

PRESS RELEASE

Price sensitive

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- **EBITDA OF EURO 1.0 MILLION**
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Riva del Garda, 26 August 2020 - Alto Garda Servizi SpA announces that at today's Board meeting, the Company's Board of Directors examined and approved the half-yearly report.

Covid-19

In relation to the Covid-19 epidemic, which spread at the beginning of the year and is still ongoing, AGS SpA promptly issued guidelines and recommendations aimed at preventing and/or mitigating the effects of contagion in the workplace, while at the same time ensuring business continuity and adopted the tools and actions deemed appropriate and necessary. With regard to margins, only one of the business units is significantly affected by the effects of the pandemic. The margins of the areas related to electricity and gas distribution, i.e. the business areas within the so-called regulated markets, which represent more than 50% of turnover, have not been and will not be involved. District heating and water service activities have been and will be involved mostly limited to the part of the turnover deriving from commercial activities (hotels, bars, restaurants).

Through business diversification, thanks to the solid financial structure and the good level of digitalization achieved, the continuity of operations with the same level of service has been and will be guaranteed and a solid economic-financial result was achieved in the first half of 2020.

The pandemic did not lead to any reduction in the workforce, there was minimal recourse to the redundancy fund (CIGO), but essentially a suspension of investment activity.

Revenues and Costs

The production value at 30 June 2020 amounted to Euro 5.1 million, a decrease of 9.9% compared to 5.6 million in the previous year and as forecast in the budget.

The decrease is due to the Covid-19 situation and the resulting lockdown that involved all commercial activities in the first place. Consequently, Ebitda, amounting to Euro 1.0 million, follows the same trend.

As regards the figures for the first half of the year for the main business areas and their deviation from the same period of the previous year:

heat for district heating: 1st half 2020 -21.3% of which -6.5% in the 1st quarter and -51.7% in the 2nd quarter (lockdown);

electricity distribution: 1st half 2020 -20.4% of which -2.2% in the 1st quarter and -35.3% in the 2nd quarter (lockdown);

methane gas distribution: 1st half 2020 -16.0% of which -4.7% in the 1st quarter and -36.0% in the 2nd quarter (lockdown).

In the water sector, it is estimated that the value of the total for the year will decrease by -9.8% compared to 2019, of which -30% is related to the variable share of different uses (commercial activities).

It is recalled that only in the district heating sector does the reduction in volumes lead to a corresponding, albeit not proportional, reduction in turnover.

Regarding operating costs, in order to protect the health of employees and customers, in maintaining the company's business even during the lockdown, extraordinary expenses were incurred mainly related to the purchase of personal protective equipment, Plexiglass and sanitizing gel, insurance coverage for all employees, and the sanitization of premises and vehicles, quantifiable in Euro 15 thousand. The health emergency has also generated lower variable costs linked to the slowdown in activity, expenses for personnel services, such as travel and canteen, and personnel costs through access to and use of the redundancy fund (CIGO) quantifiable in as many Euro 15 thousand.

Investments

Investments made in the first half of 2020 amounted to Euro 0.8 million, up from Euro 0.3 million in the first half of 2019 and in this case, we can certainly say that the COVID effect was decisive in the reduction highlighted.

Economic and Financial Results

Alto Garda Servizi SpA closed the first half of 2020 with a net profit of Euro 0.4 million compared to Euro 0.7 million as forecast in the budget. The reduction in the result is entirely attributable to the COVID effect and mainly derived from the district heating sector.

At 30 June 2020, the net financial position amounted to Euro -5.5 million, an improvement of Euro 0.4 million compared to Euro -5.9 million at 31 December 2019. The result is impacted by the COVID effect as the net working capital for the first half of the year is negatively impacted by Euro 520 thousand as a result of the extraordinary action regarding District Heating customers with the ninety-day postponement of payment terms for the months from March 2020 to July 2020 inclusive.

Significant events after the reporting period

There were no significant events after the reporting half-year.

Outlook

The context remains characterized by general uncertainty in the face of the still unpredictable evolution of the current pandemic. However, already in June and especially in July, following Italy's exit from the lockdown phase, there were clear signs of a recovery in economic activity and consequently in energy and water consumption.

The entire structure is fully operational and activity is back to normal and, unless further instructions are given, there are no particular events to report that could change the forecasts.

The Board of Directors believes that the COVID impacts are in any case such as not to put the Company in a position to assess any changes to its medium/long-term objectives and strategic planning and assumes a positive result at the end of 2020, with a net profit of at least Euro 2 million, a 20% reduction compared with budget forecasts.

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The Financial Reporting Manager, Andrea Carloni, certifies, pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58/1998 and subsequent amendments and integrations, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

For further information:

Andrea Carloni (Financial Reporting Manager - Alto Garda Servizi S.p.A. contact 0464/553565 carloni.a@altogardaservizi.com)

The corporate information is published in the "Investor Relations" section of the website www.altogardaservizi.com