networks.

Natural gas consumption varies considerably based on the season, with a higher demand during winter (between November and February). In financial terms, this affects consumption of natural gas and, as this is the criteria used to determine prices, also the Group's income in this business segment. On the other hand, the Group generally incurs fixed costs in a fairly uniform fashion throughout the year. Specifically, the gas sales sector records a major concentration of consumption in the first and fourth quarters of each year, in which consumption is, on average, 75.0% higher than the whole year.

Sale of electricity

The Issuer sells electricity on both a wholesale and retail basis and, in particular, to domestic and non-domestic final clients, to retail final clients and to wholesale clients, natural gas companies and VTPs in the energy market.

The tables below show the main operating data of the Group's sales of electricity for the years ended 31 December 2020 and 2019.

Electricity clients by market (thousands)	**2020**	**2019**
Free market	176	146
Regulated market	17	19
Total	**193**	**165**

Electricity clients by type (thousands)	**2020**	**2019**
Retail	193	165
Business and wholesale	0.3	0.4
Total	**193**	**165**

Electricity volume by market (GWh)	**2020**	**2019**
Free market	731	734
Regulated market	33	44
Total	**764**	**778**

Electricity volume by type of client (GWh)	**2020**	**2019**
Retail	560	496
Business and wholesale	204	282
Total	**764**	**778**

As at 31 December 2020, the Issuer serviced 192,298 electricity points of delivery (i.e., the physical point at which the electricity is delivered by the supplier and collected by the end customer) ("**PoDs**") (compared to 164,859 PoDs and 130,744 PoDs in 2019 and 2018, respectively), involving sales of 764 GWh of electricity during the year 2020 (compared to 778 GWh and 649 GWh in 2019 and 2018, respectively). Sales were made throughout Italy but mainly in Tuscany, in which the Group holds a 9% market share (84,000 PoDs) and Marche, in which the Group holds a 14% market share (49,000 PoDs) and other regions of central Italy, such as Umbria, Abruzzo, Lazio and Molise (*Source*: ARERA). In relation to the sale of natural gas, the Issuer also uses third party managed transmission networks. The electricity market is a free market and consumers are therefore free to choose their preferred electricity supplier, assess the quality of service and choose the offers best suited to their consumption needs.

Electricity consumption is not affected by significant seasonal trends. However, consumption may be affected by weather conditions and average temperatures. For additional information, see "*Risk Factors— Risks relating to seasonality and atmospheric conditions*".

Natural gas trading

Since 2011, the Group has developed a natural gas trading business on wholesale markets, operating on over-the-counter markets or bilateral energy trading platforms both in Italy and abroad and/or on organised trading markets. This business is mainly carried out by means of exchange contracts and, to a marginal extent, derivative contracts with selected counterparties. In particular, it has a series of consolidated partnerships concluded through framework agreements with important market operators and key banks.

Natural gas trading is of strategic importance since procuring natural gas on the wholesale gas market is the initial step for the rest of the Group's gas sales business and it has allowed the Group to extend its coverage across the natural gas chain to improve purchase and procurement conditions and the margins of its gas sales business. Additionally, natural gas trading allows the Group to obtain greater pricing visibility in relation to "raw gas material" and "raw energy material" (together, "**Commodities**") on over-the-counter markets in order to:

(i) enter into contracts with the aim of improving the conditions of the Group's purchase and procurement of natural gas and, consequently, the margins of its gas sales business, in particular through: (a) the optimisation of its assets (storage capacity and natural gas transmission and flexibility of the long-term supply contract); (b) greater flexibility in structuring the offer and assessing procurement contracts; and (c) better management of the Commodities market risk; and

(ii) enter into contracts that are accessory to (but not strictly necessary for) the industrial business, aimed at making the most of additional profit opportunities within predefined risk limits.

During the year ended 31 December 2020, total volumes of natural gas traded was 652 million mm^3, compared 663 mm^3 for the year ended on 31 December 2019.

Regulated Markets

Natural gas distribution

The Group distributes natural gas through gas pipeline networks that are either owned by the Group or under concession, in accordance with the concessions granted by the relevant local authorities. Specifically, as of 31 December 2020, the Issuer managed, through its subsidiaries, 7,015 km of gas network infrastructure (compared to 6,984 km and 6,523 km (including the LPG network) in 2019 and 2018, respectively), of which 6,108 km are owned by the Group and 907 km are under concession, together with Euro 350 million of managed Regulatory Asset Base or RAB (excluding Euro 90 million of RAB held by joint ventures and associated companies, of which Euro 41 million represents the interest of the Group in such joint ventures and associated companies), as calculated by ARERA in accordance with its rules and regulations. Although, the Group serviced 516,000 PoDs (compared to 516,000 and 453,000 (including PoDs of the LPG network) PoDs in 2019 and 2018, respectively), involving a volume of distributed natural gas equal to 652 million mm^3 (compared to 663 million mm^3 and 655 (including LPG distribution) million mm^3 in 2019 and 2018, respectively).

The Group currently operates in a total of 19 ATEMs, 16 of which are operated by means of concessions awarded directly and three through joint ventures and other non-consolidated companies in which the Issuer has significant shareholdings.

The Group mainly operates in Tuscany, in the provinces of Arezzo, Florence, Grosseto, Lucca, Pistoia, Prato and Siena and in other regions of central Italy, in particular the provinces of Rieti, Ancona, Pesaro Urbino, Teramo, Pescara, Perugia, Ascoli Piceno, Campobasso, Isernia and L'Aquila.

Concessions

Following the adoption of Italian Legislative Decree No. 164/2000 (the "**Letta Decree**") and implementing regulations, natural gas distribution services are awarded through public tenders in relation to ATEMs rather than individual municipalities. As a result, municipalities are no longer able to grant concessions in their territory directly through single tender procedures. However, prior to the adoption of the Letta Decree and implementing

regulations, the service was awarded directly by individual municipalities and so the Group still holds certain concessions that were originally awarded directly or publicly by those municipalities.

With regard to concessions that have expired and have not yet been renewed, activities continue under the *prorogatio* regime, whereby the duration of the concession agreement is considered as extended until such time as a new tender is called and the existing agreements between the grantor and the concession holder remain in force. The concession holder of the service (i) remains liable to carry out the ordinary and administrative management of the service until the date on which a new award is made; (ii) continues to receive the related price tariff; and (iii) is required to pay annual fees to the grantor in an amount established each year, taking into consideration any changes to the regulatory and tariff system.

If a concession holder is not awarded a new tender for the supply of the natural gas distribution service (continued under the *prorogatio* regime), the new concession holder pays the outgoing concession holder an amount for the transfer of the distribution networks, which is determined in accordance with the provisions of the concession contract. In the absence of a specific provision (or certain information), the contractual provisions are supplemented by the guidelines laid down by Ministerial Decree 226/11.

For additional information, see "*Regulatory Framework*".

Maintenance and investments

The Issuer regularly monitors its distribution network, using a remote control system that allows it to carry out the necessary maintenance works in a timely manner. Specifically, inspections and checks are carried out on plants and networks in order to ensure their functionality and safety, controlling plant maintenance conditions and the correct functioning of all devices, as well as the correctness of the systems' responses to the expected demands and ordinary maintenance tasks that involve the replacement of the parts of the equipment subject to wear. These activities are carried out by specialised Group technicians and operators, with UNI 11632 Standard certified skills for natural gas distribution plant surveillance.

In addition to ordinary maintenance, there is an emergency intervention service operational 24 hours a day, seven days a week, which aims to satisfy all requests for intervention or reports of anomalies received by the emergency switchboard.

LPG distribution and sale

The Group also operates in the distribution and marketing of LPG in the provinces of Florence, Arezzo, Grosseto, Livorno, Prato and Siena in Tuscany and in the province of Rimini in Emilia Romagna. Specifically, as of 31 December 2020, the Issuer managed 7,015 km gas network infrastructure, of which 143 km was part of the LPG network and sold 0.782 million mm^3 of LPG.

Concessions for the distribution and sale of LPG are not subject to the tender regulations set out for natural gas, except when the concession does not provide for the conversion of LPG into natural gas. Where there is no provision for the conversion of LPG into natural gas, the tender regulations apply and the redemption value of the plants owned by the outgoing concession holder is determined using the same methods as applied to natural gas distribution infrastructures. Additionally, such expired concessions continues under the *prorogatio* regime until such time as the grantor decides to call a tender for the concession.

Other business areas

The Group also carries out the following main ancillary businesses: (i) telecommunications, (ii) energy services; (iii) renewable energy; and (iv) waste selection and storage.

Telecommunications

The Group operates in the telecommunications sector, offering ultra-broadband connectivity services in fibre optics, asymmetric digital subscriber line (ADSL) and telephone services, video surveillance and security systems for businesses and private customers. The Group owns a fibre optic infrastructure mainly located in the territory and industrial areas of Prato and surrounding municipalities, which enables it to offer advanced

connectivity services to its customers (numbering 4,170 as of 31 December 2020) through direct and dedicated fibre optic network technology connections and to operate in the technical-operative management of telecommunications networks and the marketing of related services. As of 31 December 2020, the Issuer managed 948 km cable of fibre optic infrastructure. Activities also include video surveillance, data transmission, telephone and internet access services.

In 2017, as part of a temporary consortium with Open Fiber and Wind Tre and together with other companies/entities operating in the area, the Group also won the tender procedure for the trial 5G Technology in Prato, one of the five cities chosen by the Italian Ministry of Economic Development to develop the pilot project concerning fifth-generation mobile network.

Energy Services and Energy Service Provider

In recent years, new technologies have been developed in the energy market, allowing consumers to save on energy costs and providing new business opportunities for gas and electricity sales operators that invest in such new technologies. In addition to offering multi-service contracts, the Estra Group also provides energy services or other energy efficiency improvement measures at user installations or facilities, thereby qualifying as an Energy Service Company ("**ESCO**"). In particular, the Group manages third party owned heating plants (heat management services), enhancing energy efficiency and assuring energy requalification. Payment for services provided by an ESCO is based, in full or in part, on the achieved energy efficiency improvement and on reaching other agreed performance criteria. As of 31 December 2020, the Group offered energy services to approximately 2,133 customers.

Heating Services

The Group operates in the planning and management of heating services, mainly through its subsidiary Estra Clima S.r.l. These activities include the technological upgrading of infrastructure and the design, implementation and management of various types of heating equipment, such as boiler systems, solar panels, biomass systems, cogeneration and underground municipal heating systems (*teleriscaldamento*). The Group also carries out global real estate services, consisting of the management and maintenance of real estate and other assets owned by third parties. As of 31 December 2020, the Group offered heating services to 1,328 customers.

Energy production from renewable sources

The Group operates in the production of electricity from renewable sources, mainly in the photovoltaic sector and biomass, through direct or indirect investments in companies managing plants in various areas of Italy.

Specifically, the Group produces electricity from renewable sources using photovoltaic plants and biomass plants, connected to a district heating network owned by the Group.

As of 31 December 2020, the Group's total energy production from renewable sources amounted to 32 GWh, of which 86.4% was represented by solar energy, 13.4% was biomass and 0.2% was hydroelectric. Finally, in 2020, the Group recorded an installed capacity of 30 MW.

Waste selection and storage

After the acquisition of Ecolat in 2019, the Group entered the integrated waste cycle business. More specifically, the Group owns a plant for the mechanical selection of mixed-material packaging coming from separate collections in southern and central Tuscany and along the coast of Tuscany, and also manages a platform for the storage of municipal recoverable, assimilated and special waste and for selection of bulky waste, as well as managing waste intermediation activity. Additionally, the Group manages a collection centre, which has an agreement with the municipality of Grosseto in Tuscany to enable private citizens to dispose of recoverable waste directly.

In 2020 Ecolat, the Estra Group company that provides environmental services, processed approximately 21.9 tonnes of waste.

In 2020 and 2021, the Group expanded significantly into the waste management sector, with two key transactions: (i) the investment agreement with Consiag and Cipeco S.r.l. ("**Cipeco**") relating to the gradual acquisition by the Issuer and Consiag of 100% of the share capital of Bisenzio Ambiente S.r.l. ("**Bisenzio Ambiente**"), which operates plants for the storage and treatment of hazardous and non-hazardous special waste; and (ii) the acquisition of Ecos S.r.l., which is engaged in the management of waste storage facilities and operates on the national market for management of hazardous and non-hazardous special waste. For additional information, see "*Recent Developments— Acquisition of controlling stake in Bisenzio Ambiente*" and "*Recent Developments— Investment agreement for the acquisition of Ecos S.r.l.*"

Supply Chain

The Group mainly operates in the final stages of the gas supply chain in the distribution and sales business and, in the case of the electricity supply chain, in the sales business. The Group does not produce gas or electricity, except for a negligible amount of electricity that is produced in the renewable energy plants it operates. Therefore, in order to carry out its business the Group needs to acquire natural gas and electricity from suppliers and, in the case of natural gas, also from importers.

Acquisition of natural gas

Group companies in the gas procurement sector procure the gas necessary to satisfy customer demand on the basis of contracts entered into with producers and importers of variable terms, either annual or multi-year. The Group has entered into natural gas supply agreements with various suppliers, pursuant to which the Group purchased 1.390 million cubic meters in 2020, compared to 2.033 million cubic meters purchased in 2019.

The Group also purchases natural gas volumes on the VTP and physical natural gas market. The VTP is an electronic system managed by Snam Rete Gas, where operators can exchange and sell gas from the pipeline network, while the physical natural gas market is a system by which Gestore dei Mercati Energetici S.p.A., a public company operating the market for trading in electricity and energy ("**GME**"), acts as a central counterparty, making it possible for traders to exchange weekly, monthly, quarterly or annual batches of gas. Both these types of procurement allow the Group to exploit favourable market conditions to supplement the volumes of natural gas available.

The Group then transports the natural gas purchased on the international markets, so that it can obtain the necessary transport capacity on the national network, as well as storage and balancing capacities that enable it to operate in the natural gas physical trading sector. The natural gas supply structure of the Group guarantees the availability of a minimum quantity of natural gas and gives it access to favourable market conditions on the VTP market and the physical natural gas market through which it can supplement the volumes of natural gas.

Acquisition of electricity

The Group purchases electricity from multiple suppliers by means of spot contracts entered into both on over-the-counter and on the electricity market. In 2020, the Group purchased 763.8 GWh of electricity, compared to 778.3 GWh the previous year. Management of the electricity market is entrusted to GME, which is tasked with guaranteeing compliance with neutrality, transparency and objectivity requirements, as well as with maintaining competition between producers and ensuring the economic management of a suitable availability of the power reserves.

Wholesalers can also purchase electricity directly from producers or import it from abroad through interconnection points to the national transmission grid (*i.e.* the collection of transformer stations and high-tension power lines in Italy) located at the borders to the country and then sell it to end customers or other operators.

Sales channels

The Group uses two different sales channels depending on the type of end customer to which gas or electricity are supplied:

- *Domestic consumption*: the Group has six stores, all of which are in Tuscany, a call centre and a website with a dedicated customer area through which it interacts with domestic customers; and
- *Business consumption*: sales to business customers are carried out through a highly personalised relationship, which is individually managed by the Group.

Financing

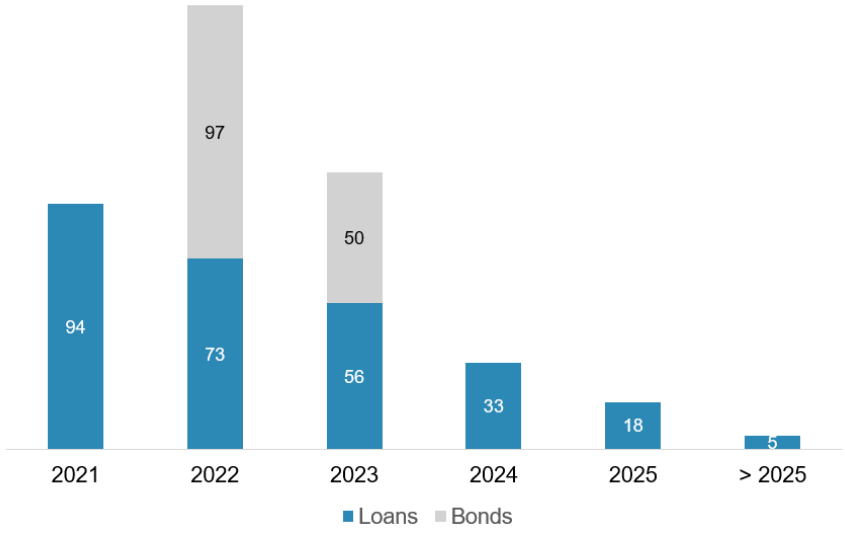
The Group's net financial position as of 31 December 2020 amounted to Euro 291.4 million, improving on the result at 31 December 2019 (Euro 304.2 million).

The table below shows the composition of net financial debt as of 31 December 2020 and 2019.

	2020	2019
	(Euro millions)	
Medium Long term debt(1)	183.0	232.6
Bonds	145.8	145.3
Short Term Financial Debt(2)	122.8	122.1
Gross Financial Debt	**451.6**	**499.9**
Cash and Cash Equivalents	**160.2**	**195.7**
Net Financial Position	**291.4**	**304.2**

(1) Including bank loans (Euro 161.1 million), shareholders' loans (Euro 6.8 million) and IFRS 16 leases (Euro 15.1 million).
(2) Including short-term portion of medium long-term debt, net of Current financial receivables.

The following chart sets out the maturity profile of the Group's indebtedness.



Notes: Figures in millions of Euro. Loans include IFRS 16 leases.

The Group's principal financing instruments as at 31 December 2020, which are set out in the table below, are unsecured.

Description	Borrower	Interest Rate	Principal Outstanding at 31 December 2020	Maturity Date
€100 million bond Issue	Issuer	3.75%	€97,200,000	13 July 2022
€80 million bond Issue	Issuer	2.45%	€50,000,000	28 November 2023
€50 million loan from Intesa Sanpaolo S.p.A.(*)	Issuer	1.45%	€37,500,000	31 December 2023
€40 million loan from MPS S.p.A.	Issuer	6m Euribor + 1.75%	€36,126,055	30 June 2025
€40 million loan from MPS S.p.A.	Issuer	1.64%	€33,333,333	31 December 2025
€20 million loan from UBI S.p.A. (now Intesa Sanpaolo)	Issuer	3m Euribor + 1.4%	€20,000,000	17 December 2025
€20 million loan from Iccrea	Issuer	1.2%	€17,552,326	24 June 2024
€20 million loan from BNL S.p.A.(*)	Centria	6m Euribor + 1.2%	€15,000,000	26 March 2022

(*) Floating interest rate based on sustainable performance indicators.

Since 31 December 2020, with respect to the indebtedness set out in the table above, the Group has made the following repayments: (i) Euro 12.5 million of the Euro 50 million loan from Intesa Sanpaolo S.p.A.; (ii) Euro 7.83 million of the Euro 40 million loan from MPS S.p.A. maturing on 30 June 2025; (iii) Euro 6.67 million of the Euro 40 million loan from MPS S.p.A. maturing on 31 December 2025; (iv) Euro 4.92 million of the Euro 20 million loan from UBI S.p.A. (now Intesa Sanpaolo S.p.A.); (v) Euro 4.94 million of the Euro 20 million loan from Iccrea; and (vi) the remaining Euro 15 million from the Euro 20 million loan from BNL S.p.A.

In addition, since 31 December 2020, the Group has incurred Euro 76.7 million in new medium to long term indebtedness (excluding IFRS 16 lease liabilities), of which Euro 4.7 million was as a result of the consolidation of Ecos S.r.l. (see "*Recent Developments – Investment agreement for the acquisition of Ecos S.r.l.*") and EDMA Reti Gas S.r.l. (see "*Recent Developments – Shareholding in EDMA Reti Gas S.r.l.*").

Debt securities

In July 2015, the Issuer issued senior unsecured bonds in an aggregate principal amount of Euro 100 million with a seven-year maturity, yielding annual interest at a rate of 3.75%, guaranteed by Centria. The bonds are listed on the Global Exchange Market of Euronext Dublin. The terms and conditions of the bonds are governed by English law and include certain financial covenants and a change of control clause. In January 2019, the Issuer repurchased bonds of an aggregate principal amount of Euro 2.8 million.

In November 2016, the Issuer issued senior unsecured bonds in an aggregate principal amount of Euro 80 million with a seven-year maturity, yielding annual interest at a rate of 2.45%, again guaranteed by Centria. The bonds are listed on the regulated market of Euronext Dublin. The terms and conditions of the bonds are governed by English law and include certain financial covenants and a change of control clause. In March 2018, the Issuer repurchased bonds of an aggregate principal amount of Euro 30 million.

Loans

The Group's main loan facility agreements provide funds in the medium/long term, usually to be repaid in half-yearly instalments. Some loan facility agreements require the Group to comply with certain capital-financial ratios for the entire term of the loan, which are usually verified on an annual basis and certified by the delivery of a compliance certificate within 30 days from the date of approval of the consolidated financial statements. The loan facility agreements are intended to meet financial requirements connected with Group investments to expand operations in geographical areas, as well as to manage ordinary business operations and support general cash requirements of the Group.

Guarantees

As at 31 December 2020, the Group had outstanding guarantees in respect of a total of Euro 34.8 million of indebtedness of parties other than Group companies (compared to Euro 34.1 million as at 31 December 2019) (*Source*: Unaudited internal management data).

Environmental Matters

The Group's business is subject to environmental regulation. See "*Regulatory Framework*".

Share Capital and Shareholders

Share capital

As at 31 December 2020, the Issuer had a share capital of Euro 228,334,000, fully paid up and consisting of 228,334,000 ordinary shares with a nominal value of Euro 1.00 each. There have been no changes to the Issuer's share capital since 31 December 2020. The Issuer's shares are unlisted.

Shareholders

The Issuer's shareholders are Consiag, which holds 39.50% of its share capital, Coingas S.p.A., which holds approximately 25.14%, Intesa S.p.A., holding approximately 25.14% and Viva Energia S.p.A., with approximately 10.0% (see also "*Recent Developments – Shareholding in EDMA Reti Gas S.r.l.*" below). The remaining 0.22% of the Issuer's share capital is represented by treasury shares. In total, more than 143 municipalities in the provinces of Ancona, Arezzo, Florence, Grosseto, Macerata, Prato and Siena have indirect shareholdings in the Issuer.

The Issuer is not subject to direction and coordination (*direzione e coordinamento*) by any entity pursuant to Article 2497 of the Italian Civil Code and, accordingly, the Issuer has no abuse of control measures in place in order to ensure that its direction and coordination is not abused with respect to shareholders.

Corporate Governance

The Issuer is managed by a board of directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to one or more managing directors (the "**Board of Directors**"). The Board of Directors determines the powers of the chief executive officer (the "**Chief Executive Officer**").

In addition, the Italian Civil Code requires the Issuer to have a board of statutory auditors (*Collegio Sindacale*) (the "**Board of Statutory Auditors**") whose purpose is to oversee the Group's compliance with the law and its own by-laws, verify the Group's compliance with best practices in the administration of its business and assess the adequacy of the Group's internal controls and accounting reporting system, including the adequacy of the procedures in place for the exchange of information between it and its subsidiaries.

Board of Directors

The Board of Directors of the Issuer was appointed by the ordinary shareholders' meeting on 15 July 2020 for a term expiring on the date of the shareholders' meeting called for the purpose of approving the financial statements for the year ending 31 December 2022. On 22 November 2021, the Italian authority responsible for the prevention of corruption in the public administration ("**ANAC**" or *Autorità Nazionale Anticorruzione*) notified the Issuer that the appointment of Mr Francesco Macrì as the Issuer's Chairman has been declared void and such declaration was immediately effective. For additional information, see " – *Legal Proceedings – Proceedings in connection with appointment of Mr Macrì to Board of Directors of Issuer*". Following ANAC's decision, on 26 November 2021, the Board of Directors of the Issuer resolved to appoint as its Chairman Mr Alessandro Piazzi.

The Board of Directors is currently composed of the following four members.

Name	Position	Significant roles held outside the Issuer	
		Company	***Position***
Alessandro Piazzi	Chairman and Chief Executive Officer	Gergas S.p.A.	Chairman
Paolo Abati(*)	Managing Director and General Manager	Estracom S.p.A.	Chairman of the Board of Directors
		Estra Energie S.r.l.	Director
Anna Scrosta(*)	Managing Director	-	-
Roberta De Francesco	Director	-	-

(*) Executive Director

Independent Supervisory Board (Organismo di Vigilanza)

Pursuant to Legislative Decree No. 231 of 8 June 2001, as amended ("**Decree 231**"), which provides for the direct liability of legal entities, companies and associations for certain crimes committed by their representatives and encourages companies to adopt corporate governance structures and risk prevention systems to stop managers, executives, employees and external collaborators from committing crimes), the Board of Directors has appointed an independent supervisory board ("***Organismo di Vigilanza***") charged with the task of (i) monitoring compliance with Decree 231 and (ii) proposing necessary updates to the organisational model of the Issuer. In order to supervise the actions of top management adequately, the *Organismo di Vigilanza* must remain fully autonomous.

Board of Statutory Auditors

The Board of Statutory Auditors of the Issuer was appointed by the ordinary shareholders' meeting on 15 July 2020 for a term expiring on the date of the shareholders' meeting called for the purpose of approving the financial statements for the year ending 31 December 2022.

The current composition of Statutory Auditors is the following:

Name	Position	Significant roles held outside the Issuer	
		Company	***Position***
Rita Pelagotti	Chairman	EL.EN. S.p.A.	Standing Auditor
		Palazzo Feroni Finanziaria S.p.A.	Standing Auditor
		Viesca Società Agricola S.r.l.	Sole Auditor
		Calzaturificio Marco S.r.l.	Sole Auditor
		Socim S.p.A.	Shareholder
		Sagittario S.s.	Shareholder
		Luca P. S.s.	Shareholder
		Ferragamo Parfums S.p.A.	Standing Auditor
		Farmapiana S.p.A.	Auditor
		European Air-Crane S.p.A.	Chairman of the Board of Statutory Auditors
		Global Accounting Services S.r.l. (A.G.S. S.r.l.)	Special Attorney
		Montesecondo Società Agricola Semplice	Judicial Administrator
		Imerys Minerali S.p.A.	Chairman of the Board of Statutory Auditors
		Galardi S.r.l.	Standing Auditor

Name	Position	Significant roles held outside the Issuer	
		Company	***Position***
Alessandro Mannelli	Standing Auditor	Qualità e Servizi S.p.A.	Auditor
		Idest S.r.l.	Sole Auditor
		Pellettria Il Veliero S.r.l.	Auditor
		OMS S.r.l.	Sole Auditor
		CASA S.p.A.	Standing Auditor
		ELLE GROUP S.r.l.	Sole Auditor
		Dini Restauri di Dini Giacomo	Receiver
		Elacont S.r.l.	Shareholder
		EMME BI GROUP S.r.l.	Shareholder
		OMS ITALIA S.r.l.	Auditor
Michele Petrucci	Standing Auditor	Gio-Gar Vini S.p.A.	Alternate Auditor
		Officine Meccaniche Alta Specializzazione S.p.A.	Alternate Auditor
		Casali – Industria Chimica e Bituminosa S.p.A.	Alternate Auditor
		La Marina Dorica S.p.A.	Managing Director
		Marche Capital S.r.l.	Shareholder
		C.P.S. Compagnia Portuali Servizi Soc. Coop.	Alternate Auditor
		RSU S.r.l. in liquidazione	Liquidator
		Viva Servizi S.p.A.	Chairman of the Board of Statutory Auditors
		Messers S.p.A.	Director
		Echidna S.p.A.	Standing Auditor
		Chiron Energy Capital S.p.A.	Standing Auditor
		Enereco S.p.A.	Standing Auditor
Michele Marallo	Alternate Auditor	Centria S.r.l.	Chairman of the Board of Statutory Auditors
		Publiacqua S.p.A.	Chairman of the Board of Statutory Auditors
		Estra Clima S.r.l.	Alternate Auditor
		Farma.net Scandicci S.p.A.	Chairman of the Board of Statutory Auditors
Valentina Sampieri	Alternate Auditor	Intesa S.p.A.	Director
		Società Cooperativa “Aurelio Parco Vacanze Il Veliero”	Standing Auditor
		Unidea S.r.l.	Shareholder
		A&G Mobility S.p.A.	Alternate Auditor
		Agnorelli S.p.A.	Alternate Auditor

Conflicts of Interest

To the best of the Issuer’s knowledge, no potential conflicts of interest exist between any duties to the Issuer of the members of the administrative, management and supervisory bodies listed above and their private interests or other duties, with the exception of those relating to transactions submitted to, and resolved upon by, the Board of Directors in compliance with Article 2391 of the Italian Civil Code.

Investigation involving the former Chairman of the Board of Directors of the Issuer

The Public Prosecutor of Arezzo commenced an investigation of former Chairman of the Board of Directors of the Issuer, Mr Francesco Macrì, involving possible abuse of office and misappropriation of funds of public administrations (*peculato*) in connection with (i) the determination of the acquisition price for Ecolat, which was purchased by the Issuer in 2019 (see “- *History*” above), and (ii) payments for certain external legal and commercial consulting services rendered in favour of the Issuer, as well as for certain sponsorship activities by the Issuer since 2017. On 15 July 2020, after receiving notice of the investigation, Mr Macrì voluntarily handed back the limited powers that had been conferred to him by the Board of Directors but maintained his

role as Chairman of the Board of Directors. In October 2020, following an internal audit procedure carried out by the Issuer in respect of the matters under investigation, the Board of Directors approved the former Chairman's proposal to reinstate the limited powers previously suspended. Mr Macrì denies all the allegations against him.

Starting from 16 July 2020, in the context of such investigation, the Italian Financial Police (*Guardia di Finanza*) has been collecting documents and information from the Issuer. On the basis of the information available to the Issuer and its own enquiries, the Issuer is not at present proposing to take any action in connection with this matter, other than co-operating fully with the investigation.

Independent Auditors

The Issuer's financial statements are audited by EY S.p.A. ("**EY**"). EY is authorised and regulated by the Italian Ministry of Economy and Finance ("**MEF**") and registered on the special register of auditing firms maintained by the MEF under number 70945. The registered office of EY is at Via Meravigli 12, 20123 Milan, Italy.

EY has audited the financial statements of the Issuer as at and for the years ended 31 December 2020 and 2019 in accordance with international standards on auditing (ISA Italia) and the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law, and have issued their audit reports pursuant to article 14 of Legislative Decree No. 39 dated 27 January 2010, article 10 of EU Regulation No. 537/2014 and article 102 of Legislative Decree No. 209 dated 7 September 2005.

On 12 January 2017, the Issuer's ordinary shareholders' meeting passed a resolution appointing EY to audit the Issuer's financial statements and the Group's consolidated financial statements for the period 2017-2024.

Employees

The following table shows a breakdown of the average number of employees of the Group in 2020 and 2019.

	As of 31 December	
	2020	**2019**
Executives	22	21
Employees and Office Staff	576	573
Workers	157	163
Total	**755**	**756**

Legal Proceedings

From time to time, the Group is involved in the ordinary course of business in civil or administrative legal proceedings. The Issuer believes that these civil and administrative proceedings could result in liabilities or sanctions for those companies and as at 31 December 2020, the provisions for risk and charges amounted to Euro 2.3 million.

The following is a description of the material litigation in which the Group is currently involved. See also "*Corporate Governance - Investigation involving the former Chairman of the Board of Directors of the Issuer*" above.

Administrative disputes

Disputes with municipalities over natural gas distribution service provided under prorogatio regime

Centria is involved in legal proceedings that it brought against the Municipality of Seravezza and the Municipalities of Montevarchi, Cavriglia and Figline Valdarno (the "**Arno Valley Municipalities**") over the determination of concession fees due to those municipalities for the period in which Centria has continued to operate the natural gas distribution concession following its expiry under the *prorogation* (caretaker) regime, pending the award of a new concession. In particular, Centria, claims a reduction of fees under the concession contracts, which expired in 2016 for Seravezza and 2014 for the Arno Valley Municipalities.

In relation to the Seravezza proceedings, the Court of Lucca ruled in favour of Centria in 2019, finding that the Municipality was obliged to renegotiate the annual concession fee, amounting to approximately Euro 500,000, after expiry of the concession contract, in accordance with the general clauses of good faith and fairness, to preserve the economic and legal balance between the parties. As a result, in May 2020, Centria and the Municipality of Seravezza, entered into a settlement agreement on the quantification of the fee due to the Municipality for the years 2016 and 2017, which were fixed at Euro 861,000 per year. For the years 2018 to 2021, the fee is provisionally set at Euro 150,000, pending regulatory and jurisprudential clarifications or insights from sector authorities.

In relation to the Arno Valley Municipalities, an arbitration proceeding commenced by Centria against those municipalities is still pending. The annual concession fees provided under the concession contracts amounts to approximately Euro 2,200,000 and, in January 2020, an award was issued which upheld the 2014 agreement for the period 2014-2019. However, a final ruling must still be issued and the court still has to rule upon the effect of the above-mentioned agreement, as well as Centria's request for a declaration that the municipalities are obliged to renegotiate the agreement in accordance with the rules of fairness and good faith.

Although Centria, assisted by its legal counsel, believes it is entitled to have the fees recalculated for the years following expiry of the contract, the outcome of the disputes and renegotiations with the municipalities is still uncertain. Pending settlement of these disputes, in the 2020 financial statements, in continuity with previous years, Centria has decided to revise the fee schedule. As it is not possible to quantify the possible reduction of fees, the Issuer has taken the precaution of continuing to record in its financial statements the entire amount of the fees originally provided for under the expired concession contracts.

In addition, Murgia Reti Gas S.r.l. ("**Murgia**") is defendant in a suit brought started by the Municipality of Valenzano in February 2021 in connection with the operation of the natural gas distribution concession under the *prorogatio* (caretaker) regime. The Municipality of Valenzano claims that Murgia has not applied the correct criteria for the determination of the concession fees due under the *prorogatio* regime and, as a result, should pay additional concession fees for the 2019-2020 period of Euro 326,000, in addition to Euro 180,000 in penalties. The first hearing is scheduled for 25 November 2021.

On a separate matter, the Municipality of Arezzo brought proceedings against Centria before the Court of Arezzo in December 2020, claiming unpaid concession fees of Euro 3,131,000 for the period 2014-2019, plus interest and adjustments for inflation. The claim is based on the assertion that an agreement was entered into and provided for Centria to pay a fixed annual fee of Euro 984,000 starting from 2011 and until a tender at European level is carried out and awarded. The Group believes the allegations to be groundless and no provision has been made in its financial statements in relation to this claim.

Dispute with the Municipality of Prato and Toscana Energia

In March 2011, the Municipality of Prato launched a public tender to award the natural gas distribution concession which was then operated by Estra Reti Gas S.r.l. (which was later merged into the Issuer and then transferred to Centria). The tender was awarded on 20 June 2012 to Toscana Energia S.p.A. ("**Toscana Energia**") and, following an appeal by the Group, the tender decision was confirmed on 22 January 2015. On 31 August 2015, Toscana Energia took over the gas distribution concession and paid Centria a termination value of Euro 85.5 million. Although the termination value was determined by an expert appointed by the municipality of Prato, Centria contested the amount and, in 2016, the Municipality of Prato notified Centria that the termination payment was to be reduced to Euro 83.8 million.

In light of such developments, Centria and the Issuer filed proceedings before the Court of Prato against the municipality of Prato and Toscana Energia, in order to obtain a ruling against Toscana Energia or, alternatively, the municipality of Prato, for the payment of Euro 9.6 million, representing the difference in the termination value paid and the value of the concession specified in the tender notice. The Municipality of Prato responded by filing a counterclaim against the Issuer for Euro 6 million, allegedly due pursuant to an agreement entered into in 2011 in relation to the determination of the termination value of the concession. In the meantime,

Toscana Energia filed a separate counterclaim against Centria in the sum of Euro 1.7 million, alleging a different composition of the gas network from that represented by the outgoing operator.

On 14 August 2020, with respect to the counterclaim filed by the Municipality of Prato, the Court of Prato ruled against the Issuer, ordering it to pay the Municipality Euro 6 million, plus interest due pursuant to the above-mentioned agreement entered into in 2011 in relation to the determination of the termination value of the concession. The Issuer then appealed against the judgment but, on 2 December 2020, it settled the claim with the Municipality, agreeing to pay Euro 6.1 million (including interest) in three annual instalments.

With respect to the Issuer and Centria's Euro 9.6 million claim and Toscana Energia's Euro 1.7 million counterclaim, the court of Prato declined jurisdiction, holding that the matter should be heard by the administrative court. The Issuer and Centria appealed against the judgment on 26 February 2021 and Toscana Energia has separately filed an appeal before the Court of Appeal of Prato against the same judgment. However, in separate proceedings, the administrative court ruled in November 2021 that the civil courts have jurisdiction over the claim and the parties are therefore expected to restart the proceedings before the court of Prato.

Tax disputes and investigations

From time to time, the Group is subject to tax audits and/or tax investigations by local tax authorities. Except for the following, there are no tax disputes or investigations of material amounts.

Tax audit report on CoopGas S.r.l. and subsequent notices of assessment

On 19 December 2017, the Italian Financial Police (*Guardia di Finanza*) served a tax audit report (*processo verbale di constatazione* or "**PVC**") on CoopGas S.r.l., a company purchased by the Estra Group in February 2016 and later merged into Estra Energie S.r.l. on 1 January 2017 ("**CoopGas**"), which contained the following claims: (i) alleged inaccuracies in the IRES and IRAP tax declarations for deduction of costs relating to non-existent transactions in the amount of Euro 195,000 in 2014 and certain sponsorship costs which were deemed non-deductible donations in the amount of Euro 325,000 in 2015; and (ii) the non-deductibility of VAT on invoices for non-existent costs of around Euro 3,000 in 2014.

In 2019, notices of assessment were then given to CoopGas relating to the IRES and IRAP tax declarations and for the VAT payments for the year 2014. In this regard, a total amount of Euro 132,000 was paid by the Group for taxes, penalties and interest, by accepting the notices of assessment.

The Issuer believes a notice of assessment for the year 2015 might be formalised and that the Group might not succeed in contesting the claims. The Issuer has therefore taken the precaution of maintaining the special provision on its balance sheet, already accrued in previous years, in the amount of Euro 350,000. Since the amount paid to settle the findings relating to 2014 does not differ substantially from the provision on its balance sheet and considering that no notices relating to 2015 have been served, the residual provision of Euro 218,000 is considered by the Issuer to be adequate.

Notice of assessment on deductibility of goodwill

In June 2018, the Regional Tax Office for Marche served Prometeo with a notice of assessment for the year 2014, in which the main finding referred to the derecognition for the purposes of IRES, IRAP and financial transactions taxes of amortisation amounting to Euro 148,614 that was applied to goodwill of approximately Euro 6,690,000 acquired by way of a business contribution. In particular, the tax authorities argue that the goodwill acquired by the transferee under a business contribution is always irrelevant for tax purposes, even when (as in this case) the transferor confers goodwill that is not subject to taxation.

In March 2020, the first-instance hearing was held and the Group obtained a favourable judgment. However, on 22 October 2020, the Regional Tax Office filed an appeal and in January 2021 Prometeo submitted its reply. The Group, supported by its consultants, believes the allegation raised to be unfounded and therefore no provision has been made in its financial statements.

Subsequently, in May 2021 the Regional Tax Office for Marche served notice of an assessment on Prometeo for the year 2015, setting out a claim amounting to Euro 113 thousand, based on the same allegations as the assessment for the year 2014, and in July 2021 Prometeo appealed against that assessment. In March 2022, the court of first instance found in favour of the Group in respect of the tax assessment for the year 2015, although this ruling may be appealed against by the Regional Tax Office.

Notices to pay registry, mortgage and land registry taxes

On 20 December 2019, the Issuer and the subsidiary Centria received notices to pay registry, mortgage and land registry taxes, as well as penalties amounting in total to Euro 435,000, arising from transactions whereby Solgenera S.r.l. (now merged into the Issuer) and Centria contributed certain business units to Estra Clima S.r.l. on 29 September 2016, in exchange for shareholdings in that company of 44.69% and 39.43%, respectively, which were subsequently transferred to the Issuer. The Group believes the notices are groundless and, for this reason, no provision has been set aside in its consolidated financial statements.

Proceedings in connection with appointment of Mr Macrì to Board of Directors of Issuer

On 27 May 2021, ANAC gave notice to the Issuer and certain other parties that it had commenced proceedings in connection with the appointment of Mr Francesco Macrì as the Issuer's Chairman. The proceedings were commenced with the aim of ascertaining whether Mr Macrì's appointment to the Board of Directors of the Issuer was subject to the requirements of Italian Legislative Decree No. 39 of 8 April 2013 regarding appointments to the public administration and publicly controlled entities ("**Decree No. 39**") and, if it was subject to those requirements, whether there was any non-compliance. In particular, the investigation was focused on the potential ineligibility of Mr Macrì as a member of the Issuer's Board of Directors at the time of his appointment, arising from his recently-held position as a city councillor of the Municipality of Arezzo.

The question of the legitimacy of Mr Macrì's appointment to the Board of Directors of the Issuer is also among the grounds for charges that the Public Prosecutor of Arezzo has brought against Mr Macrì in pending proceedings, together with a number of other defendants, for alleged abuse of office and other offences. These proceedings relate to the affairs of Coingas but otherwise do not directly concern the Issuer and are also separate from the investigation referred to in "*Investigation involving the former Chairman of the Board of Directors of the Issuer*" above.

On 22 November 2021, ANAC notified the Issuer of its decision to declare void with immediate effect the appointment of Mr Francesco Macrì as Chairman of the Issuer. On 26 November 2021, the Issuer's Board of Directors appointed Mr Alessandro Piazzi, the Chief Executive Officer of the Issuer, as Chairman and resolved to challenge ANAC's decision before the competent courts. In particular, the Issuer believes that Decree No. 39, a legislation that mainly affects the appointment of directors and officers, should not apply to the Group companies, as it does not consider them to be publicly-controlled companies under that legislation. The first hearing in respect of the Issuer's challenge of ANAC's decision is due to be held on 14 June 2022 before the administrative court of Lazio.

Covid-19 Pandemic

The outset of 2020 marked the outbreak of the coronavirus ("**Covid-19**") which began in China at the end of January and then expanded globally, with particular intensity in Europe and the United States, enough to force the World Health Organisation to declare Covid-19 as a pandemic.

Most of the countries affected by the Covid-19 pandemic have adopted stringent containment measures, which have affected the global economic and social scenario. In 2020, the Covid-19 pandemic led to a downturn in the economy, caused by a reduction in industrial production, the interruption of tourist flows and reduced trade, in addition to a drop in private consumption, especially in the services sector. In Italy, on 9 March 2020, the Italian government imposed a nationwide quarantine together with several other measures. Additionally, even though the nationwide quarantine was lifted on 4 May 2020, significant restrictions and social distancing measures remained in place, which continue to adversely affect the overall Italian economy. In particular, as the number of infections in Italy significantly increased in the autumn of 2020, new drastic measures were

taken, including a nationwide evening curfew and certain more stringent *ad hoc* measures for regions with higher infection rates. Following the outbreak of the Covid-19 pandemic, the Italian economy has contracted sharply, recording in 2020 a year-on-year fall in GDP of 8.9% (*Source*: ISTAT), as the country was one of the hardest hit by the Covid-19 pandemic.

The Board of Directors of Estra has been monitoring developments with extreme attention in order to comply with the laws issued on implementing the measures to contain the contagion and promptly identify the measures considered most appropriate in support of the workers, safety and services. In particular, through a specially set up committee for management of the emergency, various precautionary measures aimed at containing the spread of the virus and at safeguarding health and safety in the workplace were immediately put in place.

As at the date of this Prospectus, given the "essential" nature of the services it provides, the Group has not experienced any interruption of its activities, but only some limitations. With reference to its main business activities, the Group decided:

- with regard to natural gas distribution, to reduce or suspend all postponable activities, as they are not directly linked to the security and continuity of the service; and
- in relation to the sale of natural gas and electricity: (i) to close all offices to the public, offering alternative channels for contact, through which it is possible to carry out remotely the same procedures that would be carried out at offices, (ii) not to apply interest on arrears normally provided for on overdue bills.

In 2020, the Group was not significantly affected in the short term by the Covid-19 pandemic, mainly due to its diversified client base and business portfolio, balanced between free market and regulated activities, which allowed it to counterbalance the adverse financial impact of the pandemic. In fact, the Group's diversification by business sector of its portfolio of industrial customers for the sale of natural gas and electricity, its ability to implement operational and organisational measures, and the action taken to contain costs have all contributed to the containment of the economic impact of Covid-19.

The Board of Directors continues to monitor with great attention the evolution of the Covid-19 pandemic and, despite the uncertainty regarding its duration and the extent of its economic and social impact, the Group believes that the effect on its performance and on its financial position and results of operations in 2021 has been limited.

Recent Developments

Acquisition of controlling stake in Bisenzio Ambiente

On 30 March 2020, the Issuer, Consiag and Cipeco S.r.l. ("**Cipeco**") signed an investment agreement envisaging a series of transactions aimed at the gradual acquisition by the Issuer and Consiag of the entire share capital of Bisenzio Ambiente S.r.l. ("**Bisenzio Ambiente**") from Cipeco for a consideration of Euro 10.1 million, as well as the assumption by the Issuer and Consiag of indebtedness under a €7.8 million loan originally granted by Cipeco to Bisenzio Ambiente. The initiative is part of the Group's strategy of investing in the environmental sector, partly with a view to diversifying its business.

As provided under the investment agreement, the Issuer (i) acquired a 5% stake of Bisenzio Ambiente through the subscription of a share capital increase of Euro 39,000 that was resolved upon by the shareholder Cipeco on 22 April 2020, in favour of third parties; and (ii) disbursed a loan of Euro 461,150. The Issuer has also given a guarantee to the Region of Tuscany for an amount of Euro 1.87 million necessary for carrying out waste selection and disposal operations.

On 6 April 2021, the Issuer and Consiag entered into a new agreement with Cipeco (subsequently amended on 28 February 2022), superseding the original investment agreement, pursuant to which they repaid the above-mentioned Euro 7.8 million loan and completed the acquisition in two steps:

- firstly, on 28 April 2021, the Issuer purchased a stake of 31.8% in Bisenzio Ambiente for a consideration of Euro 1.8 million and Consiag purchased a 4.2% shareholding for Euro 0.2 million; and
- subsequently, on 31 March 2022, Estra and Consiag purchased the remaining 54% of Bisenzio Ambiente's share capital for a total consideration of Euro 2.5 million, of which Estra purchased 38.2% and Consiag 15.8%,

subject to an adjustment mechanism, which may result in a €500 thousand increase in the total consideration if the applicable conditions are met.

Investment agreement for the acquisition of Ecos S.r.l.

In April 2020, the Issuer acquired 15% of the share capital of Ecos S.r.l. ("**Ecos**") under the terms of an investment agreement for a consideration of Euro 15,000 and also granted the target company a loan of Euro 355,000. Ecos is engaged in the management of waste storage facilities and operates on the national market for management of hazardous and non-hazardous special waste.

On 26 January 2021, the Issuer acquired the remaining 85% of the share capital of Ecos for a consideration of Euro 1,410,000, although the overall consideration was Euro 1,775,000, as the Issuer was also required to cover Ecos's losses for the year ended 31 December 2020.

Launch of public tender for natural gas distribution in the ATEMs of Prato

On 23 December 2020, the Municipality of Prato launched a public tender to award the natural gas distribution concession in the ATEMs of Prato (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), initially scheduled to start from 2022 (except for the Municipality of Prato, for which the concession is due to start from 2027. As at the date of this Prospectus, the tender process is on-going. Centria has applied to participate in the tender and is awaiting a response from the ATEM.

The tender is expected to be carried out under the restricted procedure and awarded on the basis of the most economically advantageous offer, based on a 12-year period and a concession fee of Euro 251 million. In addition, the outgoing concession holder is expected to be paid Euro 169 million, comprising approximately Euro 39 million for the Municipality of Prato and approximately Euro 130 million for the other Municipalities, all of which are currently managed by Centria. The tender procedure is of strategic importance for the Group, as it may be an opportunity to consolidate its position in the regulated gas distribution market.

Tuscan multiutility project

On 10 December 2020, the Municipalities of Florence, Empoli and Prato announced the signing of a letter of intent in order to initiate studies, evaluations and feasibility assessments of a potential project aimed at the creation of an economic entity, whose shareholders would mainly be public bodies, entrusted with the management of local environmental, water and energy public services in Tuscany. The multiutility would be set up through the integration, including at corporate level, of certain companies such as the Issuer that already operate on Tuscan territory and offer the above-mentioned public services. The project is aimed at creating industrial, financial and organisational synergies, increasing operational efficiency and, in turn, having a positive impact for end users, in terms of higher standards of quality and lower service costs.

In March 2021, the shareholders' meeting of Consiag, which holds 39.5% of the share capital of the Issuer and in which the Municipality of Prato holds a 36.60% stake, voted in favour of the project. However, as at the date of this Prospectus, the project is still subject to ongoing discussions among shareholders of the involved companies and, as far the Issuer is aware, no timeline has been set for its completion, nor have its detailed terms or any potential corporate structures been agreed among the parties involved.

Settlement of dispute relating to SEI Toscana S.r.l.

On 28 July 2021, Ecolat and the other shareholders of SEI Toscana S.r.l. ("**SEI Toscana**") agreed to settle the litigation over a Euro 30 million share capital increase, which had been subscribed for in two tranches in 2015 and 2018. In relation to the first tranche, amounting to Euro 12 million, Ecolat had stated that it would pay 75% of its quota by setting off amounts owed to it under a shareholder loan. Alleging breach by Ecolat, SEI Toscana sold a part of Ecolat's shareholding, representing 5.14% of SEI Toscana's share capital, to other shareholders. Ecolat on the other hand, paid the amount representing 75% of the capital increase twice: first, by set-off against the loan, as mentioned above; and, secondly, by a cash payment, resulting in an overall claim against SEI Toscana of Euro 1,365 thousand.

Pursuant to the settlement agreement (i) Ecolat purchased shares from other shareholders for a consideration of Euro 4.7 million, thereby increasing its shareholding in SEI Toscana to 19.99% of its share capital; (ii) Ecolat acknowledged the sale of its 5.14% shareholding in SEI Toscana to other shareholders; and (iii) the parties settled the outstanding credit claims among the parties, including Ecolat's Euro 1,365 thousand credit.

Shareholding in EDMA Reti Gas S.r.l.

On 30 July 2021, the shareholder' meeting of Viva Servizi S.p.A. ("**Viva Servizi**"), a shareholder of the Issuer, approved a partial demerger (the "**Viva Servizi Demerger**") aimed at transferring to a newly established company named Viva Energia S.p.A. ("**Viva Energia**"): (i) the shares held by Viva Servizi in the Issuer, corresponding to 10% of its share capital; and (ii) the shares held by Viva Servizi in Edma Reti Gas S.r.l. ("**Edma Reti Gas**"), a company carrying out natural gas distribution activities in 15 municipalities located in the province of Ancona (in the Marche region), in which the Issuer has a 45% stake. As of 31 December 2020, Edma Reti Gas managed more than 1,300 km of natural gas distribution network, approximately 117 thousands delivery points and had a Regulatory Asset Base of Euro 69 million. The shares to be transferred under the Viva Servizi Demerger represented 55% of the share capital of Edma Reti Gas, the remainder being held by the Issuer.

The Issuer objected to the Viva Servizi Demerger on the grounds that it would violate its pre-emption right over the shares of Edma Reti Gas held by Viva Servizi. To avoid litigation on the Viva Servizi Demerger, the Issuer and Viva Servizi agreed to certain amendments to the By-laws of Edma Reti Gas, approved by a shareholders' meeting held on 28 October 2021, and the entry into a shareholder agreement between the Issuer and Viva Energia which gave the Issuer control over Edma Reti Gas.

As a result, since 28 October 2021, Edma Reti Gas has been controlled by the Issuer and is expected to be consolidated in the Issuer's 2021 consolidated financial statements. In addition, the Viva Servizi Demerger became effective as of 3 December 2021 and, as a result, Viva Energia became a shareholder of the Issuer in lieu of Viva Servizi.

Increase of shareholding in Prometeo

On 17 December 2021, the Issuer, through Estra Energie, increased its shareholding in Prometeo to 63.72% as a result of the purchase from the Municipality of Falconara of shares representing 7.19% of Prometeo's share capital for a consideration of Euro 2.4 million.

DESCRIPTION OF THE GUARANTOR

Centria S.r.l. is a limited liability company (*società a responsabilità limitata*) incorporated on 22 October 2013 under Italian law, having the Issuer as its sole shareholder. Its registered office is at via Igino Cocchi 14, 52100 Arezzo, Italy and it is registered with the Companies' Register of Arezzo under registration number 02166820510. The Guarantor may be contacted by telephone on +39 0575 9341 and by email at the following certified email address: *centria.pec@cert.centria.it*.

Pursuant to its articles of association, the Guarantor's objects are, *inter alia*: the distribution and measurement of natural gas; the distribution, measurement and sale of other types of gas (such as LPG) through networks; the design, implementation, maintenance and improvement of networks and local pipelines; the performance of gas-related activities abroad; and the production of electricity.

The original share capital of the Guarantor was equal to Euro 10,000. Subsequently, on 18 December 2013 the Issuer's extraordinary shareholders' meeting resolved to transfer to the Guarantor, with effect from 1 January 2014, the Issuer's natural gas distribution and LPG distribution and marketing businesses, and to increase the Guarantor's share capital to Euro 180,000,000.

At 31 December 2020, the Guarantor carried out the natural gas distribution business in 112 municipalities, within 12 provinces (Ascoli Piceno, Arezzo, Florence, Grosseto, Isernia, Lucca, Perugia, Pistoia, Prato, Rieti, Siena and Teramo) and across five regions (Abruzzo, Lazio, Marche, Tuscany and Umbria).

Administration and management

Board of Directors

The table below sets out the names of and positions held by the members of the current Board of Directors of the Guarantor, who were appointed by the Guarantor's shareholder's meeting held on 28 July 2020 for a period expiring on the date of the shareholder's meeting to approve the financial statements for the year ending 31 December 2022.

Name	**Position**	**Significant roles held outside the Guarantor**	
		Company	***Position***
Fabio Cannari	Chairman	Ecos S.r.l. Estra Clima S.r.l. E.S.TR.A. S.p.A.	Chairman of the Board of Directors Director Special Attorney
Siliano Stanganini	Chief Executive Officer	Icaro S.r.l. Pegaso S.r.l.	Chief Executive Officer Shareholder
Pietro Garofalo	Managing Director	-	-
Enio Marchei	Director	-	-
Claudia Cerreti	Director	-	-
Erminio Copparo	Director	Edif S.p.A. Betania Cooperativa Sociale Agroservice S.p.A. Le Farine S.r.l. M&P Mobilità e Parcheggi S.p.A.	Director Director Director Director Shareholder

The business address of each member of the Board of Directors is the Guarantor's registered office.

Board of Statutory Auditors

The table below sets out the names of and positions held by the members of the current Board of Statutory Auditors of the Guarantor, who were appointed by the Guarantor's shareholder's meeting held on 28 July 2020

for a period expiring on the date of the shareholder's meeting to approve the financial statements for the year ending 31 December 2022.

Name	Position	Significant roles held outside the Guarantor	
		Company	***Position***
Michele Marallo	Chairman	Publiacqua S.p.A.	Chairman of the Board of Statutory Auditors
		E.S.TR.A. S.p.A.	Alternate Auditor
		Estra Clima S.r.l.	Alternate Auditor
		Farma.Net Scandicci S.p.A.	Chairman of the Board of Statutory Auditors
Roberto Dragoni	Standing Auditor	T.B. S.p.A.	Standing Auditor
		Casole Energia S.p.A.	Alternate Auditor
		Solodipietra S.r.l.	Shareholder
		Grafiche Meini S.r.l. in liquidazione	Receiver
		Cavriglia SPV S.p.A.	Standing Auditor
		Tegolaia SPV S.p.A.	Standing Auditor
		TCL S.p.A.	Chairman of the Board of Statutory Auditors
		Aries Finance S.r.l.	Standing Auditor
		Travertini Paradiso S.p.A.	Chairman of the Board of Statutory Auditors
		C.E.I.S. Consorzio Elettricisti Installatori Senesi Soc.Coop.	Auditor
		Cosmec S.r.l. in liquidazione	Judicial Commissioner
		Norfini Mario S.r.l.	Receiver
		Terme Antica Querciolaia S.p.A.	Alternate Auditor
		Lignosystem S.r.l. in liquidazione	Liquidator
		Carla Soc. Coop. Artigiana Di Lavoro a. r. l.	Liquidator
		Olimpia Soc. Coop. in liquidazione	Liquidator
		Etrusca S.r.l.	Receiver
		Colle Promozione S.p.A. in liquidazione	Chairman of the Board of Statutory Auditors
		Ruffoli Srl	Auditor
		Ing. Giovanni D'andrea Costruzioni S.r.l.	Receiver
		Immobiliare Ultravox Soc. Unipersonale a. r. l.	Receiver
		Etruria Società Cooperativa	Standing Auditor
		Novostudio S.r.l.	Director
		Siena Audit S.r.l.	Vice President of the Board of Directors
		Confesercenti Impresa S.r.l.	Sole Auditor
		La Rondine Soc.Coop. Sociale in liquidazione	Liquidator
		Marco Cellerai S.r.l. in liquidazione	Liquidator
		Monteriggioni A.D. 1213 S.r.l.	Auditor
		GMS S.r.l.	Alternate Auditor
		Sapori Di Toscana S.p.A.	Standing Auditor
		Valdelsa Football Colligiana S.r.l.	Receiver
		Creative S.r.l. in liquidazione	Receiver
		Newcolle S.r.l.	Standing Auditor
		La Nuova Ediliza di Venticinque Pietro & C. S.a.s.	Receiver
		Chianti Service Soc.Coop. Agricola in liquidazione	Liquidator
		Il Poggiaccio S.a.s. di Alessandro Tuoni	Receiver
		Ar.si.coop Consorzio Sociale Toscana Sud In liquidazione	Liquidator
		Edilsider S.r.l. in liquidazione	Receiver
		Studio Dragoni Adurno – Servizi alle Imprese S.r.l.	Director
		Banca Centro – Credito Coop. Toscana-Umbria Soc.Coop.	Standing Auditor
Marco Fantoni	Standing Auditor	Area 51 S.r.l.	Receiver
		Progetto 2000 Group S.r.l. Società Benefit	Auditor

Name	Position	Significant roles held outside the Guarantor	
		Company	***Position***
Saverio Carlesi	Alternate Auditor	Nuovo Habitat Soc.Coop. Edificatrice	Chairman of the Board of Statutory Auditors
		Vivere Fattoria Peragallo Soc.Coop. Edilizia di Abitazione	Chairman of the Board of Statutory Auditors
		Blugas Infrastrutture S.r.l.	Alternate auditor
		Coop. Edificatrice Nuova Città Soc. Coop a. r. l. in liquidazione	Auditor
		Coop. Edificatrice Il Meriggio Soc. Coop. a. r. l. in liquidazione	Auditor
		Abitare Soc. Coop. a. r. l. in liquidazione	Auditor
		CSP – Coop. Servizi Pratese in liquidazione	Liquidator
		Estra Clima S.r.l.	Chairman of the Board of Statutory Auditors
		Estracom S.p.A.	Chairman of the Board of Statutory Auditors
		Edilizia Pubblica Pratese S.p.A.	Chairman of the Board of Statutory Auditors
		Studio Professionale Carlesi-Gennari-Grassi-Grechi-Commercialisti Associati	Managing Partner
		Immobiliare Elbasun S.r.l.	Shareholder
		Quinque S.r.l.	Shareholder
		Cavriglia SPV S.p.A.	Standing Auditor
		Tegolaia SPV S.p.A.	Standing Auditor
Monia Castiglioni	Alternate Auditor	Europa S.a.s.	Judicial Commissioner and Receiver
		Centro Commerciale il Mangia S.r.l.	Alternate Auditor
		Cometa S.r.l.	Alternate Auditor
		Trattoria Diva e Maceo S.r.l. in liquidazione	Receiver
		S.E.B.A. Sr. Soc. in liquidazione	Receiver
		GMS S.r.l.	Alternate Auditor
		Stilfestel S.r.l. in liquidazione	Judicial Commissioner and Receiver
		Paolo Carmignani S.a.p.A.	Alternate Auditor
		Estra Energie S.r.l.	Alternate Auditor
		Sansedoni Siena S.p.A.	Alternate Auditor
		Emmedisoc a. r. l.	Receiver

The business address of each member of the Board of Statutory Auditors is the Guarantor's registered office.

Conflicts of interest

As far as the Guarantor is aware, none of its directors or statutory auditors has any private interest and/or other duty which conflicts with their obligations deriving from their office.

Independent Auditors

At the Guarantor's shareholder's meeting of 18 May 2020, EY was appointed to audit the Guarantor's financial statements for the years ending 31 December 2020, 2021 and 2022.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER AND THE GUARANTOR

The following tables contain:

- consolidated balance sheet and income statement information of the Issuer as at and for the years ended 31 December 2020 and 2019, derived from the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2020 and 2019; and
- non-consolidated balance sheet and income statement information of the Guarantor as at and for the years ended 31 December 2020 and 2019, derived from the Guarantor's audited non-consolidated annual financial statements as at and for the years ended 31 December 2020 and 2019.

The financial information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2020 and 2019, the Guarantor's audited consolidated annual financial statements as at and for the year ended 31 December 2020 and 2019, together with the accompanying notes and independent auditors' reports, all of which are incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*".

The Issuer has prepared its consolidated financial statements referred to above in accordance with IFRS, whereas the Guarantor has prepared its non-consolidated financial statements referred to above in accordance with Italian GAAP. EY, independent auditors to the Issuer and the Guarantor, have audited those financial statements without qualification.

Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Noteholders, as described in "*Information Incorporated by Reference – Access to documents*".

E.S.TR.A. S.p.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December	
	2020	**2019 Restated**
	(in thousands of euro)	
Non-current Assets		
Property, plant and equipment	105,341	107,327
Goodwill	31,136	31,136
Intangible assets	449,377	450,239
Investments in an associate and a joint venture	26,107	27,250
Other non-current financial assets	13,670	11,539
Other non-current assets	5,448	5,285
Deferred tax assets	66,368	30,718
Total non-current Assets	**697,447**	**663,495**
Current Assets		
Inventories	18,129	24,768
Trade receivables	234,372	281,434
Tax receivable	21,813	12,400
Other current assets	28,367	33,419
Other current financial assets	13,546	34,797
Cash and cash equivalents	160,249	195,748
Total current Assets	**476,476**	**582,566**
Total assets	**1,173,923**	**1,246,061**
Shareholders' equity		
Share capital	228,334	228,334
Reserves	67,321	51,094
Net Income for the Group	70,175	17,388
Total group shareholders' equity	**365,830**	**296,816**
Capital and reserves attributable to non-controlling interest	26,436	25,665
Profit for the year attributable to non-controlling interest	111	72
Non-controlling interests	**26,547**	**25,737**
Total shareholders' equity	**392,377**	**322,553**
Non-current liabilities		
Provisions for risk and charges	9,173	9,504
Employee severance indemnities	8,511	8,281
Non-current portion of medium/long term loans	328,861	377,863
Deferred tax liabilities	27,477	46,081
Other non-current liabilities	8,449	4,320
Contractual liabilities	22,071	21,123
Total non-current liabilities	**404,542**	**467,172**
Current liabilities		
Current portion of medium/long term loans	93,784	88,271
Short-term borrowings	32,509	31,601
Trade payables	170,513	215,299
Contractual liabilities	750	656
Tax liabilities	12,910	18,726
Other current liabilities	56,517	64,800
Other current financial liabilities	10,021	36,983
Total current liabilities	**377,004**	**456,336**
Total shareholders' equity and liabilities	**1,173,923**	**1,246,061**

E.S.TR.A. S.p.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	For the year ended 31 December	
	2020	**2019 Restated**
	(in thousands of euro)	
Revenues from sales of goods and services	748,414	967,943
Other operating revenue	13,936	28,979
Consumption of raw and ancillary materials and goods	(357,543)	(592,046)
Cost for Services	(242,134)	(255,970)
Personnel costs	(39,230)	(39,348)
Depreciation, amortisation, provisions and write-down	(61,248)	(58,715)
Other operating costs	(19,880)	(16,579)
Income/(expenses) from commodity risk management	(1,205)	3,582
Portion of income/(expenses) from measurement of non-financial investments using the equity method	671	679
Operating result	**41,781**	**38,525**
Financial income	3,482	2,733
Financial expense	(11,984)	(13,231)
Gains or losses on currency conversion	6	(1)
Portion of income/(expenses) from measurement of financial investments using the equity method	(1,166)	(53)
Profit before taxes	**32,119**	**27,973**
Income taxes for the year	38,167	(10,305)
Net profit/(loss) from continuing operations	**70,286**	**17,668**
Net profit/(loss) from discontinued operations / assets held for sale	-	(208)
Net profit	**70,286**	**17,460**
Attributable to:		
Non-controlling interests	111	72
Net income for the Group	**70,175**	**17,388**

CENTRIA S.r.l.
ANNUAL BALANCE SHEETS

	As at 31 December	
	2020	**2019**
	(in Euro)	
NON-CURRENT ASSETS		
Intangible Fixed Assets	**3,993,992**	**6,158,250**
Start-up and expansion costs	11,833	16,425
Development costs	503	18,142
Patents and intellectual property usage rights	551,158	573,352
Payments in advance and assets under construction	1,744,373	1,733,573
Other intangible fixed assets	1,686,125	3,816,758
Tangible Fixed Assets	**380,838,440**	**393,657,822**
Land and buildings	1,104,799	1,119,468
Plants and machinery	339,011,987	353,047,526
Industrial and commercial equipment	38,976,647	36,714,551
Other tangible assets	473,915	577,570
Payments in advance and assets under construction	1,271,093	2,198,707
Financial Fixed Assets	**59,250,582**	**47,251,231**
Equity investments	54,072,694	42,084,694
Receivables	5,177,885	5,166,397
Derivative financial instrument assets	3	140
CURRENT ASSETS	**58,680,632**	**120,395,424**
Inventories	**3,490,842**	**3,142,847**
Raw materials	3,490,842	3,142,847
Receivables	**50,346,644**	**49,522,920**
Receivables from users and customers	9,536,886	10,022,609
Receivables from subsidiaries	290,902	642,567
Receivables from associates	451,831	-
Receivables from Parent companies	2,750,396	2,363,377
Receivables from companies controlled by parent companies	11,901,650	12,651,607
Tax receivables	345,071	184,555
Deferred tax assets	10,592,008	10,342,363
Receivables from others	14,477,900	13,315,842
Short-Term Investments	**-**	**64,205,987**
Cash pooling receivables	-	64,205,987
Cash and cash equivalents	**4,843,147**	**3,523,671**
Bank and postal deposits	4,843,131	3,523,655
Cash and cash equivalents	16	16
PREPAID EXPENSES AND ACCRUED INCOME	**42,201**	**67,603**
TOTAL ASSETS	**502,805,847**	**567,530,330**

CENTRIA S.r.l.
ANNUAL BALANCE SHEETS (Cont'd)

	As at 31 December	
	2020	**2019**
	(in Euro)	
SHAREHOLDERS' EQUITY	**237,383,819**	**201,771,224**
Share capital	180,622,334	180,622,334
Share premium reserve	10,957,894	10,957,894
Legal reserve	3,285,972	3,011,854
Other Reserves	1,714,066	1,714,066
Reserve for hedging transactions covering financial flows	(2,755)	(15,267)
Retained earnings (losses)	(2,007)	(2,007)
Profit for the year	40,808,315	5,482,351
PROVISIONS FOR RISKS AND CHARGES	**4,652,200**	**41,849,358**
for taxes	210,745	38,322,517
derivative financial instruments payable	3,626	20,089
other provisions for risks and charges	4,437,829	3,506,752
EMPLOYEE SEVERANCE INDEMNITY	**2,292,718**	**2,492,807**
PAYABLES	**213,909,038**	**276,024,863**
Payables to shareholders for loans	32,000,000	40,000,000
Payables to banks	70,297,475	108,293,839
Advances	410,099	401,256
Payables to suppliers	23,163,620	25,919,441
Payables to subsidiaries	244,159	35,255
Payables to parent companies	62,825,281	76,138,869
Payables due to companies controlled by parent companies	12,045,096	12,376,092
Tax liabilities	4,063,493	648,190
Payables to social security institutions	610,583	579,457
Other payables	8,249,233	11,632,463
ACCRUALS AND DEFERRALS	**44,568,072**	**45,392,078**
TOTAL LIABILITIES	**502,805,847**	**567,530,330**

CENTRIA S.r.l.
ANNUAL INCOME STATEMENTS

	For the year ended 31 December	
	2020	**2019**
	(in Euro)	
PRODUCTION VALUE	**106,867,960**	**114,019,192**
Revenue from sales and services	73,168,656	75,083,728
Increases in non-current assets from in-house production	20,201,164	20,619,060
Other income	13,498,140	18,316,404
PRODUCTION COSTS	**93,341,863**	**103,649,665**
Purchases raw ancillary materials, consumables and goods	9,602,182	10,728,810
Purchases external services	18,081,611	19,475,372
Costs for use of third-party assets	9,984,752	10,593,550
Personnel costs	12,475,733	12,868,620
Depreciation, amortisation and write-downs	20,627,746	21,742,310
Changes in inventories of raw ancillary materials, consumables and goods	(347,995)	92,956
Other operating expenses	22,917,834	28,148,047
DIFF. BETWEEN VALUE AND COSTS OF PRODUCTION	**13,526,097**	**10,369,527**
Equity investments income	1,003,338	-
Other financial income	26,619	13,156
Interest and other financial charges	3,113,875	2,039,039
TOTAL FINANCIAL INCOME AND CHARGES	**(2,083,918)**	**(2,025,884)**
Write-downs of financial assets	(137)	(6,746)
TOTAL CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	**(137)**	**(6,746)**
EARNINGS BEFORE TAXES	**11,442,042**	**8,336,898**
Income taxes for the year	29,366,273	(2,854,547)
NET INCOME FOR THE YEAR	**40,808,315**	**5,482,351**

REGULATION

EU and Italian laws materially regulate the Group's core energy business and may affect the Group's operating profit or the way it conducts business. The principal legislative and regulatory measures applicable to the Group's energy business are summarised below. Although this summary contains the information that the Issuer considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis and assessment of the legislation and regulations affecting the Group and of the impact these may have on an investment in the Notes and should not rely on this summary only.

General framework

EU energy regulation: the Third Energy Package

The European Union is active in the energy regulation by means of its legislative powers, as well as investigations and other actions carried out by the European Commission. In this regard, following the previous EU Directives regarding the single European energy market, in 2009, the European institutions adopted the so-called "**Third Energy Package**" , which includes several directives (in particular the Directives 2009/72/EC and 2009/73/EC) and regulations aimed at completing the liberalisation of both electricity and gas markets. In particular, the Third Energy Package provides for the separation of supply and production activities from transmission network operations. To achieve this goal, Member States of the European Union have to choose between the following three options:

- full ownership unbundling: under this option, vertically integrated operators have to sell their gas and electricity grids to an independent operator, which will carry out all network operations;
- Independent System Operator ("**ISO**"): under this option, vertically integrated operators maintain the ownership of the gas and electricity grids, but they are obliged to designate an independent operator for the management of all network operations; and
- Independent Transmission Operator ("**ITO**"): this option is a variant of the ISO option above, under which vertically integrated operators do not have to designate an ISO but need to abide by strict rules ensuring separation between supply and transmission.

The Third Energy Package also contains several measures aimed at enhancing consumers' rights, such as the right to: (i) change supplier within three weeks and free of charge; (ii) obtain compensation if quality targets are not met; (iii) receive information on supply terms through bills and company websites; and (iv) see complaints dealt with in an efficient and independent manner. The Third Energy Package also strengthens protections for small businesses and residential customers, while rules are introduced to ensure that liberalisation does not cause detriment to vulnerable energy consumers. Finally, the Third Energy Package provides for the creation of a European Union agency for the coordination of national energy regulators, which will issue non-binding framework guidelines for the national agencies for the purpose of harmonising rules on energy regulation across the European Union.

As envisaged in the Third Energy Package, in March 2011 the Agency for the Cooperation of Energy Regulators ("**ACER**") began operations. ACER replaces and strengthens the European Regulators Group for Electricity and Gas ("**ERGEG**"). ACER coordinates the actions of the national regulatory authorities in the energy sector and its main responsibilities are:

- coordinating the work of national regulatory authorities and advising European institutions on issues relating to electricity and natural gas and network rules;
- establishing the terms and conditions for access to (and operational security for) cross - border infrastructures where national authorities are in disagreement;

- monitoring wholesale energy markets to detect and deter market abuse, in close collaboration with national regulatory authorities (it took on this function in 2012 under EU Regulation 1227/2011 on wholesale energy market integrity and transparency (REMIT)); and
- monitor the development and execution of the "Ten-Year Network Development Plan".

In Italy, the principles provided under the Third Energy Package (in particular, EU Directives 2009/72/EC, 2009/73/EC and 2008/92/EC), have been implemented by means of Legislative Decree No. 93 of 1 June 2011, published in the Official Gazette on 28 June 2011 ("**Legislative Decree 93/2011**") and also by several resolutions adopted by the Regulatory Authority for Energy, Networks and Environment (*Autorità di Regolazione per Energia, Reti e Ambiente*) ("**ARERA**"). The main provisions of Legislative Decree 93/2011 include:

- the unbundling of the ISO, in order to prevent possible market abuses. In the electricity sector, the unbundling between grid ownership and production activity has been confirmed and the ISO is expressly prohibited from operating electricity production plants. For the gas sector, an ITO model has been adopted which, though maintaining a vertically integrated ownership structure, provides for more stringent functional separation rules and wider control and approval powers assigned to the ARERA. Nevertheless, Law Decree No. 1/2012 (the so-called "*Cresci Italia*") imposed the ownership unbundling model also on the Italian incumbent — SNAM Rete Gas S.p.A., whose operational details are set forth by the Decree of the President of the Council of Ministers (DPCM) dated 25 May 2012;
- more efficient integration of renewable energy sources production into the electrical system; and
- confirmation of the possibility to grant an exemption from the third-party access obligation ("**TPA**") in respect of new interconnection infrastructure.

In 2019, the EU completed a comprehensive update of its energy policy framework through the so-called "**Clean Energy for all Europeans Package**" ("**CEP**") which marked a significant step towards the implementation of the energy union strategy (published in 2015), to facilitate the transition away from fossil fuels towards cleaner energy and to deliver on the EU's Paris Agreement commitments for reducing greenhouse gas emissions.

In accordance with the EU's energy strategy, the CEP addresses five dimensions: (i) energy security, (ii) internal energy market, (iii) energy efficiency, (iv) climate action-decarbonising the economy, (v) research, innovation and competitiveness.

The CEP consists of eight legislative acts, which aim at establishing a modern design for the EU electricity market, adapted to the new realities of the market (more flexible, more market-oriented and better placed to integrate a greater share of renewables) and to promote energy efficiency. Such measures are listed below:

- **EU Directive No. 2018/2001/UE** (on the promotion of the use of energy from renewable sources) replaces and repeals EU Directive No. 2009/28/CE and is intended to accelerate the transition from fossil fuels to renewable forms of energy with a binding target of 32% for renewable energy sources in 2030. The directive was transposed and implemented into Italian law by means of Legislative Decree 8 November 2021, No. 199;
- **EU Directive No. 2018/2002/UE** (on energy efficiency) replaces and repeals EU Directive No. 2012/27/UE and it aims at making binding annual energy savings of 32.5% in 2030, related to a 'business as usual' scenario. The directive was to be transposed and implemented into national law in the Member States by 25 June 2020 and was transposed into Italian national law by means of Legislative Decree 14 July 2020, No. 73;
- **EU Directive No. 2018/844** of 30 May 2018 amends EU Directive 2010/31/EU on the energy performance of buildings and Directive No. 2012/27/EU on energy efficiency.

- **EU Regulation No. 2018/1999** of 11 December 2018 defines the Governance of the Energy Union and Climate Action, establishing that each EU Member State must contribute to the achievement of EU objectives by setting their own 2030 targets; therefore, they are required to develop integrated National Energy and Climate Plans ("**NECPs**") which cover all the five dimensions for the governance of the energy union for the period 2021 to 2030, outlining how they will achieve their respective targets on all dimensions of the energy union, including a longer-term view towards 2050;

- **EU Directive No. 2019/944** ("**Directive 2019/944**") of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (published on the Official journal of the European Union on 14 June 2019). Directive 2019/944 establishes common rules for the generation, transmission, distribution, energy storage and supply of electricity, together with consumer protection provisions, with a view to creating truly integrated competitive, consumer-centred, flexible, fair and transparent electricity markets in the Union. Directive 2019/944 aims to ensure affordable, transparent energy prices and costs for consumers, a high degree of security of supply and a smooth transition towards a sustainable low-carbon energy system. Directive 2019/944 was transposed into Italian law by means of Legislative Decree 26 December 2021, No. 210, although additional implementing measures by competent regulatory bodies and Terna are still pending;

- **EU Regulation No. 2019/943** (the "**Regulation 2019/943**") of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (published on the Official journal of the European Union on 14 of June 2019) establishing rules aimed at ensuring the functioning of the internal electricity market supply and including renewable energy and environmental policy development requirements and specific rules for certain types of renewable energy plants;

- **EU Regulation No. 2019/941** of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector and repealing Directive No. 2005/89/EC;

- **EU Regulation No 2019/942** of the European Parliament and of the Council of 5 June 2019 establishing new rules for the European Union Agency for the Cooperation of Energy Regulators ("**ACER**").

On 3 August 2020, the EU Commission published roadmaps for the review of the Renewable Energy Directive (2018/2001/EU – "**REDII**") and the Energy Efficiency Directive (2012/27/EU and 2018/2002/EU), which were open for public feedback until 21 September 2020. For renewables, the roadmap is in the form of an inception impact assessment and is the first step of a broader review consultation process organised in order to have views on what changes are needed to ensure that renewables are developed at the pace required by the goals set in the so-called "EU Green Deal". The consultation process was aimed at assessing whether:

(i) the EU renewable energy target of at least 32% for 2030 should be raised; and

(ii) other parts of the REDII need to be modified, in line with the ongoing assessment underpinning the Climate Target Plan for 2030 and other initiatives already adopted such as the Energy System Integration and the Hydrogen Strategies, as well as national energy and climate plans.

The roadmap on the Energy Efficiency Directive was aimed at evaluating the adequacy of the rules in place to deliver the existing energy efficiency target of at least 32.5% for 2030.

In July 2021, the European Commission published proposals to recast REDII and the Energy Efficiency Directive, following the consultation process carried out in 2020 and 2021. The proposals are subject to review by the Council of the European Union and the European Parliament.

In January 2020, with the communication on the so called "Green Deal" (COM (2019) 640), the EU Commission outlined a roadmap aiming at strengthening the eco-sustainability of the EU economy through a wide spectrum of interventions that focus primarily on the skills of Member States and affect energy, industry (including construction), mobility and agriculture. The Green Deal is Europe's new growth strategy that aims to transform the EU into a fair and prosperous society and combines policies to tackle climate change, protect and restore biodiversity, eliminate pollution, move to a circular economy, and ensure that no one is left behind in the green

transition. The Green Deal intends to go beyond what has already been established by the 2030 framework for climate and energy, which will consequently have to be revised.

On 21 January 2020, the Italian Ministry of Economic Development published the text of the Integrated National Energy and Climate Plan (NECP), which defines goals for 2030 in terms of renewable energy production, energy efficiency and emission reduction, and sent it to the European Commission for assessment.

On 14 October 2020, the European Commission adopted the document "*Assessment of the final national energy and climate plan of Italy*", which provides guidelines for the implementation of Italian NECP and the elaboration of the National Recovery and Resilience Plan. In particular, the National Recovery and Resilience Plan should set out a coherent package of reforms and public investment projects in the context of the EU Recovery and Resilience Facility (which entered into force on 19 February 2021 with the aim to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions).

On 15 December 2021, the EU Commission launched the "Hydrogen and Gas Market Decarbonisation package" (proposal of Regulation and Directive), in order to decarbonise the EU gas market by facilitating the uptake of renewable and low carbon gases, including hydrogen, and to ensure energy security for all citizens in Europe. The main objectives of this package are:

- to foster the deployment of renewable and low-carbon gases;
- to increase the EU energy security, as the natural gas import will be reduced. The domestic production of renewable gas will have positive effects on gas prices in the medium term;
- to create a hydrogen market with a fit-for-purpose infrastructure and cross-border coordination, including interconnectors.

Italian energy regulation: Authorities

The Ministry for Economic Development ("**MED**") and the **ARERA** share the responsibility for overall supervision and regulation of the Italian energy sector. In particular, the MED establishes the strategic guidelines for the energy sector, while the ARERA regulates specific and technical matters. The ARERA, *inter alia*:

- sets electricity and gas distribution tariffs, as well as the price for previously regulated customers (or "protected costumers"), which have not yet chosen a different supplier. Regarding protected customers, Article 1, paragraph 60, of Law 4 August 2017, No. 124, (the "**Competition Law**"), as modified by Law 28 February 2020, No. 8, set the full market liberalization starting from 1 January 2021 for small business and from 1 January 2023 for microbusiness and domestic gas customers and from 1 January 2024 for domestic electricity customer, therefore starting from these dates customers have to choose their own company on the free market where prices are not regulated but fixed by the competition. In order to drive the end customers from the regulated to the free market, some market tools, such as the "*tutela simile*" contract, have been established, as better described below;
- makes observations and recommendations to the Government and Parliament regarding the market structure and the adoption and implementation of European Directives and licenses or authorisations;
- adopts measures to grant the functional separation (pursuant to EU Directives 2009/72/EC and 2009/73/EC) of the administration of electricity and gas infrastructures from supply and production activities in same sectors for the purpose of ensuring an independent and transparent operation of such infrastructures (the so-called "unbundling");
- establishes guidelines for the provision and distribution of services, as well as specific and general service standards and automatic refund mechanisms for users and consumers when standards are not

met and for the accounting and administrative unbundling of the various activities under which the electricity and gas sectors are organised;

- protects the interests of customers, monitoring the conditions under which the services are provided and having the powers to demand documentation and data, carry out inspections, obtain access to plants and to impose sanctions, and determines those cases in which operators should be required to provide refunds to users and consumers;
- promotes the rational use of energy, the spread of energy efficiency measures and the adoption of measures for sustainable development;
- can impose sanctions to the companies operating in the energy sector and eventually accept and evaluate the undertakings of the energy sector companies, according to Legislative Decree No. 93/2011;
- handles out-of-court settlements and arbitrations of disputes between users or consumers and operators; and
- reports to the Italian Antitrust Authority (*Autorità Garante della Concorrenza e del Mercato*) (the "**AGCM**") any possible infringement of Law No. 287 of 10 October 1990 by companies operating in the electricity and gas sectors.

Furthermore, Legislative Decree No. 102/2014 assigned the ARERA specific functions in the field of district heating and cooling.

The AGCM also plays an active role in the energy market in ensuring competition between suppliers and suppressing unfair commercial practices and misleading and unlawful comparative advertising.

Natural Gas

Italian regulations enacted in May 2000, by means of Legislative Decree No. 164/2000 (the "**Letta Decree**"), implementing EU directives on gas sector liberalisation (Directive 1998/30/EC), introduced competition into the Italian natural gas market through the liberalisation of import, export, transport, dispatching, and sale of gas.

The liberalisation process was successively strengthened by Directive 2003/55/EC and by Directive 2009/73/EC on natural gas internal market, comprised in the Third Energy Package as implemented in Italy by Legislative Decree 93/2011.

The Letta Decree also introduced the principle of accounting and corporate unbundling for natural gas companies.

Transportation and dispatching

Article 2 of the Letta Decree defines the transportation activity as "*natural gas transportation aimed at supplying customers through a network which consists mainly of high-pressure pipelines, other than a network of upstream pipelines and other than gas pipelines which, even at high pressure, are mainly used for the local distribution of natural gas, with the exception of the supply*".

Pursuant to Article 8 of the Letta Decree, natural gas transport and dispatching are considered activities of public interest and are regulated accordingly.

Companies involved in these activities must guarantee access on a non-discriminatory basis to users who request it, provided that the connection works required are technically and economically feasible. Companies that carry out transport and dispatch activities govern the flow of gas and the auxiliary services needed for the system to function, including modulation. These companies are also responsible for the strategic storage of gas under MED directives, and they must ensure compliance with any other obligations aimed at guaranteeing the safety, reliability, efficiency and lowest cost of the service and of supplies.

The companies which provide transport and dispatching services may not refuse to connect to the gas distribution network users who are compliant with the ARERA rules. In particular, access may be refused only for one of the following reasons: (i) lack of capacity or interconnection, (ii) when granting access would prevent the undertaking from carrying out the public-service obligations provided by the applicable law and regulations, and (iii) in case of serious economic and financial difficulties related to take-or-pay contracts entered into by the undertaking before the EU Directive 98/30/CE.

By means of Ministerial Decree of 22 December 2000 (as subsequently amended from time to time), the MED implemented Article 9 of the Letta Decree (concerning the definition of national transmission network of gas pipelines and regional transmission network) identifying the "*national gas transmission network*" (opposed to the local gas network - "*rete di distribuzione"*, as set out under ARERA Resolution No. 120 dated 30 May 2001). This Ministerial Decree contains a detailed list of the pipelines, their length, characteristics and owner, which is updated on a yearly basis. Approximately 96% of such pipelines are owned and operated by Snam ("**Network Operator**" or "**Transmission Company**").

Subsequently, Decree No. 1 of 24 January 2012 (so-called "*Cresci Italia*") imposed to Snam the adoption of the ownership unbundling model according to operational conditions set out by the Presidential Decree of 25 May 2012, thus causing its separation from by ENI.

By means of Ministerial Decree of 22 April 2008 and Ministerial Decree of 19 December 2011, the regional transport networks have been identified by the MED.

By means of ARERA Resolution No. 75, dated 1 July 2003, as subsequently amended, ARERA issued the "SNAM Gas Grid Code" ("*Codice di rete SNAM*"), which provides for detailed rules and procedures concerning the dispatching and balancing services in order to ensure the efficiency of the gas transmission grid.

Storage

Storage activities have the purpose of compensating fluctuations in consumption demand within the national gas system and of guaranteeing a strategic reserve of natural gas for the safety of the entire systems (with specific but not sole reference to end users).

Storage activities are carried out by companies on the basis of concessions awarded through public tender procedures, based on the modalities set out in Ministerial Decree 21 January 2011.

Similarly to the transportation companies, storage companies must also publish the terms and conditions to access the storage services that are set forth in *codes* and must comply with the criteria set out by the ARERA with the purpose of ensuring that the access to storage services is granted in a transparent and non-discriminatory way.

The Letta Decree provides that storage companies must grant access to requesting users if these meet the technical requirements and other conditions detailed in their "Storage Code", which have to be adopted in compliance with the criteria set forth by the ARERA by means of Resolution No. 119 dated 21 June 2005 and related updates.

Distribution

Pursuant to the Letta Decree, distribution is defined as the transport of natural gas through a network of local pipelines for delivery to end-customers. Distribution activity is considered as a public service and may be carried out only by companies which do not already provide other market services in the gas sector, as sale, dispatching or storage activities. Gas distribution companies dispatch the natural gas through their own networks and connect any interested customer who so requests to the extent such connection is technically and economically feasible, according to rules determined by the ARERA.

The ARERA approved and published under Resolution of 6 June 2006 No. 108, in accordance with the rules set out by the Resolution No. 138 dated 29 July 2004, the standard "Gas Distribution Network Code" to be adopted by all natural gas distribution companies. The Gas Distribution Network Code regulates the

relationship between distribution companies, on one side, and gas sellers and retail customers, on the other side. The Gas Distribution Network Code sets out the various distribution services and the required levels of performance. Among these: acceptance of the gas delivered by the seller entitled to introduce gas into the distribution facility, transportation of the accepted gas to the delivery points, measurement of the accepted and transported gas, connection of the end customer to the gas network and maintenance of the network. Distribution companies must grant access to the distribution network to any requesting seller who fulfils the technical requirements detailed under the Gas Distribution Network Code and under the relevant ARERA Resolutions.

By means of resolution 465/2017/R/gas dated 22 June 2017, ARERA has decided to initiate a procedure to review the regulation regarding the conditions for access and delivery of the gas distribution service.

Over the years, the gas distribution regulation has been extensively reformed in order to gradually open the sector to competition. Article 14 of the Letta Decree (as subsequently amended and integrated) established that natural gas distribution activities can be exercised only by operators to which a gas distribution concession for a period not exceeding 12 years has been granted pursuant to a competitive bid.

Article 15 of the Letta Decree, correlatively, has provided for a special transitional discipline for concessions already in place at the time of its entry into force (with possible early termination of the same).

These articles have also specifically regulated the sensitive relationships between the incoming and outgoing operator (and the criteria for reimbursement due to the latter), also in view of the ownership structure of the distribution networks.

In the context of this reform, Article 46-*bis* of Legislative Decree No. 159 of 1 October 2007, in order to further promote efficiency, cost-effectiveness and competition in the sector, has referred to subsequent ministerial decrees the implementation of regulation governing the awarding of distribution concessions, providing for (i) the criteria for the tender and evaluation of bids for gas distribution concessions, and (ii) the minimum geographical reference areas for the tenders, with the aim of increasing competition, efficiency and independence of concession holders from local authorities.

On 19 January 2011, the MED – in collaboration with the Ministry for Regional Relations and National Cohesion (*Ministero per i Rapporti con le Regioni e per la Coesione Territoriale*) adopted the so called "**ATEM Decree**" which divided the Italian territory into 177 "multi-municipality minimum geographical areas" (known as "*Ambiti Territoriali Minimi*" - "**ATEM**") in relation to which a single gas distribution concession must be awarded. The ATEM Decree did not identify the Municipalities comprised within each ATEM but delegated this identification to a subsequent ministerial decree which was published on 18 October 2011.

On 12 November 2011, the Ministry of Economic Development adopted Ministerial Decree No. 226/2011 (as subsequently amended by Ministerial Decree 106/2015), regulating the new tender procedure for the awarding of the distribution concessions within each ATEM and setting out standards for the calculation of the reimbursement value to be granted to the outgoing service provider, as well as for drawing up the call for bids and their evaluation (the "**Tender Criteria Decree**").

According to the new regulation, tenders are awarded to the company that submits the most attractive economic offer with regard to the following criteria: (i) economic conditions, (ii) conditions for the provision of the service, (iii) quality of service and safety, (iv) investment plan for the development and maintenance of the distribution system and (v) technological improvements and innovation of the assets.

The tender process became mandatory from 1 January 2008 for concessions held by local public entities and awarded without a tender process before the Letta Decree came into force: such concessions terminated on 31 December 2007 (as a result of following extensions of the original term of 31 December 2005) notwithstanding their original duration and a tender process was subsequently required in order to award such concessions, save for further extensions in case of (a) existence of the requirements of Article 15, paragraph 7, of the Letta Decree (extension of two years) and/or (b) decision for proven reasons of public interest of the granting local authority (extension of one year).

For concessions awarded through a tender process before the Letta Decree came into force, the Letta Decree established that they should be maintained for the natural duration established therein and "*in any case for a period not exceeding twelve years starting from 31 December 2000*". In view of the above, concessions awarded by tender prior to the date of entry into force of the Letta Decree have, in any case, expired on 31 December 2012.

Depending on the provisions contained in the individual concessions, it is possible to distinguish between cases of (a) free devolution of the facilities and (b) devolution for consideration, on expiry of the concession, where the outgoing operator is entitled to compensation for transferring the legal title to the distribution facilities to the incoming operator.

The amount of the reimbursement, to be paid by the incoming operator to the outgoing operator, to compensate the latter for any investment that has been carried out during the course of the concession shall be calculated - according to the original terms of the Tender Criteria Decree and to the Letta Decree - as follows:

- for the "First Period" (i.e. the first round of tender procedures pursuant to the Tender Criteria Decree), according to the terms and conditions of the concession agreement executed by the outgoing operator, provided that it has been entered into before 11 February 2012 (date of entry into force of the Tender Criteria Decree, as specified by art. 15, comma 5 the Letta Decree, as modified by Law Decree no. 91/2014 – art. 30 bis paragraph 1), or, if the concession agreement do not specify any calculation method, according to the MED guidelines (VIR method, as defined below); and
- after the "First Period", according to the Regulatory Asset Base criteria ("**RAB**).

As a consequence of a modification introduced to the Letta Decree by Law Decree no. 145/2013 (the so called "*Destinazione Italia Decree*) the method to calculate the reimbursement during the First Period has been specified under the MED Guidelines issued on 22 May 2014 (published in the Italian Official Gazette on 6 June 2014) to detail the criteria and the methodology for calculating the VIR. The amount of the VIR must be inserted in the call for tenders as defined by the municipalities grantors. If the VIR value is 10% higher than the RAB, the local authority must provide detailed feedback to ARERA before publication of the notice.

Under Law No. 21/2016, a further extension of the period for publication of the contract notice has been decided. Currently ATEMs are slowly publishing their tender notices.

Article 1 paragraphs 93, 94 and 95 of the Competition Law introduce some minor amendments and clarifications to the legislation concerning the procedures for tenders for the awarding of gas distribution concessions. In particular:

- Article 1, paragraph 93 establishes that the awarding authority is no longer obliged to send to ARERA the detailed evaluation of the difference in value between VIR and RAB prior to the tender, provided that the awarding authority is able to certify, even though a competent third party, that the termination value has been calculated by applying the Ministerial guidelines and that the overall difference between VIR and RAB within the minimum geographical area is not greater than 8%, provided that such difference in each single municipality does not exceed 20%;
- according to Article 1, paragraph 94, ARERA shall define a simplified procedure for the evaluation of the future calls for tender, which shall be applicable whenever a single call for tender is consistent with the standard call for tenders, the standard bidding rules (*disciplinare di gara tipo*) and the standard Service Contract (*contratto di servizio tipo*);
- Article 1, paragraph 95 clarifies that, in case of participation to a tender through a temporary association of companies or consortia, some of the technical capacity requirements defined by the tender criteria decree must be possessed cumulatively by all of the members of a temporary association of companies (*raggruppamento temporaneo di imprese*) or a consortium (*consorzio ordinario*) whilst others may be possessed even by just one of such members.

With Resolution 905/2017/R/gas of 28 December 2017, the ARERA has implemented the provisions of the Competition Law, with the aim to simplify the procedures for the calculation of the reimbursement value and for the evaluation of tender documents for the awarding of gas distribution concessions.

The resolution:

- approved two consolidated acts (annexed to the resolution as Annex A and Annex B) which contain provisions concerning the calculation and verification of the reimbursement value of the gas networks and the evaluation of calls for tenders;
- repealed the previous ARERA Resolutions 113/2013/R/gas, 155/2014/R/ gas and 310/2014/R/gas, having the consolidated acts fully incorporated the provisions therein contained without making significant innovations.

With reference to the calculation of the reimbursement value, the relevant consolidated act (Annex A) specifies, *inter alia*, that the evaluation of the difference between VIR and RAB is carried out by the ARERA according to three regimes:

- individual ordinary regime for the municipality;
- individual simplified regime for the municipality, pursuant to the ARERA Resolution 344/2017/R/gas, published on 19 May 2017;
- simplified framework regime for the ATEM (*ambito*), pursuant to Law No. 124/2017.

Annex A to Resolution 905/2017/R/gas also specifies that, in case of disagreement between the awarding authority and the outgoing operator on the amount of the reimbursement value, for the purpose of calculating the difference between VIR and RAB within the minimum geographical area, the greater of the two values is assumed.

With reference to the evaluation of calls for tenders, Annex B to Resolution 905/2017/R/gas states that the evaluation is carried out by the ARERA by applying two different methods which are detailed in such annex: the ordinary procedure and the simplified regime. The simplified regime shall apply to those awarding authorities that have used the standard tender documents approved by the ARERA, without substantial amendments whilst, in all other cases, the more complex ordinary evaluation procedure shall apply.

Resolution 905/2017/gas has been amended by Resolution 613/2017/R/com (to rectify a material error in Article 3, paragraph 3, letter b) of Annex A to Resolution 905/2017/R/gas).

Tariff regulation of distribution services is set by the ARERA before the start of each regulatory period and lasts several years. The ARERA identifies the criteria for the determination of the "allowed revenues" and their revision during the regulatory period as well as the methodology for calculating tariffs.

By means of Resolution 570/2019/R/gas, ARERA approved the tariffs regulation for gas distribution and measurement systems for the 2020-2025 regulatory period ("**RTDG**"). In this respect, through resolution 128/2020, ARERA amended the definition of the different scope of gases (*Ambito gas diversi*) set forth in Article 1, paragraph 1, of the RTDG and redefined a number of different gas options approved by Resolution No. 571/2019/R/gas. Furthermore, on 14 April 2020, ARERA, in the context of a material error correction warning, confirmed the application of a constant efficiency factor (so called "*x-factor*") within the regulatory period.

With resolution 704/2016/R/gas, aiming at pursuing an adequate allocative efficiency of new investments based on their sustainability and protecting the interests of the final customers of the service in order to avoid negative effects on the tariff deriving from unjustified investments, ARERA introduced a specific cap on tariff recognition for investments made with reference to the areas of new methanization. This approach, with the same purposes, was also confirmed in the regulatory period started from 1 January 2020 with the RTDG 2020-2025.

Subsequently, however, according to Article 114-ter of Law Decree no. 34/2020, as converted into Law no. 77/2020, ARERA must recognise the full tariff remuneration for distribution investments relating to extensions and upgrades of existing networks and plants in municipalities already methanised and also for new construction of networks and plants in municipalities to be methanised (therefore, in this case, without applying the previously introduced cap) belonging to specific areas of the country (the municipalities belonging to climatic zone F provided for by Article 2 of President of the Republic Decree no. 412/1993 – i.e., zone with a more rigid climate – and classified as mountain territories, as well as in some other municipalities in southern Italy). In relation to the legislative intervention referred to above, by Resolution no. 406/2020/I/gas, ARERA addressed a report to the Italian Parliament and Government pointing out several critical aspects of the above-mentioned disposition compressing the ARERA's prerogatives. Nevertheless, by Resolution no. 435/2020/R/gas, ARERA started a proceeding to implement the provisions of Article 114-*ter* of the Law Decree no. 34/2020 prefiguring the possibility of revising the tariff areas referring to the mandatory tariff, reducing its extension in order to stimulate more prudent evaluations in the investment decisions of the local granting municipalities and consequently of the network operator. Natural gas distribution companies (together with electricity distribution companies) are required under the Bersani Decree to implement energy efficiency measures for end users and deliver to the ARERA by May 31 of each year a certain number of TEE ("*White Certificates*"). Distribution companies may also buy TEEs from third parties (see "*Efficiency in the end use of energy - White Certificates - CAR incentives*").

With reference to the quality and safety of gas service, Resolution n. 569/2019/R/gas (as amended and integrated by Resolution 310/2020/R/GAS) updated the regulation of the gas distribution and metering services for the period 2020-2025 (RQDG) and provided for:

- the introduction of new indicators;
- the tightening of the security indicators;
- the obligation to put into cathodic protection 98% from 2023 with intermediate replacement stages;
- the obligation to replace cast iron by 2025, with intermediate replacement stages (cases of possible derogation permitted);
- new meter reading obligations by July 2020.

Sale

The Letta Decree distinguishes between wholesale activity and retail sale activity. Since 1 January 2002, only companies that are not engaged in any other activity in the natural gas sector, other than importers, drillers or wholesalers, are entitled to sell gas to retail customers.

Pursuant to Article 17 of the Letta Decree, starting from 1 January 2012, companies that intend to sell gas to end users must be enrolled in the "*List of entities authorized to sell natural gas to end customers*" held by the MED and be authorized by the same MED. Such authorisation was issued on the basis of criteria set by the MED (after a consultation with the ARERA) by means of Ministerial Decree 24 June 2002, and it states that the company meets certain requirements (e.g. appropriate technical and financial capacity) and may only be refused on objective and non-discriminatory grounds.

Since 1 January 2003, retail customers have been able to choose between supplies of natural gas carried out on a free market basis or on a regulated basis. In the free market, the terms and conditions - including the price - of gas supply contracts are agreed between the supplier and the relevant end-customer. Conversely, regulated tariffs ("*servizio di maggior tutela*") are set out under the "*Testo integrato delle attività di vendita al dettaglio di gas naturale e gas diversi dal gas naturale e distribuiti a mezzo di reti urbane*" (the "**TIVG**"), as lastly amended by ARERA Resolution No. 126/2021/R/gas. Pursuant to the TIVG, regulated tariffs apply to retail customers who do not opt for free market tariffs as well as to households where gas consumption does not exceed 200,000 Smc/year. The regulated tariff is composed of different cost elements relating to the specific services provided (i.e. transport, distribution, metering, marketing activities). Invoices to end customers

must show the breakdown of such costs. In addition to the TIVG, transactions involving retail customers are also subject to rules for the safeguard of consumer rights (i.e. Legislative Decree of 6 September 2005, No. 206). Moreover, companies which sell gas to retail customers must comply with the "Gas Distribution Network Code". According to Law no. 124/2017, as lastly amended by Law no. 21 of 26 February 2021, the regulated market for the sale of the natural gas will cease starting from 1 January 2023. Since 2002, operators have been able to freely sell and purchase on a wholesale basis any quantity of natural gas on the "**PSV**" (*punto di scambio virtuale*), which is an electronic platform operated by Snam Rete Gas S.p.A. ("**Snam**"). Moreover, Law No. 99 of 23 July 2009 ("**Law 99/2009**") provided for the establishment of a market exchange platform for the supply and sale of natural gas. Under Law 99/2009, the Energy Market Operator ("**GME**") was designated as manager of the natural gas exchange market, in compliance with the principles of transparency, competition and non-discrimination. The MED's Decree of 18 March 2010 established a trading platform for the exchange of gas imports (P-Gas), managed by the Energy Market Operator. The gas exchange started in October 2010, with the GME acting as central counterparty (today, (A) the M-Gas platform, formed of: (i) day ahead market - MGP-Gas, and (ii) intraday market - MI-Gas, and (B) the forward gas market - MT Gas). The gas balancing market on the PB-Gas platform started in December 2011, which was managed by the GME, with Snam acting as central counterparty. On the gas balancing market, an ex-post gas exchange session takes place which is aimed at balancing the whole gas system and shipper positions (the part of the supply chain in which gas is produced or imported or bought from domestic producers or other shippers) through the purchase and sale of stored gas. On the balancing Gas platforms (MPL-locational products and MGS-storage products), which is accessible to all operators, operators may acquire, on the basis of economic merit, the necessary resources to balance their positions and ensure the constant balance of the network, for the purposes of ensuring system security. For balancing the System, Snam can operate also in all MP platform (even in MGP gas, MI gas).

Electricity

On 1 April 1999, Legislative Decree No. 79 dated 16 March 1999 (the "**Bersani Decree**") implementing Directive 96/92/EC, started the transformation process of the electricity sector from a highly monopolistic industry to one in which energy prices charged by producers are determined by competitive bidding and provided for a gradual liberalisation of the electricity market so that all customers ("**Eligible Customers**"), are now able to freely contract with producers, wholesalers or distributors to purchase electricity.

The Bersani Decree established a general regulatory framework for the Italian electricity market that gradually introduced competition with respect to electricity production and sales to Eligible Customers, while maintaining a monopolized structure with respect to electricity transmission and distribution. In particular, the Bersani Decree and the subsequent implementing regulations:

- as of 1 April 1999, liberalised the activities of electricity production, import, export, purchase and sale;
- as of 1 January 2003, *provided that* no company shall be allowed to produce or import, directly or indirectly, more than 50 per cent of the total electricity produced in and imported into Italy, in order to increase competition in the electricity market;
- provided the assignation by the Ministry of Economic Development of the distribution concession to a unique operator per municipality, providing also that the concessions already in place will be valid until 31 December 2030;
- provided for the establishment of the *Acquirente Unico* (the "**Acquirente Unico**" or the "**Single Buyer**"), a company which must enter into and operate supply contracts in order to guarantee the availability of the necessary production capacity and supply of electricity and the continuity, security and efficiency of service of the entire system, as well as equality of treatment, including tariff treatment;
- provided for the creation of the "Power Exchange Market", a virtual platform in which producers, importers, wholesalers, distributors, the operator of the national transmission grid, the Single Buyer and other participants in the free market, buy and sell electricity at prices determined through a competitive bidding process (the "**Power Exchange Market**");

- provided for the creation of the entity that manages the Power Exchange Market (*i.e.* GME S.p.A., the "**Energy Market Operator**" or "**GME**"); and
- provided that, also pursuant to MED Decree of 20 April 2005 (as subsequently amended by MED Decree of 15 December 2010), transmission and dispatching activities of electricity are assigned to Terna S.p.A. ("**Terna**") as owner and independent operator of the national transmission grid, in accordance with the applicable regulatory regime set forth by the ARERA. Terna is a listed company whose largest shareholder is Cassa Depositi e Prestiti S.p.A., a state-owned financial institution. Terna must connect to the national transmission grid all parties who request connection, in accordance with the rules set out under the code for transmission, dispatching, development and security of the grid, which was approved under ARERA Resolution No. 79 of 29 April 2005 and ARERA Resolution No. 49 of 3 March 2006 (the so-called "**Grid Code**") and which is subject to a constant updating process according to the procedures provided within the same document.

In addition, Law Decree 239/2003 (converted into law by Law No. 290 of 27 October 2003) required the reunification of ownership and management of the national transmission grid. Law No. 239 of 23 August 2004 (the "**Marzano Law**") reorganised certain aspects of the electricity market regulatory framework, including the limitation of the "protected market" to households pursuant to Directive 2003/54/EC concerning common rules for the internal market in electricity and repealing Directive 96/92/EC.

Finally, with Resolution no. 446/2020/R/eel of 3 November 2020, ARERA defined the criteria for the settlement of the dispatching service in conditions of suspension of market activities and provided clarifications regarding the premium mechanism for generating plants referred to in Resolution 324/2020/R/eel.

Sale

Pursuant to Article 1, paragraph 2 of the Marzano Law, no governmental licence, consent or permit is required to carry out electricity sale and purchase activities. The sale activity can be split into wholesale and retail.

Pursuant to Law Decree No. 73 of 18 June 2007, as of 1 July 2007, retail end users have the right to withdraw from existing electricity supply contracts, in accordance with the procedures established by the ARERA, and to select a different electricity supplier. In the absence of such choice, the electricity supply for domestic end customers which are not supplied with electricity on the free market is guaranteed by the distribution company, also through special sales companies, and the purchasing function continues to be carried out by the Acquirente Unico. This is the so-called "*regime di tutela*" which, will end with the full market liberalization starting from 1 July 2021 for small business and from 1 January 2023 for microbusiness and domestic customers.

For end users which have already opted for free market conditions, the terms and conditions - including the price - of electricity supply contracts may be agreed between the supplier and the relevant end user.

For end users that have not opted for free market conditions, the regulated tariffs apply, as set out under the "*Testo integrato delle disposizioni dell'autorità di regolazione per energia reti e ambiente per l'erogazione dei servizi di vendita dell'energia elettrica di ultima istanza*" (as adopted by the ARERA Resolution no. 491/2020/R/eel , the "**TIV**"). The TIV provides that:

- households and, at certain conditions, microbusiness identified under Article 8.2 of the TIV may access the so-called "*servizio di maggior tutela*" regulated market, for which the electricity tariffs are set by the ARERA. Ultimately, the responsibility for the supply of electricity to such customers is on the Single Buyer. The regulated tariff is composed of different cost elements relating to the specific services provided (*i.e.* transport, distribution, marketing activities). Invoices to end users must show a breakdown of such costs;
- microbusiness not falling under paragraph (i) have access to the so called "*servizio a tutele graduali*" which is provided by the operator selected by the Single Buyer on the basis of the public tender procedures as set forth by the Resolution no. 491/2020/R/eel;

- end users not falling under paragraph (i) and (ii) above only have access to the "safeguarded service" (so-called "*servizio di salvaguardia*") which is provided by the operator selected according to Article 1, paragraph 4, of the Law Decree no. 73/2007, according to the conditions set forth by Article 42 of the TIV.

In order to facilitate the access process to the free market, ARERA by means of Decision No. 369/2016/R/EEL dated 7 July 2016, as amended by time to time, established a new semi-regulated regime for "protected customers" (the so-called "*tutela simile*") which entered into force on 1 January 2017. The "*tutela simile*" contracts will be offered only by electricity suppliers which meet the financial and dimensional requirements set out under ARERA Decision No. 369/2016/R/EEL. The characteristics of the "*tutela simile*" contracts will not be freely determined by each electricity supplier, but will have to be consistent with the predefined ARERA principles concerning duration, payments and termination. Therefore, end users can enter into a "*tutela simile*" contract only through the web until the complete liberalization of the market and such non-renewable contracts have a duration of 12 months. The suppliers must in any case offer to the potential clients the "*tutela simile*" offer, as possible alternative to free market conditions. The price of the electricity supply will be substantially in line with that under the "*servizio di maggior tutela*" (save for a one-off bonus, which will be quantified by the supply company in favour of the end user on the first invoice).

Law No. 124/2017 establishes the obligation for all sellers to offer to households and small businesses at least one "standard" proposal for a fixed price supply (in which the price of energy is kept fixed for a certain period of time) and at least one proposal at a variable price (in which the price automatically varies according to changes in a reference index). ARERA, in compliance to such provision, with Resolution 555/2017/R/com as amended by Resolution 848/2017/R/COM and Resolution 89/2018/R/COM established that from 1 January 2018, all free market sellers will have to include among their offers the PLACET (as *Prezzo Libero A Condizioni Equiparate di Tutela* - **PLACET**), which is a predefined offer for households and small businesses, under contractual terms set by the ARERA, but at prices freely determined by the seller, according to a clear and understandable structure. In this respect, with Resolution 89/2018/R/COM dated 15 February 2018, ARERA approved and published the format of the general supply conditions.

In addition, for retail transactions supply contracts are entered into directly with end customers and, therefore, the contract rules for the safeguard of consumer rights also apply (i.e. Legislative Decree No. 206 of 6 September 2005), together with the safeguard regulation and rules approved by the ARERA.

With regard to wholesale transactions, these may be carried out over the counter or on the Power Exchange market, or may consist of purchases by the Single Buyer. Please refer to section "*Regulated wholesale markets*" below.

The Competition Law, as amended by time to time (lastly by Law No. 8 of 28 February 2020 and Law No. 21 of 26 February 2021), provides for the complete liberalization of the electricity (and gas) market, in particular:

- the "*servizio di maggior tutela*" ceased to apply from 1 January 2021 for small enterprise and from 1 January 2023 for micro-enterprises referred and for household customers. The MED, having heard the ARERA and the AGCM, will adopt a decree (subject to the opinion of the competent parliamentary commissions) to define the modalities and criteria for a conscious entry of end customers into the free market, also taking into account the need to ensure competition and the plurality of suppliers and offers in the free market;

- pursuant to Article 1, Paragraphs 80, 81 and 82, within 90 days from the date of entry into force of the Competition Law, the MED shall set up, as a condition and requirement for the relevant operator/seller to sell electricity to end users, the list of the entities qualified to sell electricity (the "**List of Qualified Sale Entities**" or "*Elenco dei soggetti abiliti alla vendita di energia elettrica ai clienti finali*") to end users. The MED, following to the proposal of the ARERA, shall set out the criteria, the procedure and the technical, financial and reputational (*onorabilità*) requirements for the sale operators wishing to apply to the List of Qualified Sale Entities. The List of Qualified Sale Entities shall be published on the MED

website and shall be monthly updated. In this respect, at the end of a specific consultation triggered by means of Resolution 663/2017/R/eel, with Resolution 762/2017/I/eel ARERA approved the proposal containing the criteria, the procedure and the technical, financial and reputational requirements for registration and permanence in the List of Qualified Sale Entities to be sent to MED. Subsequently, MED prepared a draft regulation that, on 7 June 2018, received the favourable opinion, with observations, from the Council of State. Once the relevant decree has been issued, the List will be published on the website of the Ministry of Economic Development and updated monthly;

- pursuant to Article 1, Paragraphs 61-64, within 5 months from the date of entry into force of the Competition Law, the ARERA, in order to control retail market, will establish a web portal where it will be possible to compare the proposal supply of electricity and gas on the retail market. In this respect, with Resolution 51/2018/R/COM dated 1/2/2018 as subsequently amended, the ARERA set the general criteria to establish the web portal for the publication of offers to households and small businesses in the electricity and natural gas markets (the "**Offer Portal**"). Moreover, The Offer Portal, created by the Integrated Information System Operator ("**SII**"), is online from 1 July 2018 for the collection and publication of offers on the market for retail electricity and natural gas. The Offer Portal is intended for household and small businesses to compare the cost of electricity or natural gas in relation to their needs. The offers currently available on the Offer Portal are (i) the PLACET offers and (ii) the offers from the free market with the exception, for the moment, of those dual fuels (however visible in simplified form) and a series of offers, which will be shortly published for technical reasons. With Resolution 426/2020/R/com, the ARERA strengthened the transparency of the information obligations of sellers of electricity and/or natural gas for the benefit of end customers (domestic and small non-domestic) both in the pre-contractual phase (prior to the signing of the contract) and in the contractual phase (after the signing of the contract), by revising the Code of Business Conduct. The measure has the dual purpose of improving the comprehensibility of contractual information, including the economic conditions of the offers, for the end customer and increasing the comparability of the offers proposed by sellers, strengthening the complementarity between the information tools available to the end customer;
- pursuant to Article 1, Paragraph 65, within 90 days from the date of entry into force of the Competition Law, the ARERA, in order to improve the transparency and comparability of offers, shall adopt the Guidelines for the promotion of electricity and gas commercial offers to buying associations and the creation of IT platforms that can facilitate the aggregation of small consumers. In this regard, with Resolution 59/2019/R/com, dated 19/2/2019, the ARERA adopted the guidelines for the promotion of electricity and natural gas commercial offers to buying associations; and
- pursuant to Article 1, Paragraph 66, within 90 days from the date of entry into force of the Competition Law, the ARERA, shall transmit to MED a report concerning the monitoring of market retail which has been sent to MED on 1 March 2018 with Report 117/2018/I/com.

As mentioned above, according to the amendments brought by Law Decree No. 183/2020 converted into law by Law No. 21 of 26 February 2021, the validity of the regulated price regimes has been further extended for micro-enterprises (as defined in Article 2(6) of the same Directive (EU) 2019/944) and for domestic customers until 1 January 2023.

MED will provide by decree the way of transition of small customer from regulated market to free market and will define the rules of access to the vendors' list.

On 7 September 2017, ARERA adopted Resolution 613/2017/ R/ com on the initiation and renewal of separate proceedings for the implementation of measures provided for by the Competition Law on functional and accounting separation in the electricity sector, tariffs for the electricity distribution service and valuation of repayment values in respect of the tenders for the assignment of the natural gas distribution service. In this respect, with Resolution No. 15/2018/R/com, ARERA updated the provisions regarding unbundling in the electricity sector, as required by the Competition law. In particular, with Resolution 15/2018/R/com ARERA amended the integrated text of the provisions regarding the functional separation obligations for companies

operating in the electricity and gas sectors ("**TIUF**" - *Testo integrato delle disposizioni in merito agli obblighi di separazione funzionale per le imprese operanti nei settori dell'energia elettrica e del gas"*) and the integrated text of the authority's provisions for electricity, gas and water for the regulation of closed distribution systems ("**TISDC**"-*Testo integrato delle disposizioni dell'Autorità per l'energia elettrica il gas e il sistema idrico per la regolazione dei Sistemi di Distribuzione Chiusi*), providing the exclusion from the functional separation obligations for:

- electricity distributors that serve less than 25,000 withdrawal points ("**PDR**") and which are not beneficiaries of tariff supplements;
- managers of closed distribution systems ("**SDC**").

Therefore, in the new regulatory framework, the obligation to provide electronic information on the status of functional separation:

- remains in respect of electricity distributors serving less than 25,000 withdrawal points (also to enable them to notify the ARERA of the application of the exclusion case introduced by the resolution);
- on the other hand, it is not envisaged for the operators of SDC (as these are separately recorded in the authority's personal data).

The obligations regarding unbundling accounting envisaged by the integrated text for unbundling accounting ("**TIUC"** - T*esto integrato delle disposizioni dell'autorità per l'energia elettrica il gas e il sistema idrico in merito agli obblighi di separazione contabile (unbundling contabile) per le imprese operanti nei settori dell'energia elettrica, del gas e per i gestori del servizio idrico integrato e relativi obblighi di comunicazione*) remain unchanged, both for electricity distribution companies with less than 25,000 PDR and for operators of SDC.

Regulated wholesale markets

The Power Exchange Market is a marketplace for the spot trading of electricity between wholesalers under the management of the Energy Market Operator. It began operations on 1 April 2004. Producers can sell their electricity on the Power Exchange Market (the "**IPEX**") at the system marginal price defined by hourly auctions. Alternatively, they may choose to enter into bilateral contracts and, in this case, agree the price with their counterparty.

The Single Buyer ("*Acquirente Unico*" - a company the sole quota holder of which is the GSE) is the largest wholesaler in the market, purchasing approximately 30% of the total national demand. The Single Buyer purchases electricity on the IPEX through bilateral contracts (including contracts for differences) with producers, and imports electricity. The Single Buyer purchases on the market the above amount of electricity in order to grant its supply to the end users subject to the so-called "*maggior tutela*" regime described above who have not switched to the free market yet. Other participants in the IPEX are producers, integrated operators, wholesalers and some large electricity users..

The total amounts paid by the Single Buyer to producers, plus its own operating costs, must be equal to the total revenues it earns from electricity sales to retail companies operating within the regulated market under the regulated tariff structure. As a consequence, the ARERA adjusts the regulated tariffs from time to time to reflect the tariffs paid by the Single Buyer (as well as other factors).

The ARERA and AGCM constantly monitor the IPEX to ensure that it reaches the expected goals: improving competition between electricity producers and enhancing the efficiency of the Italian electricity system. The IPEX is also a physical market, where the schedules of electricity injections into and withdrawal from the power grid are defined under the economic merit-order criterion. According to Ministerial Decree 24 December 2004, Terna, the ARERA and the GME take all the necessary actions for the participation of the demand - side to the IPEX.

Subsequently, Ministerial Decree dated 17 September 2008 (and published in the Official Gazette No. 243 dated 16 October 2008) introduced a new forward electricity market (the "**FEM**" or "*mercato a termine*", "*MTE*"), in which forward electricity contracts with physical delivery are traded.

The electricity produced can therefore be sold wholesale on the IPEX managed by the Market Operator-GME, and through organised and over-the-counter platforms for trading forward contracts. The organised platforms include also the Electricity Derivatives Market ("**IDEX**"), managed by Borsa Italiana S.p.A., where special derivative instruments with electricity as the underlying asset are traded.

Producers may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at a retail level, and to the Single Buyer, whose duty is to ensure the supply of energy to enhanced protection service customers.

In addition, for the purpose of providing dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market ("**MSD**"), where Terna procures the required resources from producers.

The ARERA and the Ministry for Economic Development are responsible for regulating the electricity market. More specifically, with regard to dispatching services, the ARERA has adopted a number of measures regulating plants essential to the security of the electrical system.

In August 2011, the ARERA published the resolution ARG/elt 98/11 that establishes the criteria for introducing a market mechanism for compensating generation capacity that replaces the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years. The initial auctions were held in 2013, with producers agreeing to make their capacity available starting from 2017.

In November 2019, Terna has held two auctions based on the capacity market mechanism approved by the European Commission on February 2018. The first capacity market auction took place on 6 November, while the second auction took place on 28 November 2019. With these auctions, Terna granted energy capacity for the years 2022-2023.

The Italian Ministerial Decree of 28 June 2019 on the capacity market states that assessments of the adequacy of electricity production capacity must be carried out and updated on an annual basis.

In 2019, ARERA begun to design the reform of Italian Electricity Market following the so called "Clean Energy Package". This project, launched by consultation 322/2019 (providing the Integrated Text of Electricity Dispatch) and still in progress, is useful to extend the participation to all market platforms of new resources (as renewables, storage, demand response and small generation). The project aims to integrate all the European markets.

Efficiency in the end use of energy - White Certificates

The companies distributing electricity and natural gas (the "**Obliged Entities**") are required by the Bersani Decree to undertake energy efficiency measures for the end user that are in line with pre-defined quantity targets fixed by ministerial decree. All companies, including the distribution companies, that realize specific energy efficiency measure pursuant to the applicable regulation, are entitled to receive from the GSE a certain quantity of the Energy Efficiency Certificates ("**TEE**"), also called "*White Certificates*", (*i.e.* an incentive mechanism to save energy, into force starting from 1 January 2005).

TEE are issued and acknowledged in proportion with the energy efficiency measures so realized (*i.e.* each TEE is issued for each "ton oil equivalent" of the energy efficiency measure implemented). The TEE can be then sold by means of bilateral contracts, to (other) distribution companies who cannot meet their targets or, alternatively, on a specific market instituted and regulated by GSE in agreement with the ARERA.

The foregoing incentive mechanism was previously regulated by Decrees of 20 July 2004, subsequently amended and updated in 2007, which set national energy savings targets for the period 2005-2012 to be achieved by the Obliged Entities. The targets must be achieved each year by electricity and natural gas distribution companies.

In order to comply with their obligations to achieve such targets and avoid related penalties, distributors must deliver a number of certificates at least equal to a specified percentage of their requirement to the ARERA by May 31 of each year.

The whole mechanism is, in extreme essence, financed by the final customers (through the cashing in of a specific tariff component applied in each electric and natural gas bills paid by the end customers). Indeed, the Obliged Entities receive a tariff contribution from the ARERA and related competent authorities to compensate the energy efficiency measure implemented by same Obliged Entities.

According to Article 6 of the DM 28 December 2012, the GSE is competent to issue white TEE in favour of the operators offering energy efficiency solutions (*inter alia* the "*Energy Service Companies*"- or ESCO), that allow their customers to achieve energy savings. The GSE, with the collaboration of ENEA ("*Agenzia nazionale per le nuove tecnologie, l'energia e lo sviluppo economico sostenibile*") and RSE ("*Ricerca sul Sistema Energetico*"). In particular, the GSE evaluates the energy efficiency projects and approves the so-called "*proposta di progetto e programma di misura*", as well as the relevant requests of certification of the energy savings based on the approved project. Please also note that the rules of access to and of granting of White Certificates have been set out by the ARERA by means of Resolution No. 9/11 dated 27 October 2011 (also called "*white certificates guidelines*").

As said, White Certificates are tradable by bilateral transactions through a register, organized and managed by the GME (called "*Registro TEE*") or by assignment of the white certificates to an *ad hoc* virtual trading platform (called "*TEE Market*" or "*Mercato TEE*"), also in this case organized and managed by the GME.

Furthermore, (i)through Decree 28 December 2012 the MED introduced specific incentives to promote the production of thermoelectric energy production from renewable resources, as well as small scale energy efficiency initiatives, and (ii) through Legislative Decree No. 20/2007 the MED also introduced a new instrument for the granting of incentives to cogeneration power plants, *i.e.* to power plants producing electricity and heat, called "*High Efficiency Cogeneration Certification*" ("*Cogenerazione ad Alto Rendimento*" o "*CAR*" certification). The operative rules and the guidelines for the granting of the CAR certification have been described by the Ministerial Decrees dated 5 September 2011 and 4 August 2016. The advantages of the achievement of the CAR certification is, *inter alia,* the access to the white certificates incentives mechanism.

On 11 January 2017, the MED issued a new decree on TEE ("**Decree 11 January 2017**"), which came into force on 4 April 2017 and applies to all energy efficiency projects presented after that date, aiming to favour the energy efficiency sector which is considered fundamental to Italy's economy.

In particular Decree 11 January 2017:

- sets new rules and criteria to select the entities allowed and admitted to participate to the TEE mechanism;
- establishes the new guidelines for the preparation of energy efficiency projects and the definition of the criteria and procedures for the recognition of the White Certificates;
- identifies who is obliged to a primary energy saving obligation (i) which are electricity distributors who, as of 31 December two years prior to the reporting year, have more than 50,000 end users connected to their distribution network; (ii) natural gas distributors who, as of 31 December two years prior to the year in question, have more than 50,000 end users connected to their distribution network);
- provides a "standard contract" ("*contratto tipo*"), which has been approved by MED on 19 July 2017. This new standard contract regulates the relationship between the owner of the incentives (called

"Soggetto Titolare" - the "**Owner Entity**") the entity that applies for them (called *"Soggetto Proponente"* - the "**Offering Entity**"), that must meet the necessary criteria set by the relevant legislation, and the GSE. As a principle, TEEs are granted to the Owner Entity and, pursuant to Article 1 of this new standard contract, can be granted to the Offering Entity only be means of a specific mandate given by the Owner Entity. The main goal of the provisions of the new "standard contract" is to decrease disputes and uncertainties in relation to the ownership of the TEEs.

In addition to the above, Decree 11 January 2017 clarifies and simplifies certain aspects of the regulation governing TEEs such as the cumulative nature of the White Certificates and the duration and useful lifespan of the energy efficiency projects.

To allow the gas and electricity distributors to recover the costs incurred for the supply of TEE, a specific component of the electricity/gas distribution tariff has been introduced (determined by ARERA) in order to secure the proceeds of the grant to cover the costs of supplying TEEs. In particular, ARERA, by Resolutions 13/2014/R/efr, 435/2017/R/efr and 634/2017/R/efr (then updated by Resolution 487/2018/R/efr), has introduced the mechanism for calculating the tariff contribution to cover the costs incurred by distributors to obtain TEEs (the "**Tariff Contribution**").On the 10 July 2018, a new Ministerial Decree was published in the Italian Official Journal (the "**Decree 10 May 2018**"), which has amended the Decree 11 January 2017. In particular, the Decree:

- establishes a maximum unit value for the Tariff Contribution, equal to €250.00 per white certificates, applicable starting from the sessions subsequent to 1 June 2018 and until the sessions valid for the fulfilment of the national quantitative targets established for 2020;
- establishes that the mechanism to determine the Tariff Contribution, determined by ARERA, shall take into account the prices of trades made on the organized GME market in the obligation year in reference as well as the prices of bilateral agreements, if less than € 250.00;
- authorizes the short-selling of white certificates by the GSE. In particular, starting from 15 May of each year and until the end of the year of the obligation in reference, GSE is authorized to issue, for and upon request of the obliged distributors, white certificates not deriving from the implementation of energy efficiency projects, with a unit value equal to the difference between € 260.00 and the value of the final tariff contribution for the year in reference. In any case, this amount cannot exceed € 15.00. However, this loss may be recovered, overall or partly, in the following obligation years. Before accessing this mechanism, the obliged distributors must purchase at least 30.0% of white certificates in the obligation year in reference;
- establishes that if a distributor subject to the obligations achieves a compliance rate of less than 100%, but at least 60%, it may offset the residual quota in the two following years, rather than only in the following year without incurring any penalties;
- updates, in order to promote the offer of white certificates, the table annexed to Ministerial Decree of 11 January 2017 containing the types of projects eligible for white certificates, adding approximately 30 new types of interventions.

However, due to a ruling issued by TAR Lombardy and published on 28 November 2019, Ministerial Decree dated 10 May 2018 was annulled in the part in which the MED, setting the above mentioned cap to Tariff Contribution, exercised powers falling within the spectrum of the exclusive powers of ARERA. This annulment also entailed the cancellation of the rules for setting the Tariff Contribution lastly updated with resolution ARERA 487/2018/R/efr.

With Resolution 270/2020/R/efr, the ARERA approved the revision of the Tariff Contribution to be paid to distributors who fulfil their savings obligations energy within the TEE mechanism, in consideration of the judgment of the Lombardy Regional Administrative Court no. 2538/2019 as follows:

- cap has been confirmed for the pre-existing recognized tariff contribution (250 € / TEE);

- an additional fee is provided in order to contribute to the recognition of the economic losses incurred by distributors, directly related the scarcity of TEEs available, defined as part of the difference between the average cost of the TEE and the cap - if positive, limiting it to a maximum value of 10 € / TEE;
- provision is made for the disbursement of an extraordinary deposit, valued together at € 250 / TEE and to the extent of 18% of each 2019 target (€ 250 / TEE on future obligations).

A new Ministerial Decree is awaited defining the national quantitative targets of energy efficiency, expressed in TOE for the years after 2020. The new decree could also introduce revisions or changes to the current TEE mechanism.

Finally, Law Decree No. 34 of 19 May 2020 (so-called "**Rilancio Decree**") converted into Law no. 77/2020, has introduced, by means of Article 41, paragraph 1, urgent measures in support of the mechanism of White Certificates.

More specifically, some timelines and methods of compliance with the provisions already provided for by Ministerial Decree of 11 January 2017 (concerning the fulfilment of primary energy savings purchases by electricity and natural gas distributors) have been extended for the compulsory year 2019 due to COVID-19 emergency reasons.

D.L. Semplificazioni and the new discipline on white certificates

The recently enacted "*D.L. Semplificazioni*" (Law Decree No. 76/2020) was converted into Law No. 120/2020 and published in the Official Gazette on 14 September 2020 and came into force the following day.

Article 56 of the D.L. *Semplificazioni*, amending Article 42 of Decree No. 28/2011, introduced important changes with reference to the powers of the GSE in relation to the incentives sector and, more specifically, also with regard to white certificates.

In general, GSE's control powers over the incentives sector must now be exercised in compliance with the conditions set out by Article 21-*nonies* of Law No. 241/1990 (which governs the power of self-annulment granted to public Authorities). Such conditions are the following: (i) unlawfulness of the annulled deed; (ii) a reasonable period of time, in any case not exceeding 18 months; and (iii) the existence of a public interest in the annulment of the deed.

With specific regard to white certificates, it must be noted that D.L. *Semplificazioni* allowed the GSE, in case of non-compliance of the energy efficiency project, to proceed to request the restitution of the incentives already granted only in case of false documents and declarations. In all other cases, the annulment/denial of certification of energy savings operate only *pro futuro*.

Furthermore, D.L. *Semplificazioni* extended, upon express request of the operator, the aforementioned discipline to the cases of GSE *ex officio* annulment proceedings (to which previously the discipline was not expressly applied) already defined with annulment deeds subject to pending judicial proceedings (except in the case where the conduct is subject to a criminal proceeding concluded with also non-definitive sentence).

District heating and services

Until year 2014 district heating activities were not subject to specific regulation in Italy. District heating supply agreements were only subject to the general provisions of the Italian Civil Code.

Through the European Directive 2012/27/EU dated 25 October 2012 (hereinafter the "**Directive 2012/27/EU**"), the European Commission has introduced new provisions in order to contain and make more efficient the consumptions for heating, air conditioning and for the supply of hot domestic water ("**HDW**") in civil buildings. In Italy the Directive 2012/27/UE has been implemented by Legislative Decree No. 102, dated 4 July 2014 (hereinafter the "**Legislative Decree No. 102/2014**"), that entrusted the ARERA to implement the provisions of the Directive 2012/27/UE.

Articles 10, paragraphs 17 and 18 and various paragraphs of Article 9 of Legislative Decree No. 102/2014 gave to the ARERA specific functions in the matter of district heating and district air conditioning. The regulatory powers of the ARERA are, *inter alia*, on the following topics:

- the counting, quality and safety of the district heating service of the energy metering systems; the price criteria (only for networks with obligation to connect);
- the modalities of disconnection from the network;
- the modalities by which the energy distributors make available to the public the
- price for the energy supply and for the connection and disconnection to and from the district heating network;
- the conditions for the connection to the district heating network;
- the criteria and modalities of the supply of the meters to end users as well the modalities by which the end user can assign the supply of the service to another company; and
- the invoicing procedure and the right of the end users to access their relevant consumption information and data.

Moreover, pursuant to Law 481 dated 14 November 1995, ARERA is also entitled with inspection, sanction and control functions and, according to article 16 of Legislative Decree No. 102/2014, the ARERA is also entitled with other sanctioning functions.

- Resolutions have been published on district heating connections, commercial quality, technical quality and transparency. Consultation documents have been published on measurement. In particular, ARERA adopted, *inter alia*, the following Resolutions:
- Resolution 7 August 2014, no. 411/2014/R/com and following resolutions regarding the proceedings for the adoption of regulatory and control measures in the field of district heating, district cooling and hot water for domestic use as well as thermoregulation and heat accounting, for the implementation of the provisions of Legislative Decree no. 102/2014;
- Resolutions no. 339/2015/R/tlr and 57472018/r/tlr- Information duties for regulated entities in the district heating and cooling sectors;
- Resolution 10 November 2017, no. 742/2017/R/com – Start of the proceedings for the revision of the regulations on accounting unbundling for the electricity and gas sector, for the water sector and for district heating service;
- Resolution 23 November 2021, no. 526/2021/R/tlr - Regulation of the commercial quality of district heating and cooling services, for the regulatory period 1 January 2022 - 31 December 2025;
- Resolution 16 July 2019, no. 313/2019/R/tlr - Transparency provisions for the regulatory period 1 January 2020 - 31 December 2023;
- Resolution 17 December 2019, no. 548/2019/R/tlr - Regulation of the technical quality of district heating and cooling service for the regulatory period 1 July 2020 - 31 December 2023.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. This summary does not purport to be a comprehensive analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes, and it does not purport to deal with all the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules.

This summary is based upon tax laws and practice of the Republic of Italy in effect on the date of this Prospectus, which are subject to change potentially retroactively. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid. Changes in the Issuer's organizational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

Prospective purchasers of Notes should consult their tax and legal advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Tax treatment of Interest

Legislative Decree No. 239 of 1 April 1996 as amended and supplemented ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") deriving from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) within the meaning of Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree 917**") issued, *inter alia*, by companies resident in Italy for tax purposes whose shares are not listed, issuing bonds listed upon their issuance for trading on a regulated market or on a multilateral trading platform of EU Member States and of the States which are party to the European Economic Area Agreement and are included in the list of countries and territories that allow an adequate exchange of information as contained in the Ministerial Decree of 4 September 1996, as amended from time to time, or in any other decree or regulation that will be issued in the future to provide the list of such countries ("**White List**").

For the above purpose, pursuant to Article 44 of Decree 917, debentures similar to bonds are securities that (i) incorporate an unconditional obligation of the Issuer to pay, at maturity, an amount not lower than their nominal value and (ii) do not grant to the relevant holders any right to directly or indirectly participate to the management of the issuer or of the business in relation to which they are issued or to control the same management.

Italian resident Noteholders

Noteholders not engaged in an entrepreneurial activity

In case of Notes qualifying as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) held by an Italian resident Noteholder who is beneficial owner of the Notes and is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution or a trust not carrying out commercial activities, or (iv) an investor exempt from Italian corporate income, Interest relating to the Notes, during the relevant holding period, are subject to a final substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent., unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorised intermediary and has validly opted for the application of the *risparmio gestito* regime provided for by Article 7

of Decree No. 461 (see "*Tax treatment of capital gains - Italian Resident Noteholders*" below). The *imposta sostitutiva* may not be recovered as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**"), as amended and supplemented from time to time.

Noteholders engaged in an entrepreneurial activity

In the event that the Noteholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. In such case, Interest relating to the Notes (i) will be subject to the *imposta sostitutiva* on account of income tax due and (ii) will be included in the relevant Noteholder's annual corporate taxable income to be reported in the income tax return. As a consequence, such income will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Where an Italian resident Noteholder who is beneficial owner of the Notes is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are timely deposited with an Intermediary, Interest will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income tax ("**IRES**" currently levied at the rate of 24 per cent. which is increased by 3.5 per cent. for banks and certain financial intermediaries) and, in certain circumstances, depending on the "status" of the Noteholder, also to *imposta regionale sulle attività produttive*, the regional tax on productive activities ("**IRAP**", generally levied at the rate of 3.9 per cent., even though regional surcharges may apply).

Real Estate Funds

Under the current regime provided by Law Decree No. 351 of 25 September 2001 ("**Decree No. 351**"), payments of Interest in respect of the Notes made to (i) Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 and Article 14-bis of Law No. 86 of 25 January 1994 and (ii) to Italian real estate *Società di Investimento a Capitale Fisso* (SICAF) to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply ("**Real Estate Funds**") should not be subject to *imposta sostitutiva* and do not suffer any other income tax in the hands of the Real Estate Fund. A withholding tax of 26 per cent. may apply to income of the Real Estate Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Funds, SICAVs and SICAFs (other than real estate SICAFs)

Where an Italian-resident Noteholder is an open-ended or a closed-ended collective investment fund ("**Fund"**) or a *Società di Investimento a Capitale Variabile* ("**SICAV**") or a *Società di Investimento a Capitale Fisso* which does not exclusively or primarily invest in real estate ("**SICAF**"), established in Italy, and either (i) the Fund, the SICAV or the SICAF or (ii) their manager is subject to supervision by the competent regulatory authority and the Notes are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes should not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or the SICAF. The Fund, the SICAV or the SICAF will not be subject to taxation on such management results, but a withholding tax at the rate of 26 per cent. will instead apply, in certain circumstances, to distributions made in favour of unitholders or shareholders by the Fund, the SICAV or the SICAF.

Pension funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree 5 December 2005, No. 252) ("**Pension Funds**") and the Notes are timely deposited with an Intermediary, Interest payments relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an *ad hoc* 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the notes may be excluded from the taxable base of the 20 per cent. substitute tax if the notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine)* that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as amended and supplemented.

Procedure for the application of the imposta sostitutiva

Pursuant to Decree 239, *imposta sostitutiva* is generally applied by banks, *società di intermediazione mobiliare* (SIMs), fiduciary companies, *società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by decrees of the Ministry of Finance who are (i) resident in Italy or permanent establishments in Italy of non-Italian resident financial intermediaries and (ii) intervene, in any way, in the collection of Interest relating to the Notes or in the transfer of the Notes (each an "**Intermediary**").

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying interest to a Noteholder or, absent that, by the Issuer.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident Noteholder is: (i) resident, for tax purposes, in a State or territory which allows for a satisfactory exchange of information with Italy, included in the White List; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) an "institutional investor", whether or not subject to tax, which is established in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment; or (iv) a central bank or an entity that manages, inter alia, the official reserves of a foreign State.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. or at the reduced or nil rate provided for by the applicable double tax treaty (if any, and in any case subject to compliance with relevant subjective and procedural requirements) to Interest paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest or must qualify as "institutional investors" and must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly with:

(a) an Italian or foreign bank or a financial institution (which could be a non-EU resident - the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(b) an Italian-resident bank or a SIM, or a permanent establishment in Italy of a non-resident bank or a SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**").

Organizations and companies, which are non-Italian-resident Noteholders, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level

Banks, provided that they appoint an Italian representative (an Italian-resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree 239. In the event that a non-Italian-resident Noteholder deposits the relevant Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian-resident Noteholders is conditional upon:

(a) the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank;

(b) the submission at the time or before the deposit of the Notes to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, inter alia, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*; and

(c) the acquisition by the Second Level Bank of all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of Interest that such beneficial owner is entitled to receive

Such statement must comply with the requirements set forth by the Ministerial Decree of December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in paragraph (b) above or central banks or entities also authorized to manage the official reserves of a foreign State referred to in paragraph (d) above. Additional requirements are provided for "institutional investors" referred to in paragraph (c) above (see Circular Letter No. 23/E of 1 March 2002 and No. 20/E of 27 March 2003).

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the above-mentioned conditions.

Noteholders who are subject to the *imposta sostitutiva* may, nevertheless, be eligible for full or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder, provided that the relevant conditions are satisfied

Payments made by an Italian resident guarantor

There is no authority directly regarding the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian courts would not support such an alternative treatment.

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 26 per cent. levied as a final tax or a provisional tax (''*a titolo d'imposta o a titolo di acconto''*) depending on the ''status'' of the Noteholder, pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In the case of payments to non-Italian resident Noteholders, the withholding tax should be final. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian residents, subject to compliance with relevant subjective and procedural requirements.

In accordance with another interpretation, any such payment made by the Italian resident guarantor should be treated, in certain circumstances, as a payment by the relevant Issuer and should thus be subject to the tax regime described in the previous paragraphs of this section.

Tax treatment of capital gains

Italian Resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident Noteholder is

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a non-commercial partnership;

(c) a non-commercial private or public institution,

any capital gain realized by such Noteholder from the disposal or redemption of the Notes would be subject to the *imposta sostitutiva*, levied at a rate of 26 per cent. Under some conditions and limitations, Noteholders may set off losses with gains of the same nature.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from any Italian tax on capital gains, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as subsequently amended and supplemented.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt, under certain conditions, for any of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss of the same nature, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same nature, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (or permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss of the same nature, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a disposal or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

In the *risparmio gestito* regime, any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26 per cent.

substitute tax, to be paid by the managing authorized intermediary. Any decreasing value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *Risparmio Gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the disposal or redemption of the Notes will be treated as part of taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian-resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real Estate Funds

Any capital gains on Notes held by a Noteholder who is an Italian Real Estate Funds (as defined above) is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Funds. See "Real Estate Funds" above.

Funds, SICAVs and SICAFs (other than Real Estate SICAFs)

Any capital gains on Notes held by a Noteholder who is an Italian Fund, SICAV or SICAF (as defined above) is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Funds. See "Tax Treatment of Interest - Funds, SICAVs and SICAFs (other than Real Estate SICAFs)" above.

Pension funds

Any capital gains on Notes held by a Noteholder who is an Italian pension fund will be included in the result of the relevant portfolio accrued at the end of the tax period to be subject to an *ad hoc* 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the notes may be excluded from the taxable base of the 20 per cent. substitute tax if the notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017, as amended and supplemented.

Non-Italian resident Noteholders

A 26 per cent. *imposta sostitutiva* on capital gains may be payable on capital gains realized on the disposal or redemption of the Notes by non-Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23(1) letter f), No. 2 of Decree 917, capital gains realized by non-Italian resident Noteholders from the disposal or redemption of notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, subject to timely filing of required documentation (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes).

Capital gains realized by non-Italian resident Noteholders from the disposal or redemption of Notes issued by an Italian-resident issuer, even if the Notes are not traded on a regulated market, are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

(a) resident, for tax purposes, in a country included in the White List;

(b) an international body or entity set up in accordance with international agreements that have entered into force in Italy;

(c) an "institutional investor", whether or not subject to tax, which is established in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment; or

(d) a central bank or an entity that manages, inter alia, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above in order to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239. See "Tax Treatment of Interest - Non-Italian resident Noteholders" above.

If the conditions above are not met, capital gains realized by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected upon the disposal or redemption of Notes issued by an Italian-resident issuer and not traded on a regulated market may be subject to the *imposta sostitutiva* at the current rate of 26 per cent. However, Noteholders may benefit from an applicable double tax treaty with Italy providing that capital gains realized upon the sale or redemption of the Notes are taxed only in the country where the recipient is tax resident, subject to satisfying certain conditions.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian-resident persons and entities holding Notes deposited with an Intermediary, but non-Italian-resident Noteholders retain the right to waive its applicability.

Stamp tax

Article 19(1) of Law Decree No. 201 of 6 December 2011 ("**Decree 201**") has introduced a stamp tax at proportional rates on periodical bank statements (*estratti conto*) sent by banks and financial intermediaries regarding, with certain exceptions (e.g. investments in pension funds), all financial instruments deposited in Italy. The stamp tax is collected by banks and other financial intermediaries. By operation of law, the bank statement is deemed as sent to the investor at least once a year. The stamp tax applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers different from individuals. In particular, it is applied, on a yearly basis, on the market value of the financial instruments, or, lacking such value, on the nominal or reimbursement value of such instruments.

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to fixed registration tax at rate of €200; (ii) private deeds (*scritture private autenticate*) are subject to registration tax at rate of €200 only in case of use or voluntary registration or occurrence of the so-called *enunciazione*.

Wealth tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, as subsequently amended, Italian resident individuals holding the financial assets - including the Notes - abroad, without the involvement of an Italian financial intermediary, are required to pay a wealth tax ("**IVAFE**") at a rate of 0.20 per cent. for each year. Pursuant to Article 1(710) of Law No. 160 of 27 December 2019, the mentioned tax is also due by resident non-commercial entities and Italian partnerships (*i.e.*, *società semplici* and assimilated companies) holding the notes outside the Italian territory.

This tax is calculated on an annual basis on the market value of the notes at the end of the relevant year or – if no market value is available – the nominal value or the redemption value of such financial assets held abroad. Taxpayers are entitled to an Italian tax credit equivalent to the amount of any wealth tax paid in the State where the financial assets are held (up to an amount equal to the IVAFE due).

Tax monitoring obligations

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnership in accordance with Article 5 of Decree 917) resident in Italy holding financial assets, including the Notes, outside Italy (without the intervention of an Italian-resident intermediaries) are required to report, in their Italian tax return, the year-end value of their financial assets held abroad (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to Notes deposited for management with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

Italian inheritance and gift tax

Transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation of Italian residents and of non-Italian residents, but in such latter case limited to assets held within the Italian territory (which, for presumption of law, includes notes issued by Italian resident issuers), are generally taxed in Italy as follows:

(i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000 for each beneficiary;

(ii) transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000 for each beneficiary;

(iii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift.; and

(iv) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding €1,500,000.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement between the Issuer, the Guarantor and the Joint Lead Managers dated 13 April 2022 (the "**Subscription Agreement**"), the Joint Lead Managers have agreed to subscribe for the Notes on the Issue Date at the issue price of 98.509 per cent. of their principal amount. The Issuer and the Guarantor have agreed to pay commissions to the Joint Lead Managers and to reimburse certain of their expenses incurred in connection with the discharge of their duties under the Subscription Agreement. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA.

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has represented and agreed that no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) pursuant to the Prospectus Regulation, to qualified investors (*investitori qualificati*), as defined under Article 35, paragraph 1, letter d) of CONSOB regulation No. 20307 of 15 February, 2018, as amended ("**Regulation No. 20307**"), pursuant to Article 34 *ter*, first paragraph, letter b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("**Regulation No. 11971**"); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 paragraph 4, of the Prospectus Regulation and Article 100 of Legislative Decree of 24 February 1998, No. 58, as amended (the "**Italian Financial Act**") and the implementing CONSOB regulations including Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the selling restriction under points (a) or (b) above and must be made:

(i) by *soggetti abilitati* (including investment firms, banks or financial intermediaries), as defined under Article 1, first paragraph, letter r) of the Italian Financial Act, permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 20307 and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (otherwise known as the *Testo Unico Bancario* or the "**Banking Act**") and any other applicable laws and regulations;

(ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy issued on 25 August 2015 and amended on 2 November 2020, and as further amended from time to time, pursuant to which the Bank of Italy may request periodic reporting, data and information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy and/or any other competent authority.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which

they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each of the Issuer, the Guarantor and the Joint Lead Managers has represented, warranted and agreed that it will, to the best of its knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by a resolution passed by the Issuer's Board of Directors on 1 April 2022 and by a director's written resolution (*determina*) by its Chairman and Chief Executive Officer on 8 April 2022. The giving of the Guarantee has been authorised by a resolution passed by the Guarantor's Board of Directors on 1 April 2022.

Listing and admission to trading

Application has been made to Euronext Dublin for the Notes to be admitted to trading on its regulated market and to be listed on its Official List. Admission is expected to take effect on or about the Issue Date.

Expenses related to admission to trading

The total expenses related to admission to trading are estimated at €6,540.

Legal Entity Identifier (LEI)

The Issuer's Legal Entity Identifier (LEI) is 815600C1365F93356491 and the Guarantor's LEI is 815600E6E60971FE8021.

Legal and arbitration proceedings

Save as disclosed in "*Description of the Issuer – Legal Proceedings*", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer and the Guarantor are aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

Significant / material adverse change

Since 31 December 2020, there has been no material adverse change in the prospects of the Issuer or the Guarantor and no significant change in the financial position or performance of the Group.

Independent Auditors

The consolidated annual financial statements of the Issuer and the non-consolidated annual financial statements of the Guarantor, in each case as at and for the years ended 31 December 2020 and 2019, have been audited without qualification by EY S.p.A.

EY S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance ("**MEF**") and registered on the register of auditing firms held by MEF under number 70945. The registered office of EY S.p.A. is at Via Meravigli 12, 20123 Milan, Italy.

Documents on display

For so long as the Notes remain outstanding, the following documents may be viewed on the following websites:

(a) this Prospectus:

- on the website of Euronext Dublin (*https://live.euronext.com*)

(b) the audited consolidated annual financial statements of the Issuer and the audit non-consolidated annual financial statements of the Guarantor, in each case as at and for the years ended 31 December 2020 and 2019:

- on the Issuer's website, at the addresses shown in the section of this Prospectus entitled "*Information Incorporated by Reference*"

(c) an English translation of the By-laws (*statuto*) of the Issuer:

- on the Issuer's website at the following address:

https://res.cloudinary.com/estra/image/upload/v1630916983/documenti/Statuto/Statuto_Estra_SpA_28122017_EN.pdf

(d) an English translation of the By-laws (*statuto*) of the Guarantor:

- on the Guarantor's website at the following address:

http://www.centria.it/wp-content/uploads/2021/09/Statuto_lingua-inglese.pdf

(e) the Agency Agreement, the Deed of Guarantee and the Deed of Covenant:

- on the Investor Relations section of the Issuer's website at the following address:

https://corporate.estra.it/investor-relations/obbligazioni/en

In addition, physical or electronic copies of the above documents may be inspected during normal business hours at the offices of the Fiscal Agent at 60 avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

Interests of natural and legal persons involved in the issue

Each Joint Lead Manager, its parent company and/or its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. From time to time, each Joint Lead Manager, its parent company or its affiliates have provided in the past, and may provide in the future, investment banking, financial advisory and commercial banking services to the Issuer, the Guarantor and the Issuer's other affiliates in the ordinary course of business, for which they have received, or may receive, customary fees and commissions. Each Joint Lead Manager, its parent company, and/or its affiliates may also receive allocations of the Notes.

Furthermore, in the ordinary course of their business activities, each Joint Lead Manager, its parent company and/or its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and the Issuer's other affiliates. Each Joint Lead Manager, its parent company and/or its affiliates that have a lending relationship with the Issuer, the Guarantor and the Issuer's other affiliates, may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, each Joint Lead Manager, its parent company and/or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. Each Joint Lead Manager, its parent company and/or its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, certain Joint Lead Managers and/or their affiliates are lenders under financing facilities. See also "*Description of the Issuer – Financing*". The Joint Lead Managers and/or their affiliates may also act as counterparties in the hedging arrangements that the Issuer may enter into in connection with any financing or refinancing arrangements and will receive customary fees for their services in such capacities.

Yield

On the basis of the issue price of the Notes of 98.509 per cent. of their principal amount, the gross yield of the Notes is 3.379 per cent. on an annual basis. Such amount is not, however, an indication of future yield.

Legend concerning US persons

The Notes and any Coupons will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

ISIN and common code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Notes have the following ISIN and common code assigned to them:

ISIN: XS2464501886

Common code: 246450188.

The CFI Code for the Notes is DBFXFB and the FISN for the Notes is ESTRA SPA/3.05 BD 20270414. The CFI Code and FISN set out herein are as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

ISSUER

E.S.TR.A. S.p.A. Energia Servizi Territorio Ambiente
Via Ugo Panziera, 16
59100 Prato
Italy

GUARANTOR

Centria S.r.l.
Via Igino Cocchi, 14
52100 Arezzo
Italy

JOINT LEAD MANAGERS

Crédit Agricole Corporate and Investment Bank
12, Place des Etats-Unis, CS 70052
92 547 Montrouge CEDEX
France

Mediobanca – Banca di Credito Finanziario S.p.A.
Piazzetta E. Cuccia, 1
20121 Milan
Italy

MPS Capital Services Banca per le Imprese S.p.A.
Via Leone Pancaldo 4
50127 Florence
Italy

FISCAL AGENT AND PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, avenue J.F. Kennedy
L-1855 Luxembourg
(Postal Address : L – 2085 Luxembourg)
Grand Duchy of Luxembourg

LEGAL ADVISERS

To the Issuer as to English and Italian law:
White & Case LLP
Piazza Diaz, 2
20123 Milan
Italy

To the Joint Lead Managers as to English and Italian law:
Gianni & Origoni
Piazza Belgioioso, 2
20121 Milan
Italy

Via delle Quattro Fontane, 20
00184 Rome
Italy

INDEPENDENT AUDITORS

EY S.p.A.
Via Meravigli, 12
20123 Milan
Italy

LISTING AGENT

Arthur Cox Listing Services Limited
10 Earlsfort Terrace
Dublin 2
Ireland