
ALTO GARDA SERVIZI S.p.A.

Registered Office: Via Ardaro, 27 38066 Riva del Garda, Province of Trento, Italy
Trento Company Register No. Tax Code and VAT No. 01581060223
Share capital Euro 23,234,016.00, fully paid-up
Closing date 31 December 2100
Management and coordination by the Municipality of Riva del Garda

Draft Financial Statements at 31.12.2020

24th FY

Corporate bodies

Board of Directors

Chair	Andrea Mora
Director	Manuela La Via
Director	Lara Marcabruni
Director	Massimo De Alessandri
Director	Fabrizio Veneri

Board of Statutory Auditors / Internal Control Committee

Chair	Michela Zambotti
Standing Auditor	Rodolfo Marcolini
Standing Auditor	Francesco Dalla Sega

Independent Auditors

BDO Italia S.p.A.

CONTENTS

LETTER TO THE SHAREHOLDERS	page 4
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REPORT ON OPERATIONS

Economic context	page 6
Regulatory framework of reference	page 11
Operating performance	page 14
Investments	page 15
Human resources	page 18
Financial results	page 18
Other information	page 24
Transactions with related parties	page 27

FINANCIAL STATEMENTS

Balance Sheet	page 31
Income Statement	page 33
Statement of Cash Flows	page 36
Statement of Changes in Equity	page 37
Notes to the financial statements	page 50

BOARD OF STATUTORY AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Letter to Shareholders

Shareholders,

In 2020, despite the severe, widespread negative economic and social impact of the COVID-19 pandemic, the Company managed to achieve an excellent result in terms of net profit of Euro 3.29 million.

AGS remained committed to investing in its community, allocating approximately Euro 1.6 million to structural investments in order to guarantee the maintenance of adequate quality and efficiency of the services provided and infrastructures owned.

In 2020, the construction of the methane gas distribution network began in the town of Pietramurata, in the Municipality of Dro, which will gradually come into operation starting from May 2021. The works will continue for the next two years with a positive effect both directly for the businesses and homes supplied and indirectly on the local economy in terms of knock-on effect.

The ongoing process of contracting the management of the distribution of methane gas continued during the year. The call for tenders will be published by the contracting authority, the Autonomous Province of Trento, by 31.12.2021, with a consequent internal impact both from an organisational and earnings perspective in both the short and medium term, and with related and consequent implications from the standpoint of financial position.

At this delicate time, which demands a close focus on reorganising and enhancing professionalism, the company has strengthened its services for the local community, but also at a national level, through the acquisition of the majority of Stea Progetto srl. STEA PROGETTO S.r.l. is an established, recognised engineering firm that tackles the many problems related to energy saving and to the design and management of renewable sources; it is a certified ESCO through which AGS is able to offer end customers a more complete range of energy services with a high level of professionalism. From a strategic point of view, this transaction allows the Company to better face the challenges of market that is changing yet offers great opportunities, especially in the context of the development of a circular economy and a strong incentive to save and improve energy efficiency.

AGS is constantly looking for opportunities in its field in order to make the most of its internal resources and to be able to offer its customers an adequate and competitive service, keeping pace with the market's demands and the opportunities that take shape. Being able to intercept and implement projects with considerable digital, technological and innovative value will allow the company not to be

forced to be subject to the dictates of aggregation or mandatory impoverishment arising from the regulations issued and enacted.

The regulations in both the electricity and gas management sectors drive the creation of larger companies and favour national over than local organisations. We are convinced of the need to be a company that serves its community, that invests in maintaining its autonomy but with an openness to new services and new opportunities, so as to be an aggregator of excellence in the community rather than being aggregated and becoming a mere holding company of businesses managed by others.

The strength and persistence of AGS' staff and structure enabled us to deal with a fire that damaged the dryer component of the pellet production line with consequent plant downtime for the subsidiary Ledro Energia in April 2020, in the middle of the lock-down. In just four months, the machinery was completely replaced and repaired, the plants were upgraded and production performance was restored to full capacity and improved.

The results achieved in 2020 combined with a solid financial structure make it possible to propose this year the distribution of a dividend of Euro 1.40 per share, which will largely benefit the community of Alto Garda and Ledro.

Operating and financial performance in 2021 will be conditioned by the course of the ongoing pandemic emergency. The 2021 budget, approved by the Board of Directors, nevertheless envisages a recovery in revenues and EBITDA to levels close to the pre-Covid situation, a profit at the annual level and the generation of solid cash flow.

In stressing how your Company is an important resource for the community in which it operates, I would also like to thank, personally and behalf of the Board, all AGS employees, whose commitment, competence and willingness to get involved, growing both professionally and humanly, have allowed and will allow our Company to face the challenges that will arise and to achieve further satisfaction in the near future.

Finally, together with the Board of Directors, I would like to express my thanks to the Board of Statutory Auditors, to the Independent Auditors and to you, the Shareholders, for the trust and positive support, with the firm hope that this will continue for the future as well.

*Chair
Andrea Mora*

Report on Operations

Shareholders,

We hereby submit for your approval the financial statements for the year ended 31 December 2020 and the accompanying reports that the Board of Directors have prepared to illustrate the results achieved. This report has been prepared in accordance with the Italian Civil Code and the accounting standards adopted for the preparation of the financial statements were the International Financial Reporting Standards ("IFRS"). The figures presented in these financial statements are rounded to the nearest Euro.

ECONOMIC CONTEXT

The reporting year was the year of COVID-19; after breaking out in China at the beginning of the year and quickly spreading to Europe and shortly thereafter to the United States and South America, in the space of a few months it became a true pandemic, throwing the world into an unprecedented health emergency and the deepest economic crisis since the Great Depression. The collapse in global economic activity recorded in the first half of the year, driven by the severe measures adopted by the governments of the countries most affected to contain the virus, which led to the complete shutdown of production activities in many sectors, was of historic proportions; not even the financial crisis that exploded in 2008 had such disruptive effects. In the third quarter of the year – thanks to the easing of restrictive measures and the announcement of the availability of a vaccine in the near future – there was an initial recovery in the world economic cycle, to which the rapid recovery of China – ahead of the rest of the world by about a quarter – also contributed. The health and economic picture at the end of 2020 looks quite different in Asia, Europe and the United States. In fact, in the fourth quarter China appears to have returned to a situation of near-normality, with new cases practically eliminated and economic activity resuming at full capacity; a similar situation was found in India and Japan. In contrast, the United States and Europe are in the midst of a second wave of the virus, which in the final months of the year had a somewhat unexpected resurgence. A gradual fall in the number of cases is expected in the spring thanks to the spread of the first vaccines, the administration of which began at the end of December and will reach a broader scale in early 2021. In this context, according to forecasts by Prometeia, world GDP will decline by 4.5% in 2020, essentially in line with the forecasts of the Organisation for Economic Co-operation and Development (OECD), which estimates a drop of 4.2%. Among major economies, only China will avoid a decline in GDP in 2020, making a positive contribution to world output. The recovery of the US and the Eurozone will be less rapid and intense than that of China: although US and Eurozone GDP also accelerated in the third quarter of the year, even faster than expected, the magnitude was less than that of China; above all, these countries recorded a new slowdown in the fourth quarter, to a greater degree in the Eurozone, due to the resurgence of the virus. World trade, which in the summer months gained

momentum due to the greater demand for foreign products by China, suffered a truly significant contraction, estimated at 9% by Prometeia and at 10.3% by the OECD. Turning to a detailed analysis of the world's main economic areas, in the United States, after the rebound in the third quarter of the year, GDP still remains below the level of the end of 2019; consumption of durable goods and residential investment are exceptions. The job market remains weak and the household confidence climate is worsening, due in part to the increase in new cases. However, the unknowns about the future of the economy are linked not only to the course of the pandemic, but also to the transition from the Trump Administration to the Biden Administration, which is far from easy, as dramatically highlighted by the storming of Congress by Trump supporters on the occasion of the proclamation of Joe Biden as President of the United States. However, it is positive that members of the two parties, Democratic and Republican, have agreed to submit to Congress a proposal for interventions to support the economy of \$908 billion, spread over 10 years, essentially designed to shore up the economy in this phase still characterised by the weakness of economic activity due to COVID-19. In Europe, the recovery of the summer months proved not only to be highly robust, but also better than expected: the strong expansion of GDP recorded in many EU countries in the third quarter of the year, as a result of the easing of restrictions due to the pandemic, made it possible to make up for the losses recorded in the second quarter. These countries included Italy, which also saw a narrowing of its growth gap compared to that of the euro area average. In general, the main driver of growth in the third quarter was the strong recovery in domestic demand, which was particularly marked in France, Spain and Italy, and much more limited in Germany. Among the main European countries, Germany recorded the lowest increase in GDP in the third quarter (+8.5%), but it also suffered the least economic consequences of the health crisis in the first half of the year. German growth was driven mainly by household consumption; the contribution of investments was less significant; government spending remained substantially unchanged throughout 2020. The manufacturing sector partially recovered, as did the private services sector. Prometeia estimates a decline in the German economy of 5.5% in 2020. In France, GDP increased by 18.7% in the third quarter compared to the second quarter; the contribution of domestic demand was very positive, across all component items: household consumption, government spending and business investments; the contribution of foreign demand was only slightly positive. In terms of sectors, the recovery was very strong for manufacturing (+24%), construction (+38%) and private services (+16.5%). The decline in French GDP is estimated by Prometeia at 9.2%. In Spain, the rebound in GDP in the third quarter of 2020 was +16.7% compared to the second quarter of the year, mainly due to growth in household consumption and investment. The foreign component was also positive. The best performing sector was manufacturing, while the services recovered only partially, with the sectors most affected by the crisis (commerce, arts, entertainment and recreation) still significantly below pre-crisis levels. In Prometeia's forecasts, the decline in Spanish GDP in 2020 will be 11.6%. The most important development in Europe was the approval of the Next Generation European Union programme, a Euro 750 billion recovery facility that will enable the Commission to raise funds on the capital markets, with the aim of repairing the immediate economic and social damage

caused by the coronavirus pandemic and, in the longer term, creating a greener, more digital and resilient post-COVID-19 Europe. In order to access these funds, each Member State is in the process of preparing a National Recovery and Resilience Plan, which must then be sent to the Commission by the end of April. Even the United Kingdom, despite the strong recovery in the third quarter, which involved household consumption, investments and government spending, is still far from pre-COVID GDP levels, marking one of the worst results in Europe, with a decline of 12.4% according to Prometeia's forecasts: manufacturing, which has a relatively more modest weight, recovered the most, while services and construction remain far from the levels of the beginning of the year. A new economic downturn is looming due to developments in the epidemic, which gained momentum in the country in the latter part of the year, leading to a new wave of restrictive measures. As of February 2020, the United Kingdom is also no longer a member of the European Union and the Brexit transition period ended in December. Finally, turning to Italy, it appears to be dominated by a high degree of uncertainty, although despite the magnitude of the shock caused by COVID-19, the Italian economy has shown good resilience. With the end of the spring lockdown, Italy also recorded a strong rebound in growth in the third quarter of the year (+15.9%), making it one of the brightest economies in Europe. This success was driven by the manufacturing industry and construction, which grew by +30% and +46% respectively compared to the previous quarter, returning to pre-COVID levels during the summer, with record growth in investment in capital goods and exports, which more than offset the difficulties of those service sectors, where social interaction is predominant, such as tourism, catering and entertainment. In addition to foreign demand, the contribution of domestic demand was very positive, with household consumer spending up 12.4% and investment spending up 31.3%. The optimism triggered by the uptrend in the third quarter was, however, dampened not only by the resurgence of infections in the autumn months, but also by the speed with which the health system once again came under strain, necessitating extensive new social distancing measures. In this context, the steps taken by the government to counter the negative effects on the economy generated by the measures restricting mobility introduced in mid-October (the so-called "Ristori" decrees) resulted in an unprecedented budget manoeuvre amounting to 6.6% of GDP, which, however, will not be able to prevent a new recession between the last quarter of 2020 and the beginning of 2021. The decline in PIL in 2020 is expected to be 9.1%. Only with the end of the winter and the progressive vaccination coverage will it be possible to return gradually to "normality" and with it emerge from the economic emergency. As health safety is achieved, the rebound in economic activity may be strong, as the summer experience has shown. However, it will be crucial that the economic system has not suffered permanent scarring in the meantime in terms of job and business losses. An important stimulus for economic recovery could come from the Next Generation EU programme, the implementation of which still is subject to many critical issues. Under this programme, government investment is expected to reach 3.4% of GDP, compared with an average of 2.2% in recent years, which requires national and local governments and national companies be able to complete the projects approved by the Commission. Under these conditions, investments – together with the additional

spending they induce – may propel the Italian economy to very robust growth rates. An unprecedented challenge for the entire Italian economy.

As expected, gross demand for electric power in 2020 contracted due to the pandemic situation, the impact of which, however, was felt mainly in the first half of the year. Despite the slight recovery recorded in December (+1.1%), total electricity consumption stood at approximately 302.8 TWh, down 5.3% (16.8 TWh) compared to 2019. In terms of net generation, in 2020 the contribution of domestic production also decreased by 3.8% on 2019, or by around 11TWh. Turning to contribution by source, thermoelectric production accounts for the largest decrease in absolute terms (about 11.9 TWh), followed by wind power, which declined by about 1.5 TWh (-7.5%). On the other hand, the remaining renewable energy sources performed positively, with solar energy increasing by 9.6% (2.2 TWh), well above the 0.8% gain reported by hydroelectric power plants. Overall, national production, net of pumping, met 89.5% of demand, up from 88.2% in the previous year. Foreign trade in 2020 continued the decline (-15.6%) already observed in the second and third quarter when imports declined significantly due to the restrictive measures related to the containment of COVID-19 applied at national and European level. In the fourth quarter of 2020, total energy consumption in Italian territory drawn from the grid amounted to approximately 77.7 TWh, approximately 0.3 TWh (0.4%) less than in the same period of 2019. In terms of contribution by source, thermoelectric production recovered almost to the 2019 level, closing at about 45.4 TWh, while as far as renewable sources are concerned, solar continued to improve, ending the quarter at 3.8 TWh (+10.2%), while wind and hydroelectric continued to decline, falling by 16.9% and 7.1%, respectively, compared to 2019. Overall, national production, net of pumping, met 85.2% of demand, down from 87% in the previous year. The picture was completed by a positive contribution from net imports, which grew by 13.5% to about 11.6 TWh. With reference to the price scenario as at 31 December 2020, the 2020 average listing of the time weighted average (TWA) of the single national price (the “PUN” in Italy), came in at 38.9 Euro/MWh, a decrease of 25.6% compared to the figure relating to the previous year (52.3 Euro/MWh). This drop in price is part of a context of lower demand for electricity and lower thermoelectric generation costs (fuels, CO2 credits), due to the impact of the COVID-19 pandemic. Analysing the monthly trend of the PUN during 2020, the level was lower than in 2019, except for November and December, when the recovery of gas prices and EUA credits supported price levels. In December, in particular, the increase in CO2 emission certificates, combined with the effect of the cold wave that affected most of Europe, caused a significant increase in prices both on an annual basis (+24.7%) and on a monthly basis (+10.8%). However, the most significant deviations occurred in April and May 2020 (-53.5% and -57.0%, respectively, compared to the same month in 2019), corresponding to the stringent infection containment measures and extensive renewable supply. The easing of restrictions then led to a rise in electricity consumption, supporting the PUN price. During 2020, the F1, F2 and F3 hour groups, as well as the peak and off-peak bands, recorded almost similar decreases, around 25.3%, compared to the previous year. As far as area prices are concerned, in 2020, there were rather homogeneous decreases, with slightly more marked changes in the North (-26.3%) and in Sicily (-

26.4%) compared to decreases of around 24.3% in other areas. The monthly trend compared to the previous year is shown in the following chart: Prices in foreign countries also showed a general contraction.

Italy's natural gas consumption in 2020 continued the downward trend that began with the restrictive measures implemented early in the year to address the COVID-19 emergency. Overall, demand for natural gas contracted by about 3 billion cubic meters (-4.1%), closing the year at about 70.7 billion cubic meters. Despite the drop in consumption in the industrial segment that occurred in March, April and May in conjunction with the application of preventive measures to non-core production sectors, the sector as a whole managed to contain the loss by closing the year at approximately 16.5 billion cubic meters, approximately one billion less than in 2019 (- 5.8%). On the other hand, there was a more significant reduction in the output of thermoelectric power plants, which were affected in part by lower demand for electric power, with annual consumption of about 24.5 billion cubic meters, or 5% less than in the previous year. Finally, as far as residential consumption is concerned, during the year overall about 0.6 billion cubic meters less was withdrawn than in 2019, with a recovery in the fourth quarter, thanks to a colder climate, compared to the lower consumption recorded in the first two months of the year. In the fourth quarter of the year, the residential sector increased its withdrawals of natural gas by about 1 billion cubic meters (11.6%), closing the period at about 9.8 billion cubic meters, thanks mainly to colder weather in October and December, which helped boost consumption by 51.5% and 7.8%, respectively, compared with the same months last year. The industrial and thermoelectric sectors also showed a positive trend, closing the year with an increase of about 0.1 billion cubic meters each.

COMPANY ACTIVITIES

First of all, it should be noted that starting with the 2016 financial statements, the financial statements of Alto Garda Servizi S.p.A. have been prepared in accordance with the EU IFRS accounting standards in force at the date of approval of the financial statements, with a transition date of 1 January 2015.

The Company's results for the year remain positive, as in the previous year.

Alto Garda Servizi S.p.A. (hereinafter also "AGS" or "AGS S.p.A.") operates in the territory of Alto Garda and performs the following activities:

- electricity and gas distribution;
- sale of heat to customers connected to the district heating network in the Municipality of Riva del Garda;
- electricity production;
- management of the integrated water cycle in the Municipality of Riva del Garda;
- management of public lighting;
- invoicing service of water bills for the Municipality of Arco;

- management of the water cycle in the Municipalities of Arco and Nago – Torbole.

It should be noted that the AGS structure was involved throughout the year in the management of the woodchip cogeneration plant of the subsidiary Ledro Energia S.r.l.

REGULATORY FRAMEWORK OF REFERENCE

As already mentioned, AGS operates in the markets of electricity and gas distribution and water cycle management. This part of the report briefly analyses the regulatory interventions introduced in these sectors, so as to provide a more complete overview of events in the year and better understand the context in which the Company operates.

The electricity and gas distribution sectors are, in fact, heavily regulated and interventions (resolutions) of the Regulatory Authority for Energy, Networks and Environment (ARERA) can affect both the revenue and cost structure of the Company, as well as influence the organisational structure, requiring organisational adjustments that involve no explicit costs but still affect profitability.

Water sector

In this sector, the measures taken, both at national level and at the provincial level, have reaffirmed and strengthened the principle of the management of the water service for Optimal Territorial Areas (ATO). In our country, an agreement has not yet been reached between the Autonomous Province of Trento and the Council of Local Autonomies for the definition of the ATO, based on which the Municipalities are required to organise the water cycle.

The two rulings issued by the Constitutional Court on 10 March 2016 and by the Regional Administrative Court of Lombardy on 11 October 2016, which grant the Autonomous Province of Trento primary legislative authority with regard to its own tariff regulation for the integrated water service, should be noted.

Natural gas sector

In 2021 distribution and metering tariffs began to be applied according to the principles introduced for the regulatory period (2020-2025).

It is recalled that in 2012, with Resolution no. 73, the Provincial Council, in agreement with the Council of the Local Autonomies and after consultation with the companies operating in the gas distribution sector, defined a single Territorial Area for the performance of the natural gas distribution public service, represented by the entire provincial territory with the eventual addition of the Municipality of Bagolino (BS). This area will be the subject of tender.

At the end of 2012, with Provincial Law no. 25 of 27 December 2012 (Article 34, paragraph 2), the Province of Trento established that the Provincial Agency for Water Resources and Energy (APRIE) will conduct the function of contracting station responsible for the preparatory phase of the tender while the

Provincial Agency for Procurement and Contract (APAC) will be the entity that will follow the conduct and awarding of the tender and the establishment of contractual deeds.

The Autonomous Province of Trento has taken steps to quantify the amount of the one-time fee to cover the costs deriving from the conduct of the tender for the awarding of the gas distribution service in the single provincial ambit. In 2015, AGS already paid the amount required by the Autonomous Province of Trento as an advance and will be repaid, including interest, by the new concessionaire upon award of the service. With the 2019 budget law, the Autonomous Province of Trento, by virtue of the recognised legislative powers in this sector, extended the date of publication of the call for tenders for the award of the gas distribution service to 31 December 2021.

Electricity sector

In 2020, the regulations governing the electric power distribution sector did not change significantly with respect to the Provincial Plan, the main points of which can be summarised as follows:

- the minimum territorial basin for the electricity distribution service is the single provincial ambit;
- the current managers, including AGS, will continue the distribution in the areas served until 31 December 2030;
- in order to rationalise the distribution service, it will be possible to transfer portions of SET Distribuzione S.p.A. networks to those who require it. The inverse situation is also possible;
- also with a view to rationalizing the distribution system and with the objective of single provincial ambit, grouping or aggregation of service managers is possible.

The distribution plan also requires electricity distributors operating in the Province as at 25 December 1999 to submit an application to the Province, through the Provincial Agency for Water Resources and Energy (APRIE), for the issue of the concession for electricity distribution activities.

The concession will be issued free of charge until 31 December 2030 after the positive outcome of the technical investigation carried out by APRIE. The issue of the concession is subject to the commitment by the distributor to comply with certain quality standards of service. The Autonomous Province of Trento will have the right to carry out checks on compliance with commitments that the concessionaire undertakes by signing the agreement.

The Company is preparing the documentation required for the concession request. The first analysis of the requirements does not reveal any impeding aspects. AGS is very attentive to this aspect and is committed to continuous improvement with the aim of overcoming the standards necessary for the maintenance of the concession.

It should be noted that Article 1, paragraph 92, of Law no. 124 of 4 August 2017, established the exclusion of electricity distribution companies that serve less than 25,000 withdrawal points from their obligations regarding functional unbundling, effectively excluding our company, which has about 16,000 POD, but defining that the arrangements for recognising costs for electricity distribution and metering

activities should be based on parametric logics, which also take account of the density of users served, in accordance with the general principles of efficiency and cost-effectiveness and with the aim of ensuring simplification and reduction of the related administrative burden. On 1 March 2018, ARERA published a consultation document "*Guidelines for the definition of exogenous variables in relation to the parametric recognition of costs for smaller electricity distribution companies*" in which it provided for the new regime to apply from 2018 and provided that the phasing-in mechanisms be applied until 2023. Said guidelines will allow the Company to assess the impact of the new tariff in future years and to make the necessary adjustments to maintain a balanced margin in the electricity distribution service.

District heating sector

The distribution of heat through the district heating network is carried out in the Riva del Garda area and concerns 288 customers, mainly apartment buildings or hotels. The heat is supplied by Alto Garda Power S.r.l., a company 20% owned by AGS and 80% by Cartiere del Garda.

At present, there is no specific regulation and it should be noted that since the tariffs are not determined by the public body, business is not considered as a public service activity.

OPERATING PERFORMANCE

The following is an overall analysis of the performance of operating costs and revenues, referring to the explanatory notes for further details.

Revenues

The production value indicated in the financial statements amounted to Euro 10.78 million, down on the previous year due to the effect of the COVID-19 emergency. The following tables show the changes that occurred within the various sectors and will be examined further in the following paragraphs.

valori in milioni di euro	2020	2019	differenza %
energia elettrica	3,2	3,5	-8,4%
gas metano	2,4	2,7	-10,1%
acqua / fognatura	1,5	1,6	-6,8%
calore	2,9	3,4	-13,9%
Altri ricavi	0,8	0,6	34,7%
Totale	10,8	11,7	-8,0%

	2020 q.tà distribuite	2019 q.tà distribuite	differenza %
GWh energia elettrica	73,5	83,5	-11,98%
mil. mc. gas metano	35,6	42,4	-16,04%
mil. mc. acqua potabile	1,6	1,8	-11,11%
Mwh calore	35.366	42.982	-17,72%

With regard to the forecast of turnover for the year 2021, it should be noted that, as of today, the pandemic is still ongoing and affecting the services we provide, but it is believed that all sectors can achieve positive margins and therefore that there are no risks for business continuity.

Electricity sector

The energy that transited in the network in 2020 was down 11.98% from the prior year due to the lockdown imposed by the COVID-19 emergency. Turnover from distribution decreased due to the reduction of the quantities distributed while margins are constrained by the revenues based on the number of meters installed and the amount of the investments made.

Gas sector

In 2020, gas demand was down 16.04% on the previous year due to the lockdown imposed by the COVID-19 emergency. Similarly to as specified for the electricity sector, the gas sector also has a constraint to revenues based on the number of meters installed and the amount of investments made.

Water sector

In 2020, volumes in the water sector decreased by approximately 170 thousand cubic meters compared to the previous year due to the lockdown imposed by the COVID-19 emergency and revenues also decreased similarly, by approximately 10%.

District heating sector

In 2020 there was a decrease in the quantities distributed (-17.72%) compared with 2019, mainly due to the lockdown. Turnover also decreased (-14.84%), mainly due to the lockdown.

Other revenues

Other revenues increased compared to the previous year as they include the Euro 257 thousand refund from the Inland Revenue for the higher interest paid on the "tax moratorium" dispute, while the

remainder mainly refers to services relating to public lighting of a routine and non-routine nature and services related to fibre optics.

Costs

The overall trend in production costs is affected by the impact of the lower quantities of heat sold and consequently heat costs are also reduced, as are service costs.

Personnel costs are in line with FY 2019 as is depreciation and amortisation.

INVESTMENTS

Investments made in 2020 amounted to Euro 1.653 million compared to Euro 0.862 million in the previous year. Investments are detailed in the following table and described by sector.

valori in migliaia di euro	2020	2019	delta %
servizio elettrico	556	557	(0,18)
servizio gas	532	58	817,24
servizio idrico	13	4	225,00
teleriscaldamento	161	102	57,84
Altri	391	141	177,30
Totale	1.653	862	91,76

Electricity sector

Distribution is performed in the Municipalities of Riva del Garda, Nago-Torbole and, partially, in the Municipalities of Tenno and Arco (town of San Giorgio).

Investments made in the electricity sector in 2020 amounted to Euro 556 thousand, in line with 2019.

In 2020, the Company continued activities to improve the electricity infrastructure through a series of work on medium and low voltage networks and stations.

Rete elettrica		2020	2019
Reti di media tensione	km	85	93
Reti di bassa tensione (*)	km	292	290
Totale contatori	nr.	15.968	15.945

* including connections of users

Methane gas sector

Distribution is performed in the Municipalities of Riva del Garda, Arco, Dro and Tenno. The investments made in the gas sector amounted to Euro 532 thousand and mainly refer to the installation of methane pipes in the Pietramurata district of the Municipality of Dro.

Rete gas		2020	2019
Reti di media pressione	Km	35	33
Reti di bassa pressione *	km	130	129
Totale contatori	nr.	16.483	16.513

* including connections of users

Aqueduct cycle sector

The service is carried out in the Municipalities of Riva del Garda, Arco and Nago-Torbole and also includes the management of the consortium aqueduct, which starts from the water intake plant Sass del Diaol in the Municipality of Dro and reaches the Cretaccio reservoir in the Municipality of Arco. In Riva del Garda, it concerns both the aqueduct and the management of the sewage system.

Rete idrica		2020	2019
Estensione rete	km	103	103
Totale contatori	nr.	10.945	10.867

District heating sector

In 2020, resources were invested for Euro 161 thousand mainly regarding new connections and arrangement of road sections.

Rete tlr		2020	2019
Estensione rete	km	25,7	25,2
Totale clienti	nr.	288	284

Fibre Optics

In 2020 resources were invested for Euro 112 thousand mainly regarding the installation of the Varone backbone.

Rete fibra ottica		2020	2019
Estensione rete	km	66,7	54
Totale clienti	nr.	115	114

Public lighting

The company provides routine and non-routine maintenance services for public lighting in the municipalities of Riva del Garda and Nago Torbole.

Rete illuminazione pubblica		2020	2019
pali	nr.	6.304	6.349
punti luce	nr.	7.227	7.150

Joint investments

Joint investments amounted to Euro 391 thousand and include Euro 110 thousand referred to the renovation of the Via Ardaro 35 office owned by AGS and Euro 80 thousand of vehicles. The remainder refers to investments in cartography and remote control systems to increasingly automate interventions and controls on distribution networks.

HUMAN RESOURCES

At 31 December 2020, AGS S.p.A. had 51 employees.

The breakdown of personnel by category is as follows:

	C.C.N.L. applicato	AGS 31.12.2019	entrati 2020	usciti 2020	AGS 31.12.2020
Dirigenti	Dirigenti	1	-	-	1
Impiegati	C.C.N.L.E.	30	1	1	30
Operai	C.C.N.L.E.	19	2	1	20
Totali		50	3	2	51
di cui:					
- part-time		5	-	-	5

Labour costs in 2020 amounted to Euro 3.056 million, in line with 2019. As in previous years, regulatory obligations and the Company's constant commitment to ensuring high standards in the performance of its work activities have led to safety training and continuous/recurrent training representing the most significant initiatives in terms of hours provided. There was one minor accident in 2020.

ECONOMIC AND FINANCIAL RESULTS

Alto Garda Servizi SpA closed the year 2020 with a net profit of Euro 3,292,271, up compared to Euro 2,874,199 in the previous year.

The net operating margin amounted to Euro 557,675, a decrease of 12% compared to 2019. The reduction is mainly to be attributed to the effects of the pandemic that characterised 2020, in terms of both volumes distributed and volumes sold.

Net financial income was Euro 2,996,873, up by Euro 737,205 on 2019, mainly due to the measurement of the associate Alto Garda Power Srl at equity.

The pre-tax result thus amounted to Euro 3,554,549, an increase of Euro 416,655 compared to the previous year.

To better understand the results achieved by the Company, it may be useful to analyse the Income Statement through some indexes and margins. It is believed that the most significant are:

Index	Formula	2020	2019
ROE	Net Result / Equity	6.14%	5.58%
ROI	Operating Result / Total Assets	0.77%	1.26%
EBITDA EURO	Earnings Before Interest, Taxes, Depreciation and Amortisation	2,179,331	2,485,766

ROE (Return On Equity) allows measuring the return for shareholders of the investment made in the Company. In 2020, the index recorded a value of 6.14%, an increase compared to 2019 (5.58%). ROI (Return On Investment) allows measuring the return of investments made in the company's core business. In 2020, the index was 0.77%, an increase compared to 1.26% of the previous year.

EBITDA (Earnings Before Interest, Taxes, Depreciation and amortisation) corresponds to the operating result before depreciation, amortisation and write-downs and highlights the amount generated from operations, net of notional cost items. The 2020 EBITDA is down by 12.3% on the previous year due to the effects of the pandemic, which reduced the volumes distributed and sold.

Balance Sheet

AGS S.p.A. has a solid and balanced financial situation.

Fixed assets account for 84 % of Total Assets and are covered by shareholders' equity for 87%.

In order to better understand the Company's balance sheet structure, an analysis is provided below through the indices and margins considered most significant, which all show a positive trend compared to previous years.

Index	Formula	2020	2019
Debt and equity to asset	$(\text{Shareholders' Equity} + \text{Consolidated Liabilities}) / \text{Long-term Capital}$	117.56%	116.42%
Financial autonomy	$(\text{Current Financial Liabilities} + \text{Consolidated Financial Liabilities}) /$	15.37%	16.70%
Loan rigidity	$\text{Fixed Capital} / \text{Total Assets}$	84.38%	86.27%
Inventory turnover	$\text{Warehouse outgoing} / \text{Warehouse average value}$	0.59	0.85

AGS operates principally in distribution services (electricity and gas), in the management of the integrated water cycle and in the sale of heat and is characterised by a significant amount of assets and equity. Therefore, to understand whether the Company's structure is balanced, it may be useful to analyse the consistency between the duration of assets and liabilities.

The debt and equity to asset ratio relates the sum of shareholders' equity and consolidated debt capital at year-end with the value of fixed assets at year-end. A value greater than 100% indicates that the Company has covered the fixed asset items with resources that have the same time horizon. AGS presents an index of 117.56%, in line with the previous year.

The financial autonomy ratio relates the financial resources of third parties, both short and long-term (defined as exposure to banks and other financial institutions at year-end), with the shareholders' equity of the Company at year-end. The ratio should not be too high and in any case consistent with the cash flows, so as to avoid a situation of excessive exposure that would put the Company in difficulty to repay the debt capital. The index has a value of 15.37%, in line compared to 16.70% of the previous year.

The loan rigidity ratio relates long-term capital and total assets at year-end. The index allows understanding whether the structure of the Company is consistent with the type of business in which it operates, or whether it has anomalies. AGS S.p.A. is in line with the previous year, from 86.27% in 2019 to 84.38% in 2020.

Significant events that occurred after the end of the year

It should be noted that on 7 February 2021 the Shareholders' Meeting of the subsidiary Ledro Energia Srl ratified the transformation of a shareholder loan of Euro 2.5 million into a "future capital increase" as approved by the Board of Directors of AGS at the end of 2020.

ARERA published the final distribution tariffs for 2016 in resolution 104/2021 on 16 March 2021.

There were no other significant events after the end of the year.

Outlook

Operating and financial performance in 2021 will be conditioned by the course of the ongoing pandemic emergency. The 2021 budget, approved by the Board of Directors, nevertheless envisages a recovery in sales and EBITDA to close to pre-Covid levels, a profit at the annual level and appreciable cash flow generation.

Income Statement

(valori in migliaia di euro)

	2020	%	2019	%
valore produzione	10.776	100,00	11.744	100,00
costo della produzione	(5.540)	(51,41)	(6.212)	(52,90)
valore aggiunto	5.236	48,59	5.532	47,10
costo del personale	(3.057)	(28,37)	(3.046)	(25,94)
marginale operativo lordo	2.179	20,22	2.486	21,17
amm., svalut. e acc.	(1.622)	(15,05)	(1.607)	(13,68)
marginale operativo netto	557	5,17	879	7,48
gestione finanziaria	2.997	27,81	2.260	19,24
risultato ante imposte	3.554	32,98	3.139	26,73
imposte	(262)	(2,43)	(264)	(2,25)
risultato netto	3.292	30,55	2.875	24,48

Balance Sheet

(valori in migliaia di euro)

	2020	%	2019	%
Attività immobilizzate	61.346	84	59.997	86
Attività correnti	11.350	16	9.551	14
Capitale Investito	72.696	100	69.548	100

	2020	%	2019	%
Patrimonio Netto	53.612	74	51.522	74
Capitale di terzi	19.084	26	18.026	26
Capitale di Finanziamento	72.696	100	69.548	100

INFORMATION BY BUSINESS SEGMENT

In accordance with IFRS 8, the table below provides information by business segment, based on the analytical accounting structure used in the SAP management system and the cost drivers used to compile the unbundling financial statements.

Alto Garda Servizi operates in the following business segments:

- Energy (hydroelectric generation, energy distribution)
- Gas (gas distribution)

- Water/Sewerage (distribution and sale of water/sewerage)
- District heating (distribution and sale of heat)
- Other services (fibre optics, public lighting, services to subsidiaries, and other minor services)

These operating segments are presented in accordance with IFRS 8, which requires segment reporting to be based on the elements that management uses in making its strategic operating decisions. For the purposes of a correct reading of the economic results relating to individual activities, it should be noted that revenues and costs relating to common activities are allocated entirely to the businesses, based on the actual use of the services provided or on technical-economic drivers.

Conto Economico per settori di attività Esercizio 2019						
	Energia	Gas	Acqua/Fogn.	Teleris.	Altri Servizi	Totale
Totali ricavi e proventi	3.773.062	2.524.387	1.683.075	3.363.772	399.748	11.744.044
Totale costi operativi	3.102.567	1.755.620	1.636.235	2.606.985	156.870	9.258.277
Margine Operativo Lordo (EBITDA)	670.495	768.767	46.840	756.787	242.878	2.485.767
Amm.ti,acc.ti. Netti e svalutazioni	662.973	64.872	38.824	613.029	227.842	1.607.540
Risultato operativo (EBIT)	7.522	703.895	8.016	143.758	15.036	878.227
Conto Economico per settori di attività Esercizio 2020						
	Energia	Gas	Acqua/Fogn.	Teleris.	Altri Servizi	Totale
Totali ricavi e proventi	3.319.215	2.396.260	1.443.001	2.829.006	788.918	10.776.400
Totale costi operativi	2.652.305	1.758.620	1.430.250	2.149.766	606.128	8.597.069
Margine Operativo Lordo (EBITDA)	666.910	637.640	12.751	679.240	182.790	2.179.331
Amm.ti,acc.ti. Netti e svalutazioni	683.034	64.089	34.191	603.566	236.776	1.621.656
Risultato operativo (EBIT)	-16.124	573.551	-21.440	75.674	-53.986	557.675

Situazione patrimoniale riclassificata per settori di attività al 31 dicembre 2019							
	Energia	Gas	Acqua/Fogn.	Teleris.	Altri Servizi	Non allocabili	Totale
Capitale immobilizzato	10.702.897	7.816.966	124.532	11.831.605	255.650	20.576.866	51.308.516
Capitale circolante netto	25.698	-78.560	65.890	-12.560	-52.562	-1.973.727	-2.025.821
Altre att. E pass. Non correnti						8.688.461	8.688.461
Capitale investito netto							
(CIN)	10.728.595	7.738.406	190.422	11.819.045	203.088	27.291.600	57.971.156
Patrimonio netto							51.522.201
Posizione Finanziaria netta							6.448.955
Mezzi propri ed indebitamento finanziario netto							
(EBIT)							57.971.156
Situazione patrimoniale riclassificata per settori di attività al 31 dicembre 2020							
	Energia	Gas	Acqua/Fogn.	Teleris.	Altri Servizi	Non allocabili	Totale
Capitale immobilizzato	10.608.192	8.316.074	119.155	11.527.274	228.560	22.189.050	52.988.305
Capitale circolante netto						-1.830.813	-1.830.813
Altre att. E pass. Non correnti						8.227.656	8.227.656
Capitale investito netto							
(CIN)	10.608.192	8.316.074	119.155	11.527.274	228.560	28.585.893	59.385.148
Patrimonio netto							53.612.693
Posizione Finanziaria netta							5.772.455
Mezzi propri ed indebitamento finanziario netto							
(EBIT)							59.385.148

OTHER INFORMATION

Research and development activities

The Company does not carry out research and development activities.

Branch offices

The company does not have any branch offices.

Dividends

The positive results achieved in 2020, combined with a solid financial structure, make it possible to propose the distribution of a dividend of Euro 1.40 per share for this year as well.

Audit of the financial statements

The financial statements of AGS S.p.A. are audited by BDO Italia S.p.A., a company appointed by the Shareholders' Meeting in March 2017 to audit the accounts pursuant to Articles 13 and 16, paragraph 1, Legislative Decree 27 January 2010, no. 39 for the period 2016-2024.

Publication of the Financial Statements

These financial statements will be published by the Directors in accordance with the law. The company is not required to prepare the Consolidated Financial Statements, as it has not exceeded the parameters set out in Article 27 of Legislative Decree 127/91 as amended by Legislative Decree 139/15.

Treasury shares

As envisaged by article 2428 of the Civil Code, it is specified that at 31 December 2020, the company does not own treasury shares. At 31 December 2020, subsidiaries and associated companies did not hold shares of AGS S.p.A. and did not purchase or sell such shares in 2020. In 2020, there were no issuances of dividend-bearing shares, bonds convertible into shares and other securities or similar instruments.

Significant events during the year

The year 2020 was characterised by the COVID-19 pandemic, to which AGS SpA responded by issuing 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 adopting all the tools and actions deemed appropriate and necessary. With regard to margins, only one of the business units, district heating, is significantly affected by the effects of the pandemic.

Through business diversification, thanks to the solid financial structure and the good level of digitalisation achieved, the continuity of operations with the same level of service has been and will continue to be ensured and a solid financial performance was in any case reported.

The pandemic did not lead to any reduction in the workforce, there was minimal recourse to the redundancy fund (CIGO).

Fifty-one percent of the share capital of STEA Progetto Srl, a company operating in the energy efficiency sector, was acquired in November, as resolved by the Shareholders' Meeting.

COVID-19

The year 2020 was dominated by the COVID-19 pandemic, which in most of the world resulted in a state of health emergency that remained ongoing in early 2021 and to which the various countries – albeit with differences in the measures adopted – responded by shutting down all commercial, manufacturing and service activities considered not strictly essential, in order to stem the spread of the contagion. The virus had an immediate impact on the world economy, causing a deep economic crisis. AGS continued to operate during the COVID-19 emergency, while safeguarding the health of its employees and suppliers, to ensure the continuity of supply of electricity, gas, heat and water. The health emergency resulted in a significant decline in the macroeconomic scenario, affecting electricity and gas demand and prices, in addition to possible deterioration of the solvency of counterparties. In accordance with CONSOB and ESMA requirements, the Group conducted in-depth analyses on the most sensitive issues and those most subject to variability related to the present emergency situation. Particular attention was paid to assessing the recoverability of receivables and the retention of the value of assets; with regard to the latter aspect, the analyses carried out by management did not identify any risks and thus any impacts relating to impairment of fixed assets (IAS 36) referring to the various service lines. The effects of COVID-19 had a negative impact on the Group's EBITDA in FY 2020 estimated at approximately Euro 0.5 million, largely attributable to the reduction in heat sales volumes, whereas there was no significant impact in terms of impairment of receivables. There were no significant impacts on financial items, while there were some positive effects on taxes related to specific tax legislation enacted in support of companies to cope with the emergency period. In addition to monitoring the development of the situation, AGS maintains a sound financial performance and position and has cash reserves to draw on in support of both its operational needs and business development plans.

Management and coordination activities

The Company is subject to management and coordination by the Municipality of Riva del Garda.

As required by Article 2497-bis of the Italian Civil Code, the table below shows the key figures of the last approved financial statements.

COMUNE DI RIVA DEL GARDA
- STATO PATRIMONIALE -

SINTESI			
ATTIVO		PASSIVO	
VOCI	31.12.2019	VOCI	31.12.2019
A - CREDITI VERSO SOCI		A - PATRIMONIO NETTO	199.791.143
B - IMMOBILIZZAZIONI		B- FONDI PER RISCHI E ONERI	425.193
I - Imm. Immateriali	1.045.496	C- TFR	477.329
II - Imm. Materiali	158.102.387		
III - Imm. Finanziarie	45.906.850		
C - ATTIVO CIRCOLANTE		D - DEBITI	7.266.022
I - Rimanenze	-		
II - Crediti	26.997.254	E - RATEI E RISCONTI	33.993.220
III - Attività finanziarie	-		
IV - Disponibilità liquide	9.846.626		
D - RATEI E RISCONTI	54.294		
TOTALE ATTIVO	241.952.907	TOTALE PASSIVO	241.952.907

- CONTO ECONOMICO RICLASSIFICATO -

SINTESI	
DESCRIZIONE	31.12.2019
A - PROVENTI DELLA GESTIONE	27.796.167
B - COSTI DELLA GESTIONE	(26.048.977)
DIFFERENZA	1.747.190
C - PROVENTI E ONERI DA AZIENDE SPECIALI E PARTECIPATE	496.628
D - RETTIFICHE DI VALORE ATTIVITA' FINANZIARIE	(144.781)
E - PROVENTI ED ONERI STRAORDINARI	1.032.302
F - IMPOSTE	(407.855)
RISULTATO ECONOMICO DELL'ESERCIZIO	2.723.484

Privacy regulations

Following the entry into force of the European Union General Data Protection Regulation (GDPR), a revision of the relevant internal personal data processing procedure became necessary. A Data Protection Officer (DPO) has been appointed to coordinate, at Company level, the procedures for managing the processing of personal data, the full implementation and the day-to-day administration of the new regulatory framework.

TRANSACTIONS WITH RELATED PARTIES

Relations with parent companies

The Municipality of Riva del Garda holds the majority shareholding of the company. Service contracts are in place with the Municipality which provide for the entrustment to Alto Garda Servizi S.p.A. of the exclusive management of electricity and gas distribution services, of the water cycle and public lighting.

There is also a lease contract for the property where the Company has its registered office. All relations with the parent body have been stipulated at current market values.

The company is committed to compliance with the containment measures established by the Memorandum of Understanding signed on 20 September 2012 by the President of the Autonomous Province of Trento, the Councillor for Local Entities and the President of Autonomies and circulated and provided similar measures to its subsidiaries. In order to fulfil the Memorandum of Understanding of 20 September 2012, the company drafted the budget and the half-year report on operations as provided by Article 2, paragraph 1 of the document annexed to the letter of the Municipality of Riva del Garda on 12 December 2012.

Law 124/2017

During the 2020 financial year, the Company did not receive any grants, contributions, paid assignments or any economic advantage as per Law 124/2017 article 1, paragraph 125.

Relations with subsidiaries and associated companies

AGS S.p.A. exercises management and coordination activities over the subsidiary Ledro Energia S.r.l., with which it has a service contract in place for technical and administrative services, as well as an interest-bearing loan. These relations are settled at arm's length.

The Company opted for the consolidated tax return for direct taxes.

The associated company Alto Garda Power S.r.l., with registered and operational office in Riva del Garda, supplies to AGS S.p.A. the heat necessary for the supply of district heating to customers connected to the Riva del Garda network. AGS S.p.A. has recognised an interest-bearing loan towards Alto Garda Power S.r.l. under receivables from associated companies. All contracts are stipulated at market conditions.

AGS S.p.A. has a take-or-pay contract with Alto Garda Power S.r.l. concerning the purchase of electricity and heat that sets minimum quantities and price calculation mechanisms for future periods.

The following table shows the key figures for the associated company Alto Garda Power S.r.l.

Al 31 dicembre		
(in migliaia di euro)	2020	2019
Immobilizzazioni	21.237	22.874
Crediti	35.462	28.790
Debiti	26.226	24.863
Patrimonio	30.473	26.801

RISK MANAGEMENT

Risk Management: credit management objectives and policies

The Company is subject to risks and uncertainties related to the external environment, i.e. the context in which it operates. It is not subject to exchange rate risks as it does not operate in foreign currency.

The main risks identified are:

Liquidity risk

Liquidity risk is defined as the possibility that available financial resources may be insufficient to meet commitments. The Company has adequate credit lines to meet liquidity needs and has structured medium/long-term credit lines, both in the form of loans and bonds, unsecured and appropriate to the investments made.

The following table analyses financial liabilities (including trade and other payables), which are expected to be repaid within one year, in the period between one and five years and more than five years.

Al 31 dicembre 2020			
	Scadenza		
	Entro 1 anno	Tra 1 e 5 anni	Oltre 5 anni
Debiti commerciali	1.935.071	0	0
Debiti verso banche e altri finanziatori	705.070	7.372.811	164.778
Altri debiti	2.301.643	3.111.428	0
TOTALE	4.941.784	10.484.239	164.778

Interest rate risk

Interest rate risk is closely monitored by the company, which has structured the debt with a time horizon in keeping with its own cash flows. The company is subject to the risk of fluctuations that may occur in the evolution of interest rates. Interest rates, income and expense, including those on intercompany loans, are variable and therefore tied to market performance.

Credit risk

The company's customers are mainly wholesalers of electricity and methane gas and, for the part related to district heating/water, retail customers. The long-lasting relationships and the solidity of the major customers induce the Directors to consider remote the credit risk if not in its physiological form.

Regulatory risk

A source of risk is the ongoing change in the legislative and regulatory context of reference that has an impact on the functioning of the market, tariff plans, levels of service quality required and the technical and operational requirements. In this regard, the Company makes use of its structure for the analysis of regulations and relations with the ARERA.

Concession tender risk

The Company cannot avoid taking this risk as it is intrinsic to its activity. With regard to the tender for management of the gas distribution service, reference is made to as indicated in the report for a description of the company's activities.

Occupational health and safety

The Company, which has always been attentive to the protection of the safety and health of its employees (and in general of all those involved in the activities of the company) has as its objective not only the respect of the regulations in force on the subject, but a set of actions aimed at improving working conditions. For this reason, it is constantly committed to spreading a culture of safety based on the development of risk perception, the promotion of responsible behaviour by all employees and the sharing of responsibilities among all those involved in the Company's activities. Risk assessment documents are updated to reflect the development of the operating structures and conditions and changes in regulations.

Internal risk management tools

With a view to monitoring and managing risk, the company has also independently adopted a number of instruments, listed below:

- Transparency Manager (RPT): The Company has appointed the Transparency Manager as the party that elaborates the three-year Transparency Program and keeps it updated along with the adaptation of the website, reporting regularly to the Board of Directors.
- It is noted that pursuant to Article 20 of Legislative Decree 8 April 2013, no. 39, concerning provisions on the non-conferability and incompatibility of offices, the Company undertook the statements of non-existence of the causes of non-conferability by the Directors in office appointed by the Municipality of Riva del Garda.
- In compliance with the applicable provisions in force on advertising, transparency and dissemination of information by companies controlled by public authorities, the specific section

“Transparent Company” of the corporate website contains the statements made pursuant to Legislative Decree no. 39/2013 together with other data provided by Legislative Decree no. 33/2013.

- Corruption Prevention: the Corruption Prevention Manager drafts the three-year Corruption Prevention Plan, to be updated annually, containing the mapping of risk areas and the elaboration of corruption prevention measures. The RPC also ensures the conduct of the related training activities and reports regularly to the Board of Directors.
- Model 231: the Company adopted the organisation, management and control model in compliance with the requirements of Legislative Decree 231/2001 and during the year, set the activities necessary for the updating thereof.
- Code of Ethics: AGS adopted a Code of Ethics that defines and contains the set of rules of conduct in relations with external interlocutors and collaborators. The rules contained therein are aimed at creating an efficient and effective system for the programming, execution and control of activities.
- Certification UNI ISO 9001: in all sectors of activities, the Company is certified ISO 9001. The 2020 annual audit ended with the renewal of the certification.
- Management Control: the company has implemented and adopted adequate reporting for the planning, control and measurement of performance.

BALANCE SHEET

Assets	Notes	31.12.2020	31.12.2019
Non-current assets			
Property, plant and equipment	7.1	34,461,490	34,229,368
Intangible assets	7.2	170,785	177,336
Equity investments	7.3	18,356,030	16,901,812
Non-current financial receivables	7.4	6,526,624	6,679,450
Deferred tax assets	7.5	1,830,813	2,009,218
Total non-current assets		61,345,742	59,997,184
Current assets			
Inventories	7.6	647,904	549,259
Trade receivables	7.7	5,687,117	5,032,063
Receivables from parent company, associated companies, subsidiaries	7.8	228,102	216,059
Current tax receivables	7.9	100,054	95,861
Other current assets	7.10	2,219,213	1,499,558
Cash and cash equivalents	7.11	2,468,204	2,157,894
Total current assets		11,350,594	9,550,694
Total Assets		72,696,336	69,547,878

Liabilities and Shareholders' Equity	Notes	31.12.2020	31.12.2019
Shareholders' Equity			
Share Capital	8.1	23,234,016	23,234,016
Reserves	8.1	27,086,406	25,413,986
Net result of the year	8.1	3,292,271	2,874,199
Total Shareholders' Equity		53,612,693	51,522,201
Non-current liabilities			
Non-current financial payables	8.2	7,535,589	7,046,668
Employee benefits	8.3	1,146,388	1,163,646
Provisions for risks and charges	8.4	0	0
Total non-current liabilities		8,681,977	8,210,314
Current liabilities			
Current financial payables	8.5	705,070	1,560,181
Trade payables	8.6	1,935,071	773,797
Payables to parent company, associated companies, subsidiaries	8.7	2,166,621	2,084,095
Tax payables	8.8	181,833	160,942
Other current payables	8.9	5,413,071	5,236,348
Total current liabilities		10,401,666	9,815,363
Total Liabilities		19,083,643	18,025,677
Total Liabilities and Shareholders' Equity		72,696,336	69,547,878

INCOME STATEMENT

Figures in Euro	Notes	31.12.2020	31.12.2019
Revenues from sales and services	9.1	9,106,615	10,371,054
Other revenues and income	9.2	1,669,785	1,372,990
Total operating revenues and income		10,776,400	11,744,044
Cost of raw materials, consumables and goods	9.3	2,183,261	2,428,304
Costs for services	9.4	2,559,344	2,819,445
Leasehold improvements	9.5	312,171	485,725
Personnel costs	9.6	3,056,950	3,046,050
Amortisation/Depreciation of fixed assets	9.7	1,621,656	1,607,540
Provisions and write-downs	9.8	0	0
Other operating expenses	9.9	1,012,038	1,075,075
Capitalised costs for internal works	9.10	(526,696)	(596,321)
Total operating expenses		10,218,724	10,865,818
GROSS OPERATING RESULT		557,675	878,226
Income from equity investments	10	1,194,651	1,274,846
Write-down of investments	11	127,132	140,405
Financial expenses	12	211,408	222,928
Financial income	13	206,362	117,355
Income and expenses from investments equity method	14	1,934,400	1,230,800
RESULT BEFORE TAXES		3,554,549	3,137,894
Current and Deferred Tax	15	262,278	263,695
NET RESULT OF THE YEAR		3,292,271	2,874,199

Comprehensive Income Statement		31.12.2020	31.12.2019
Result of the Income Statement		3,292,271	2,874,199
Amounts that will not be subsequently reclassified to profit/(loss) of the year		4,602	(49,715)
Amounts that will be subsequently reclassified to profit/(loss) for the year			0
RESULT FOR THE PERIOD		3,296,873	2,824,484

Net financial debt

Net financial debt (pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006 and ESMA/2013/319)

The following table provides details of net debt:

Dati in Euro	31.12.2020	31.12.2019
Obbligazioni-quota non corrente	5.000.000	5.000.000
Finanziamenti bancari non correnti	2.004.530	1.430.895
Altre passività non correnti	531.059	538.801
Totale indebitamento a medio lungo termine	7.535.589	6.969.696
Attività finanziarie verso parti correlate non correnti	0	0
Altre attività finanziarie non correnti e altre attività non correnti	0	0
Totale credito finanziari a medio lungo termine	0	0
Totale indebitamento finanziario non corrente netto	7.535.589	6.969.696
Obbligazioni-quota corrente	0	0
Finanziamenti bancari correnti	0	0
Passività finanziarie verso terzi correnti	610.362	1.560.181
Altre passività correnti	94.708	76.972
Passività finanziarie verso parti correlate correnti	0	0
Totale indebitamento a breve termine	705.070	1.637.153
Altre attività correnti	0	0
Attività finanziarie verso terzi correnti	0	0
Attività finanziarie verso parti correlate correnti	0	0
Totale crediti finanziari a breve termine	0	0
Disponibilità liquide e mezzi equivalenti	-2.468.204	-2.157.894
Totale indebitamento finanziario corrente netto	-1.763.134	-520.741
Indebitamento finanziario netto	5.772.455	6.448.955

Pursuant to IAS 7 “Cash Flow Statement”, the following are the changes in financial assets and liabilities:

Dati in Euro	31.12.2019	Flusso monetario	Flusso non monetario	31.12.2020
Obbligazioni	5.000.000	0	0	5.000.000
Debiti finanziari	3.606.849	-376.184	9.994	3.240.659
Altre passività	0	0	0	0
Attività finanziarie	0	0	0	0
Altre attività	0	0	0	0
Passività nette derivanti da attività di finanziamento	8.606.849	-376.184	9.994	8.240.659
Disponibilità liquide e mezzi equivalenti	-2.157.894	-310.310	0	-2.468.204
Indebitamento finanziario netto	6.448.955	-686.494	9.994	5.772.455

RENDICONTO FINANZIARIO		
Dati in Euro	PER L'ESERCIZIO CHIUSO AL 31 DICEMBRE	
	2020	2019
Risultato prima delle imposte	3.554.549	3.137.894
Rettifiche per:		
Ammortamenti, svalutazioni e accantonamenti	1.621.656	1.607.540
Risultato delle partecipazioni valutate con il metodo del patrimonio netto	-1.934.400	-1.230.800
(Proventi)/Oneri finanziari	5.046	105.573
Benefici ai dipendenti	9.364	9.282
(Plusvalenze)/Minusvalenze derivanti dalla cessione di attività	0	0
Valutazioni al fair value	0	0
Dividendi incassati	-1.194.561	-1.274.846
Cash flow da attività operativa prima delle variazioni del capitale circolante	2.061.654	2.354.643
Incremento/(Decremento) benefici a dipendenti	-17.258	21.154
(Incremento)/Decremento di rimanenze	-98.645	-64.738
(Incremento)/Decremento di crediti commerciali	-671.290	-285.491
(Incremento)/Decremento di altre attività/passività e attività/passività	-1.689.530	-611.435
Incremento/(Decremento) di debiti commerciali	1.161.274	238.999
Incasso dividendi da altre imprese	1.194.561	1.274.846
Incasso dividendi da imprese collegate	1.200.000	1.436.600
Interessi attivi e altri proventi finanziari incassati	206.362	117.355
Interessi passivi e altri oneri finanziari pagati	-211.408	-222.928
Utilizzo dei fondi rischi e oneri	0	0
Imposte pagate	-115.265	-185.623
Cash flows da attività operativa (a)	958.801	1.718.739
Investimenti in attività immateriali	-18.562	-49.000
Investimenti in attività materiali	-1.235.848	-813.523
Disinvestimenti in attività materiali	0	0
Investimenti netti in partecipazioni	-437.604	0
(Incremento)/Decremento di altre attività d'investimento	0	0
Cash flow da attività di investimento/disinvestimento (b)	-1.692.014	-862.523
Debiti finanziari (nuove emissioni di finanziamenti a lungo termine)	1.100.000	800.000
Debiti finanziari (rimborsi e altre variazioni nette)	-1.111.749	-4.802.419
Rimborso finanziamenti Soci	200.000	0
Acquisto di azioni proprie	0	0
Dividendi pagati	-1.206.382	-804.254
Cash flow da attività di finanziamento (c)	-1.018.131	-4.806.673
<i>Incremento/(Decremento) disponibilità liquide e mezzi equivalenti (a+b+c)</i>	<i>0</i>	<i>0</i>
Disponibilità liquide e mezzi equivalenti all'inizio dell'esercizio	2.157.894	3.753.708
Disponibilità liquide e mezzi equivalenti alla fine dell'esercizio	2.468.204	2.157.894

PROSPETTO DELLE VARIAZIONI DEL PATRIMONIO NETTO

	Capitale sociale	Riserva legale	Riserva sovr. azioni	Riserva per azioni proprie	Altre riserve e utili a nuovo	Risultato netto dell'esercizio	Totale patrimonio netto
SALDO AL 01 GENNAIO 2019	23.234.016	1.383.081	3.263.400	0	18.601.182	3.020.292	49.501.971
Operazioni con gli azionisti:							
Distribuzione dividendi	0	0	0	0	0	-804.254	-804.254
Sottoscrizione capitale sociale			0	0	0	0	0
Totale operazione con gli azionisti	0	0	0	0	0	-804.254	-804.254
Destinazione del risultato d'esercizio a riserva	0	151.015	0	0	2.065.023	-2.216.038	0
Risultato complessivo dell'esercizio:							
Risultato netto	0	0	0	0	0	2.874.199	2.874.199
Applicazione IFRS 15					0	0	0
Utili/(perdite) attuariali per benefici a dipendenti, al netto dell'effetto fiscale	0	0	0	0	-49.715	0	-49.715
Totale risultato complessivo dell'esercizio	0	0	0	0	-49.715	2.874.199	2.824.484
SALDO AL 01 GENNAIO 2020	23.234.016	1.534.096	3.263.400	0	20.616.490	2.874.199	51.522.201
Operazioni con gli azionisti:							
Distribuzione dividendi	0	0	0	0	0	-1.206.382	-1.206.382
Sottoscrizione capitale sociale			0	0	0	0	0
Totale operazione con gli azionisti	0	0	0	0	0	-1.206.382	-1.206.382
Destinazione del risultato d'esercizio a riserva	0	143.710	0	0	1.524.108	-1.667.817	1
Risultato complessivo dell'esercizio:							
Risultato netto	0	0	0	0	0	3.292.271	3.292.271
Applicazione IFRS 15					0	0	0
Utili/(perdite) attuariali per benefici a dipendenti, al netto dell'effetto fiscale	0	0	0	0	4.602	0	4.602
Totale risultato complessivo dell'esercizio	0	0	0	0	4.602	3.292.271	3.296.873
SALDO AL 31 DICEMBRE 2020	23.234.016	1.677.806	3.263.400	0	22.145.200	3.292.271	53.612.693

Notes to the Financial Statements

1. GENERAL INFORMATION

Alto Garda Servizi S.p.A. is a company incorporated and domiciled in Italy and organised according to the legal system of the Italian Republic, with registered office in Riva del Garda, Via Ardarò 27.

At 31 December 2020, the share capital of the company was held by:

SHAREHOLDER	NO. OF SHARES DUE		%
PUBLIC AUTHORITIES			
MUNICIPALITY OF RIVA DEL GARDA	253,017		56.628%
MUNICIPALITY OF NAGO-TORBOLE	6,806		1.523%
MUNICIPALITY OF ARCO	27,258		6.101%
MUNICIPALITY OF DRO	120		0.027%
MUNICIPALITY OF LEDRO	120		0.027%
MUNICIPALITY OF TENNO	100		0.022%
MUNICIPALITY OF DRENA	20		0.004%
PRIVATE ENTITIES			
DOLOMITI ENERGIA HOLDING S.P.A.	89,362		20.000%
ISTITUTO ATESINO DI SVILUPPO S.P.A.	53,508		11.976%
F.LLI BONORA S.N.C.	6,683		1.496%
CASSA RURALE ALTO GARDA	4,616		1.033%
CASSA CENTRALE CASSE RURALI	3,616		0.809%
EL.MA S.R.L.	1,582		0.354%
TOTAL	446,808		100.00%

2. SUMMARY OF THE ACCOUNTING STANDARDS ADOPTED

The main accounting criteria and standards applied in the preparation of the Company's financial statements are shown below. These accounting standards have been applied on a consistent basis for all the years presented in this document.

2.1 Basis of preparation

European Regulation no. 1606/2002 of 19 July 2002 introduced the obligation, with effect from 2005, to apply the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and adopted by the European Union for the preparation of financial statements

of companies with equity and/or debt securities listed on one of the regulated markets of the European Community. As a result of the listing on the Vienna Stock Exchange on 12 December 2016 of a Euro 5 million mini-bond, the Company was required to prepare its financial statements in accordance with IFRS. The financial statements have been prepared in accordance with the EU IFRS in force at the date of application without reservations on compliance.

The financial statements have been prepared on a going concern basis and on the basis of the conventional historical cost method, with the exception of a number of accounting items that are recognised at fair value at the date of the financial statements in accordance with the provisions of international accounting standards.

These financial statements have been drawn up on the basis of the best knowledge of the IFRS and taking into account the best theory on the subject; any future orientations and interpretative updates will be reflected in subsequent years, in accordance with the procedures established from time to time by the reference accounting standards.

These draft financial statements were approved by the Company's Board of Directors on 16 March 2021.

2.2 Form and content of the financial statements

The Company has made the following choices with regard to the form and content of the financial statements:

- the statement of financial position presents both current and non-current assets and current and non-current liabilities separately;
- the statement of comprehensive income for the year includes not only the result for the year, but also the changes in shareholders' equity relating to items of an economic nature which, in accordance with international accounting standards, are recorded among the components of shareholders' equity;
- the cash flow statement for the year is presented using the indirect method.

the formats used are those that best represent the economic, equity and financial situation of the Company.

These financial statements have been drawn up in Euro.

The annual financial statements are legally audited by the independent auditors BDO S.p.A.

2.3 Accounting standards and valuation criteria

Intangible assets

Concessions and other intangible assets consist of non-monetary elements, which can be identified as such and are not physically significant, controllable and capable of generating future economic benefits.

Concessions and other intangible assets are recognised at purchase and/or production cost, including directly attributable expenses for preparing the asset for use, net of accumulated amortisation and any impairment losses.

Amortisation of intangible assets begins when the asset is available for use and is systematically allocated in relation to its residual useful life, i.e. on the basis of its estimated useful life.

IFRIC 12 "Service Concession Arrangements" states that, based on the characteristics of the concession arrangement, the infrastructures used in the provision of public services under concession are to be recognised as intangible assets if the operator has the right to receive a payment from the customer for the service provided, or as a financial asset if the operator has the right to receive payment from the public sector entity.

In particular, IFRIC 12 applies to service concession arrangements from public to private if the concessionaire:

- controls or regulates which services the concessionaire is to provide with the infrastructure, to whom it is to provide them and at what price;
- controls, through ownership or otherwise, any significant residual interest in the infrastructure at the end of the term of the agreement.

In order to assess the applicability of these provisions for the Company, the management carried out a careful analysis of the concession for the distribution of electricity and methane gas. On the basis of these analyses, the application conditions provided for by the interpretation in question do not appear to be met, as the concessionaire has full control of the infrastructure.

Property, plant and equipment

Tangible assets are valued at purchase and/or production cost, net of accumulated depreciation and any impairment losses. Cost includes the charges directly incurred to make their use possible, while the charges incurred for ordinary and cyclical maintenance and repairs are taken directly to the income statement when incurred.

Owner-occupied buildings are valued at fair value initially determined and, subsequently, periodically verified on the basis of appraisals prepared by independent experts. Depreciation is charged on a straight-line basis at rates that allow the assets to be depreciated until their useful life is exhausted. During the 2017 financial year, the rates of the district heating network were changed, according to a specific technical report, from 30 to 40 years, and of the electricity network, which went from 25 to 35 years, in line with what was defined by the sector authority.

DESCRIPTION		DESCRIPTION	
INDUSTRIAL BUILDINGS AND LAND	2.50%	REMOTE CONTROL	4.0%
GENERAL PLANTS	6.67%		
TRANSFORMATION STATIONS	3.50%	TECHNICAL/OPERATIONAL EQUIPMENT	8.33%
SUB-STATIONS	3.50%	TRUCKS	14.29%
TRANSFORMERS	3.50%	VEHICLES	14.29%
ELECTRICITY DISTRIBUTION LINES	2.86%	MECCANOGRAPH CENTRE	14.29%
DATA TRANSMISSION NETWORKS	10.00%	FURNITURE	8.33%
1ST REDUCTION STATIONS METHANE GAS	5.00%	OFFICE MACHINES AND EQUIPMENT	14.29%
METHANE GAS PIPES	4.00%		
TANKS	2.00%	START-UP/EXPANSION COSTS	5 YEARS
LIFTING SYSTEMS	6.67%	SOFTWARE	3 YEARS
AQUEDUCT PIPES/SEWERAGE	2.50%	STUDIES AND RESEARCH	3 YEARS
DISTRICT HEATING NETWORK	2.50%	CONCESSIONS, LICENSES CED	5 YEARS
METERING INSTRUMENTS	5.00%		
METERING INSTRUMENTS DISTRICT HEATING	6.67%	THIRD-PARTY ASSETS – HQ OFFICES	RESIDUAL YEARS LEASE

Equity investments

Investments in subsidiaries and other companies are valued at purchase cost, reduced if necessary for impairment losses, while investments in associated companies are valued using the equity method. Dividends from equity investments are recognised in the income statement when the shareholders' right to receive payment is established.

Trade receivables and other current and non-current assets

Trade receivables and other current and non-current assets are financial instruments, mainly relating to trade receivables, which are non-derivative and not listed on an active market, from which fixed or determinable payments are expected to flow. Trade receivables and other receivables are classified as current assets in the balance sheet, except for those with a contractual maturity of more than 12 months with respect to the reporting date, which are classified as non-current assets.

Trade receivables and other current and non-current assets are recorded at amortised cost taking into account the time factor. Impairment losses on receivables are recognised in the income statement when there is objective evidence that the Company will not be able to recover the receivable on the basis of the contractual terms. The amount of the write-down is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows. The value of receivables is shown in the financial statements net of the related provision for doubtful accounts.

Inventories

Inventories of raw and ancillary materials, consumables and goods are valued at the lower of their weighted average cost and market value at the reporting date.

The weighted average cost is determined by reference period for each inventory code. The weighted average cost includes direct material and labour costs and indirect costs (variable and fixed). Inventories are constantly monitored and, where necessary, obsolete stocks are written down with a charge to the income statement.

Cash and cash equivalents

These include bank current accounts and other short-term, highly liquid financial investments that can be readily converted into cash.

Treasury shares

Repurchases of treasury shares are deducted from the capital as they represent contributed capital. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or derecognition of equity instruments. The amount paid or received is recognised directly in equity. The amount of treasury shares held is shown separately in the notes, in accordance with IAS 1 presentation of the financial statements.

Financial liabilities trade payables and other payables

Financial liabilities, trade payables and other payables are initially recognised in the income statement at fair value, net of directly attributable incidental costs, and subsequently measured at amortised cost, applying the effective interest rate method. If there is an estimable change in the expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the internal rate of return initially determined. Financial liabilities are classified as current liabilities, unless the company has an unconditional right to defer their payment for at least 12 months after the reference date. Financial liabilities are derecognised when they are settled and when the Company has transferred all the risks and charges relating to them. The valuation at nominal value approximates the fair value.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges of a specific nature, whose existence is certain or probable, but whose amount and/or date of occurrence cannot be determined. Provisions are recognised only when there is a current obligation (legal or implicit) for a future outflow of economic resources as a result of past events and it is probable that such outflow will be required to settle the obligation. This amount represents the best estimate of the cost of settling the obligation. The rate used to determine the present value of the liability reflects current market values and takes into account the specific risk associated with each liability. The increase in the value of the provision due to a change in the cost of money over time is recorded as a financial expense. The risks for which the occurrence of a liability is only possible are highlighted in the specific information section on contingent liabilities and no provision is allocated for them.

Personnel provisions

Personnel provisions include defined contribution plans and defined benefit plans. With reference to defined contribution plans, costs relating to such plans are recognised in the income statement when incurred. With reference to defined benefit plans, the company's net liabilities are determined separately for each plan by estimating the present value of the future benefits that employees have accrued in the current year and in previous years and deducting the fair value of any assets at the service of the plan. The present value of obligations is based on the use of actuarial techniques that attribute the benefit deriving from the plan to the periods in which the obligation to disburse it arises (projected unit credit method) and is based on actuarial assumptions that are objective and compatible with each other. Plan assets are recognised and measured at fair value. The company has the support of independent experts to calculate employee benefits.

If such calculation results in a contingent asset, the amount to be recognised is limited to the present value of any economic benefits available in the form of future refunds or reductions in future contributions to the plan. The components of the cost of defined benefits are recognised as follows:

- costs relating to the provision of services are recognised in the income statement under personnel costs;
- net financial expenses on a defined benefit liability or asset are recognised in the income statement as financial income/expense, and determined by multiplying the net asset/liability value by the rate used to discount the obligations taking into account contribution and benefit payments made during the period;
- the components used to measure the net liability, which include actuarial gains and losses, the return on assets, excluding interest income recognised in the income statement and any changes in the limit on assets, are immediately recognised in the statement of comprehensive income, among changes in shareholders' equity relating to items of an economic nature. Such components shall not be reclassified to profit or loss at a later period.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement at the time when control of the good is transferred to the customer, i.e. when the customer acquires the full capacity to decide on the use of the goods and to derive substantially all the benefits from it. For Alto Garda Servizi, this moment normally coincides with the delivery or shipment of goods to the customer; those for services are recognised in the accounting period in which the services are rendered.

Revenues are recorded at fair value of the amount received. The Company recognises revenues when their amount can be reliably estimated and it is probable that the related future economic benefits will be recognised. Depending on the type of transaction, revenues are recognised on the basis of the following specific criteria:

- revenues from the sale and distribution of electricity, thermal energy, gas and water are recognised at the time of transfer of ownership (at a point in time), which essentially takes place at the time of supply or service, even if not invoiced, and are determined by integrating with appropriate estimates those recorded by reading consumption.

- revenues from connection contributions to customers are recognised as deferred liabilities ("over a period of time") and released over a period of time that coincides with the depreciation of the assets to which they refer.

Revenues from services are recorded at the time they are provided or in accordance with the terms of the contract.

Cost recognition

Costs are recognised at the time of acquisition of the good or service.

Tax

Current taxes are calculated based on the taxable income for the period, applying the prevailing tax rates at the reporting date. Deferred tax assets and liabilities are calculated on the basis of all the differences that emerge between the tax value of an asset or liability and its book value. Deferred tax assets, including those relating to previous tax losses, are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred tax liabilities and assets are determined using the tax rates that are expected to be applicable in the years in which the differences will be realised or settled, on the basis of the tax rates in force or substantially in force at the reporting date. Current taxes and deferred tax liabilities and assets are recorded in the income statement, with the exception of those relating to items directly debited or credited to shareholders' equity, in which case the related tax effect is also recognised directly in shareholders' equity.

Leases as lessee

The company elected to use the "retrospective modified" approach at the date of initial application of the standard IFRS 16. Accordingly, the impact of the FTA on book equity at 1 January 2019 was zero.

On the effective date, i.e. 01/01/2019 for contracts outstanding at 31/12/2018, in accordance with the standard, the lessee recognises the asset consisting of the right of use and the financial lease liability as lessee.

The measurement of the cost of the asset, consisting of the right of use, includes the amount of the initial measurement of the lease liability, the lease payments due at or before the effective date, net of the lease incentives received, the initial direct costs incurred by the lessee and the estimated costs of dismantling or restoring the underlying asset.

An independent specialist company was used to discount the lease payments.

After initial recognition of the right of use and the related liability, the lessee must measure the right to use the asset using the cost method, i.e. carry out the amortisation process in accordance with IAS 16 and any impairment losses in accordance with IAS 36.

Amortisation must be calculated taking into account the useful life of the asset, in the event of redemption, or, if this does not take place, it will be calculated by choosing the closest time between the expiry of the contract and the end of the useful life of the asset.

In the income statement, the lessee shall present interest expense on the lease liabilities separately from the amortisation charge of the asset consisting of the right of use.

3. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the application by the Directors of accounting standards and methods which, in certain circumstances, are based on valuations and estimates based on historical experience and on assumptions that are from time to time considered reasonable and realistic in relation to the relative circumstances. The application of these estimates and assumptions influences the amounts recognised in the financial statements, as well as the information provided. The final results of the items of the financial statements for which said estimates and assumptions were used may differ from those in the financial statements that show the effects of the occurrence of the event subject of the estimate due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. The following is a brief list of the items that, in relation to the Company, require the greatest subjectivity on the part of the Directors in making estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the Company's financial results.

- a) **Impairment test:** the book value of tangible and intangible assets is reviewed periodically and whenever circumstances or events require more frequent review. If it is considered that the carrying amount of a group of non-current assets is impaired, the group is written down to its recoverable amount which is estimated with reference to its use or future disposal, depending on the Group's latest plans. Management is of the opinion that the estimates of such recoverable amounts are reasonable, although possible changes in the factors underlying the estimates on which these recoverable amounts have been calculated could produce different measurements.
- b) **Deferred tax assets:** deferred tax assets are accounted for on the basis of expectations of taxable income in future years in order to recover them. The valuation of expected taxable income for the purposes of accounting for deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of receivables for deferred tax assets.

- c) **Provisions for risks and charges:** for legal risks, provisions are made to cover the risk of a negative outcome. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate at the date made by the Directors. Such an estimate entails making assumptions that depend on factors that may change over time and which could therefore have a material impact with respect to the current estimates made by Directors for the preparation of the Company's financial statements.
- d) **Provision for doubtful accounts:** for legal risks on failure to collect trade receivables, provisions are made to cover the risk. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate at the date made by the Directors. Such an estimate entails making assumptions that depend on factors that may change over time and which could therefore have a material impact with respect to the current estimates made by Directors for the preparation of the Company's financial statements.
- e) **Personnel provisions:** the book value of personnel provisions is calculated by external and independent experts and is based on actuarial assumptions.

4. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BY THE IASB AND APPROVED BY THE EU, TO BE ADOPTED COMPULSORILY AS FROM THE FINANCIAL STATEMENTS OF THE YEARS BEGINNING ON 1 JANUARY 2020

The accounting policies adopted are consistent with those used at 31 December 2019.

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRSs effective from 1 January 2020 are set out below and briefly explained.

Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures - Reform of Interest Rate Benchmarks

On 15 January 2020, Regulation (EU) No 2020/34 was issued, which implemented at EU level certain amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures. The amendments relate to certain specific hedge accounting requirements and are intended to provide relief from the potential effects of uncertainty caused by the Interbank Offered Rate Reform (IBOR). In addition, the amendments require companies to provide additional disclosures to investors concerning their hedging relationships that are directly affected by these uncertainties.

The adoption of these amendments had no impact on the financial statements at and for the year ended 31 December 2020.

Changes to references to the Conceptual Framework in IFRSs

On 29 November 2019, Regulation (EU) No. 2019/2075 was issued, transposing the revised "Conceptual Framework for Financial Reporting" at the EU level. The main changes from the 2010 version include:

- a new chapter on measurement;
- better definitions and guidance, particularly with regard to the definition of liabilities;
- clarification of important concepts, such as stewardship, prudence and uncertainty in measurements.

A document updating the references in the IFRS to the previous Conceptual Framework has also been published.

The adoption of these amendments had no impact on the financial statements at and for the year ended 31 December 2020.

Amendments to IAS 1 and IAS 8 (Definition of Material)

On 29 November 2019, Regulation (EU) No 2019/2104 was issued, implementing certain amendments to IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

These amendments clarify the definition of "material" and align the definition used in the Conceptual Framework with that used in the individual IFRSs. The definition of "material," as revised by these amendments, is as follows: "information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the decisions that primary users for general purposes of financial statements make based on those financial statements, which provide financial information about a specific reporting entity."

The adoption of these amendments had no impact on the financial statements at and for the year ended 31 December 2020.

Amendments to IFRS 3 (Business Combinations)

On 21 April 2020, Regulation (EU) No 2020/551 was issued, implementing certain amendments to IFRS 3 (Business Combinations). These amendments address the definition of "business" and help entities determine whether an acquisition made is a "business" or a group of businesses. Under the new definition a "business" is: "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. The amendments also clarify that, to be considered a business, an acquisition must include a substantial input and process that together contribute to the ability to create an output."

The adoption of these amendments had no impact on the financial statements at and for the year ended 31 December 2020.

Amendments to IFRS 16 COVID-19-Related Rent Concessions

On 9 October 2020, Regulation (EU) No 2020/1434 was issued, implementing certain amendments to IFRS 16 to provide simplification for lessees in accounting for reductions in rent due to Covid-19. As a practical expedient, a lessee may choose not to assess whether a rent reduction granted by the lessor constitutes a lease modification. This practical expedient applies only to rent reductions that are a direct consequence of Covid-19 and only if all the conditions set out in this amendment are met. A lessee applying this practical expedient must disclose it. These amendments must be applied for financial years

beginning on or after 1 June 2020, on a retrospective basis. Early application is permitted. The adoption of these amendments did not have an impact on the financial statements at and for the year ended 31 December 2020, as they are substantially not applicable.

5. ACCOUNTING STANDARDS/INTERPRETATIONS APPROVED AND COMPULSORILY APPLICABLE FROM FINANCIAL YEARS SUBSEQUENT TO 2020.

At the date of preparation of these financial statements, the IASB had issued the following new standards/interpretations that had not yet become effective and had not yet been endorsed by the EU (the date of application is shown in parentheses):

New Standards / Interpretations endorsed by the EU but not yet in force

Amendments to IFRS 4 Insurance Contracts - Deferral of IFRS 9 (1/1/2021)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmarking Reform - Phase 2 (1/1/2021)

New Standards / Interpretations not yet in force and not yet endorsed by the EU

Changes to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvement Cycle 2018-2020 (1/1/2022)

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (1/1/2023)

Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies (1/1/2023)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (1/1/2023)

IFRS 17 - Insurance Contracts, including amendments to IFRS 17 (1/1/2021)

The impact, if any, on the financial statements of the new standards/interpretations, to the extent applicable, is still being assessed by the Company's management.

ESTIMATION OF FAIR VALUE

In relation to the items measured at fair value, the following table shows the information on the method chosen for the determination of the fair value. The applicable methodologies are divided into the following levels, based on the source of the available information, as described below:

- Level 1: fair value determined with regard to quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair value determined using valuation techniques, based on inputs that are observable in active markets;
- Level 3: fair value determined using valuation techniques, based on market inputs that are not observable.

The table below shows the assets measured at fair value at 31 December 2020.

It was not deemed necessary to draw up a new appraisal of the values of the electrical substations and of the instrumental buildings/land, carried out in February 2019, but the company had the appraiser issue a declaration confirming that there had been no changes that might have significantly modified the values of the previous appraisal and therefore those in the financial statements.

Al 31 dicembre 2020			
	Livello 1	Livello 2	Livello 3
Cabine elettriche e fabbricati/terreni strumentali	0	3.873.900	0
Partecipazione Alto Garda Power S.r.l.	0	6.094.600	0
TOTALE	0	9.968.500	0

With reference to the associated company Alto Garda Power S.r.l., the application of the equity method showed an increase in value of Euro 1,934,400. It should be noted that in the course of the 2020 financial year, Euro 1.2 million in dividends were received.

The following elements were used for the evaluation of electrical substations and buildings/land:

- Urban planning data;
- Status of the buildings/lands;
- Market value.

6. NOTES TO THE STATEMENT OF FINANCIAL POSITION

7.1 TANGIBLE ASSETS

	Terreni e fabbricati	Impianti e macchinari	Attrezzature industriali e commerciali	Altri beni	TOTALE
Saldo al 31 dicembre 2019	4.632.481	27.832.109	1.655.091	109.687	34.229.368
Di cui:					
Costo storico	6.127.461	47.308.817	3.805.154	1.192.060	58.433.491
Fondo ammortamento	-1.494.980	-19.476.708	-2.150.063	-1.082.372	-24.204.123
Acquisti	111.971	1.264.897	117.926	176.945	1.671.739
Conferimenti	0	0	0	0	0
Cessioni	0	0	-4.500	-50.032	-54.532
Eliminazione fondo amm.to	0	0	1.312	31.402	32.714
Svalutazione imm.ni	0	138.121	0	0	138.121
Ammortamenti	-161.294	-1.172.953	-187.362	-34.311	-1.555.920
Saldo al 31 dicembre 2019	4.583.158	28.062.174	1.582.467	233.691	34.461.490
Di cui:					
Costo storico	6.239.432	48.711.835	3.918.580	1.318.973	60.188.819
Fondo ammortamento	-1.656.274	-20.649.661	-2.336.113	-1.085.281	-25.727.329

The item "Land and buildings" includes, for a net book value of Euro 538,802, the amount of the right to use the Via Ardaro 27 headquarters under the current lease agreement. In addition, the item "Other assets" includes the values of the right of use (Euro 74,095 net book value as at 31 December 2020) relating to four motor vehicles for which a lease contract was entered into in 2020.

With regard to tangible assets, it should be noted that costs for services provided by internal personnel have been capitalised for Euro 220,467. It should be noted that from 2015, the amortisation of the gas networks has been suspended because the net book value is certainly lower than the value that will be recognised to the Company by the incoming operator at the time of the award of the tender, the announcement of which will be published presumably by the end of 2021.

During the 2017 financial year, the rates of the district heating network were changed, according to a specific technical report, from 30 to 40 years, and of the electricity network, which went from 25 to 35 years, in line with what was defined by the sector authority.

The item Land and Buildings includes electrical substations with a historical cost value of Euro 3,873,900 at 31 December 2020, measured at fair value according to an appraisal prepared by an independent expert.

As also indicated in the report on operations, management has analysed the possible impacts in terms of impairment, arising from the effects of the Covid-19 pandemic, of the carrying amount of tangible assets. No impairment losses were recorded.

7.2 INTANGIBLE ASSETS

	Costi d'impianto	Diritti brevetto ind. e di utiliz. Oper. Ing	Concessioni	Altre attività immateriali	TOTALE
Saldo al 31 dicembre 2019	0	61.318	0	116.018	177.336
Di cui:					
Costo storico	210.335	1.180.051	540.712	356.819	2.287.917
Fondo ammortamento	-210.335	-1.118.733	-540.712	-240.801	-2.110.581
Incrementi	0	27.895	0	31.290	59.185
Ammortamenti	0	-51.531	0	-14.205	-65.736
Saldo al 31 dicembre 2020	0	37.682	0	133.103	170.785
Di cui:					
Costo storico	210.335	1.207.946	540.712	388.109	2.347.102
Fondo ammortamento	-210.335	-1.170.264	-540.712	-255.006	-2.176.317

The item "Other intangible assets" includes capitalised improvements to the headquarters in Riva del Garda, Via Ardaro 27 rented from the Municipality of Riva del Garda.

Note 7.3. EQUITY INVESTMENTS

The breakdown of the item "Equity investments" is shown below:

	Al 31 dicembre	
	2020	2019
Partecipazioni in imprese controllate	1.834.908	1.115.090
Partecipazioni in imprese collegate	6.094.600	5.360.200
Partecipazioni in altre imprese	10.426.522	10.426.522
TOTALE PARTECIPAZIONI	18.356.030	16.901.812

Pursuant to Article 2427, paragraph 5, of the Italian Civil Code, the following table summarises the main information relating to investee companies:

Imprese controllate	sede	Capitale Sociale	Patrimonio netto	Risultato d'esercizio	% Part.	Valore di iscrizione in bilancio
Stea Progetto S.r.l.	Via S.Caterina 38062 Arco	10.000	333.500	124.969	51	846.950
Ledro Energia S.r.l.	Via Ampola,28 38067 Ledro	1.255.495	987.958	-127.132	100	987.958
TOTALE						1.834.908
Imprese collegate		Capitale Sociale	Patrimonio netto	Risultato d'esercizio	% Part.	Valore di iscrizione in bilancio
Alto Garda Power S.r.l.	Viale Rovereto,15 38066 Riva del Garda	1.750.000	30.473.000	9.673.000	20	6.094.600
TOTALE						6.094.600
Altre Imprese	Sede	Capitale Sociale	Patrimonio netto	Risultato d'esercizio	% Part.	Valore di iscrizione in bilancio
Dolomiti Energia Hol. S.p.A.	Via Manzoni, 24 38068 Rovereto	411.496.169	539.175.526	39.547.563	1,18	5.381.324
Dolomiti Energia S.p.A.	Via Fersina,23 38121 Trento	20.200.000	105.764.781	12.321.659	4,54	2.562.000
SET Distribuzione S.p.A.	Via Manzoni, 24 38068 Rovereto	120.175.728	203.888.254	20.153.626	2,00	2.400.358
Primiero Energia S.p.A.	Via Guadagnini, 31 38054 S.Martino	9.938.990	45.515.147	4.702.971	0,81	81.840
Distretto Tecnologico	P.za Manifattura,1 38068 Rovereto	232.000	511.837	112.638	0,35	1.000
TOTALE						10.426.522

With regard to investments in other companies, the corresponding fractions of shareholders' equity attributable to them are, in all cases, well above their respective carrying amounts.

With regard to the purchase value of the investment in Stea Progetto Srl, acquired in November 2020, which is higher than the share of equity held, it is justified by the expected results in the coming years and the related cash flows of the same, also considering the asset related to the 110% superbonus.

7.4. NON-CURRENT FINANCIAL RECEIVABLES

"Non-current financial receivables" at 31 December 2020 and 2019 are detailed below.

	Al 31 dicembre	
	2020	2019
Finanziamento fruttifero controllata Ledro Energia S.r.l.	5.400.000	5.600.000
Finanziamento fruttifero collegata Alto Garda Power S.r.l.	1.126.417	1.079.243
Altri crediti	207	207
Totale	6.526.624	6.679.450

The shareholder loan to Alto Garda Power S.r.l. increased in 2020 for Euro 47,174 relating to the annual amount of interest income on the loan. As regards the loan to the subsidiary Ledro Energia S.r.l., it will be gradually repaid once the pellet production plant is fully operational and with the consequent cash flows that the company will generate. In this regard, reference should also be made to the Report on Operations ("Significant events that occurred after the end of the year") with reference to transformation of Euro 2.5 million into a future capital increase.

7.5 RECEIVABLES FOR DEFERRED TAX ASSETS

The following table breaks down deferred tax assets by type of temporary difference at 31 December 2020 and 2019.

Crediti per imposte anticipate IRES	Imposte Anticipate 2019			Riassorbim enti 2020	Incrementi 2020	Totale imposte anticipate		
	Imp.	Aliq.	Imposta	Imposta	Imposta	Imp.	Aliq.	Imposta
Differenze deducibili								
Contributi allacciamento energia elettrica	2.023.611	24,00%	485.667	-37.680	0	1.866.613	24,00%	447.987
Contributi allacciamento gas utenti	650.618	24,00%	156.148	0	0	650.618	24,00%	156.148
Accantonamento fondo sval. magazzino	164.462	24,00%	39.471	0	0	164.462	24,00%	39.471
Ammortamenti civilistici superiori a fiscali	3.838.484	24,00%	921.236	0	0	3.838.484	24,00%	921.236
Accantonamento fondo rischi su crediti	228.194	24,00%	54.767	-9.569	0	188.323	24,00%	45.198
Altri benefici ai dipendenti	889.173	24,00%	213.402	-87.560	0	524.339	24,00%	125.841
Fondo svalutazione imm.ni materiali	138.121	24,00%	33.149	-33.149	0	0	24,00%	0
Totale	7.932.663		1.903.839	-167.958	0	7.232.839		1.735.881
Crediti per imposte anticipate IRAP	Imposte Anticipate 2019			Riassorbim enti 2020	Incrementi 2020	Totale imposte anticipate		
	Imp.	Aliq.	Imposta	Imposta	Imposta	Imp.	Aliq.	Imposta
Differenze deducibili								
Contributi allacciamento energia elettrica	2.023.611	3,54%	71.636	-5.558	0	1.866.613	3,54%	66.078
Contributi allacciamento gas utenti	650.618	3,54%	23.032	0	0	650.618	3,54%	23.032
Accantonamento fondo sval. magazzino	164.462	3,54%	5.822	0	0	164.462	3,54%	5.822
Fondo svalutazione imm.ni materiali	138.121	3,54%	4.889	-4.889	0	0	3,54%	0
Totale	2.976.812		105.379	-10.447	0	2.681.693		94.932
Totale crediti per imposte anticipate			2.009.218	-178.405	0			1.830.813

It should be noted that receivables for deferred tax assets relating to the difference between statutory and fiscal amortisation (energy and gas networks) will be reasonably recovered with the sale of the networks to the new concessionaires, during calls for the reallocation of services scheduled respectively for 2021 (gas service) and 2030 (electricity service).

7.6 INVENTORIES

The breakdown of the item "Inventories" at 31 December 2020 and 2019 is provided below.

	Al 31 dicembre	
	2020	2019
Materie prime, sussidiarie e di consumo	647.904	549.259
TOTALE	647.904	549.259

7.7 TRADE RECEIVABLES

The breakdown of "Trade receivables" at 31 December 2020 and 2019 is provided below.

	Al 31 dicembre	
	2020	2019
Crediti verso clienti	5.910.546	5.295.363
fondo svalutazione crediti	-223.429	-263.300
TOTALE	5.687.117	5.032.063

Trade receivables, shown net of the related provision for doubtful accounts, mainly includes trade receivables and provisions for invoices to be issued for the distribution of energy and gas and the sale of heat and water at their estimated realisable value. Receivables refer entirely to the geographical area of Italy.

The provision for doubtful accounts showed the following changes in 2020 and 2019:

	Fondo svalutazione crediti	
Al 1 gennaio 2019	263.300	
Accantonamenti	0	
Utilizzi	0	
Al 31 dicembre 2019	263.300	
Accantonamenti	0	
Utilizzi	-39.871	
Al 31 dicembre 2020	223.429	

7.8 RECEIVABLES FROM PARENT, SUBSIDIARY AND ASSOCIATED COMPANIES

The breakdown of the item "Receivables from parent, subsidiary and associated companies" at 31 December 2020 and 2019 is provided below.

	Al 31 dicembre	
	2020	2019
Crediti verso impresa controllante	128.987	95.009
Crediti verso impresa controllate	88.039	110.897
Crediti verso impresa collegate	11.076	10.153
TOTALE	228.102	216.059

They mainly relate to receivables from the Municipality of Riva del Garda for routine and non-routine maintenance of public lighting systems and for the management of the Consortium Aqueduct. Receivables from subsidiaries refer to technical/administrative services provided for Ledro Energia S.r.l., governed by a specific service contract.

7.9. CURRENT TAX RECEIVABLES

The breakdown of the item "Current tax receivables" at 31 December 2020 and 2019 is provided below.

	Al 31 dicembre	
	2020	2019
IMPOSTA DI BOLLO VIRTUALE	2.408	0
IRAP	7.215	0
IRES	90.431	95.861
Totale	102.074	95.861

7.10 OTHER CURRENT ASSETS

The breakdown of the item "Other current assets" at 31 December 2020 and 2019 is provided below.

	Al 31 dicembre	
	2020	2019
PAT e Comuni - deposito tagli strade e cauzioni varie	66.009	66.009
Cassa conguaglio perequazione ricavi energia	1.510.160	1.167.531
Rimborso interessi moratoria fiscale anni 1998-2000	257.296	0
PAT - anticipo costi gara gas	43.081	43.081
Cassa conguaglio 6° bimestre 2020	50.210	63.186
Vari e diversi	273.755	132.555
Ratei e risconti attivi	18.702	27.196
Totale	2.219.213	1.499.558

It should be noted that the Regulatory Authority for Energy, Networks and the Environment has not yet definitively approved the tariffs for the electricity sector for the year 2016 and therefore, the Equalisation Fund has not yet paid the balance of the electrical equalisation. As a result, the amount due from the Equalisation Fund went from Euro 1.2 thousand to Euro 1.5 million. The calculation of the gas and energy equalisation for the year 2020 was carried out with the support of expert and independent consulting firms.

7.11 CASH AND CASH EQUIVALENTS

The breakdown of the item "Cash and cash equivalents" at 31 December 2020 and 2019 is provided below.

	Al 31 dicembre	
	2020	2019
Depositi bancari e postali	2.467.139	2.157.200
Denaro e valori in cassa	1.066	694
TOTALE	2.468.205	2.157.894

This item includes cash on hand and bank deposits actually available.

SHAREHOLDERS' EQUITY

8.1 SHAREHOLDERS' EQUITY

Changes in shareholders' equity reserves are reported in the schemes of these financial statements. At 31 December 2020, the Company's share capital amounted to Euro 23,234,016 and consisted of 446,808 ordinary shares with a nominal value of Euro 52 each. During 2020, Euro 1,206 thousand, equal to Euro 2.70 per share, was distributed.

The breakdown of shareholders' equity is shown below:

	Al 31 dicembre	
	2020	2019
Capitale sociale	23.234.016	23.234.016
Riserva Legale	1.677.806	1.534.096
Riserva sovrapprezzo azioni	3.263.400	3.263.400
Riserva straordinaria	17.239.624	16.449.916
Riserva FTA	1.589.613	1.589.613
Riserva non distribuibile	2.068.685	1.334.285
Riserva IAS 19	429.363	424.761
Riserva Utili portati a nuovo	817.915	817.915
Risultato d'esercizio	3.292.271	2.874.199
TOTALE PATRIMONIO NETTO	53.612.693	51.522.201

The following table provides the analysis of shareholders' equity under the profiles of availability and distributability of reserves.

Descrizione	importo	possibilità di utilizzo	quote disponibile	Riepilogo delle utilizzazioni effettuate nei tre precedenti esercizi	
				per copertura perdite	per altre ragioni
Capitale Sociale	23.234.016		-	-	-
Riserve di capitale					
- riserva sovrapprezzo azioni	3.263.400	A,B	3.263.400	-	-
Riserve di utile					
- riserve di rivalutazione	-			-	-
- riserva legale	1.677.806	B	1.677.806	-	-
- riserva per azioni proprie in portafoglio	-			-	-
- riserve statutarie	-			-	-
- riserva straordinaria	17.239.624	A,B,C	17.239.624	-	-
- riserva non distribuibile	2.068.685		-	-	-
- riserva FTA	1.589.614		-	-	-
- riserva IAS 19	429.363		-	-	-
- utili o perdite portati a nuovo	817.915	A,B,C	817.915	-	-
Totali	50.320.423		22.998.745	-	-
Quota non distribuibile					
Residua quota distribuibile			22.998.745		

A: per aumento di capitale

B: per copertura perdite

C: per distribuzione soci

8.2 NON-CURRENT FINANCIAL PAYABLES

The table below shows non-current financial payables at 31 December 2020 and 2019.

	2020	2019
	Non corrente	Non corrente
Debiti verso banche	2.004.530	1.507.867
Altri debiti finanziari (IFR16)	531.059	538.801
Prestito obbligazionario	5.000.000	5.000.000
TOTALE	7.535.589	7.046.668

On 15 July 2014, the company issued a bond for Euro 5 million with payment of semi-annual coupons and repayment in a lump sum at 30 June 2023. The loan was fully subscribed and is currently listed on the Vienna Stock Exchange: the price on the date of admission was 100 and at the end of the year, there were no deviations.

8.3 EMPLOYEE BENEFITS

The Company provides employees (including retired employees) with both post-employment and other benefits. These benefits include "employee severance indemnities", additional monthly payments for reaching age limits or for accrual of the right to retirement pension, loyalty bonuses for reaching certain seniority requirements at the company and discounts on the price of electricity consumed for domestic use.

Employee benefits are calculated with the support of two independent experts.

Changes in the Employee Severance Indemnity and other employee benefits for the years ended 31 December 2020 and 31 December 2019 are shown below:

	Al 31 dicembre 2019				
	TFR	Premi Fedeltà	Mens. Agg.ve	Sconti energia	Totale
Passività all'inizio del periodo	720.722	76.120	68.861	276.789	1.142.492
Costo corrente del servizio	33.011	4.667	3.795	0	41.473
Interessi da attualizzazione	10.685	1.232	1.055	4.346	17.318
Benefici pagati	-80.246	0	-7.106	0	-87.352
Perdite/(utili) attuariali	39.608	1.355	-473	9.225	49.715
Passività alla fine del periodo	723.780	83.374	66.132	290.360	1.163.646
	Al 31 dicembre 2020				
	TFR	Premi Fedeltà	Mens. Agg.ve	Sconti energia	Totale
Passività all'inizio del periodo	723.780	83.374	66.132	290.360	1.163.646
Costo corrente del servizio	34.250	5.250	2.498	2.236	44.234
Interessi da attualizzazione	5.372	642	241		6.255
Benefici pagati	-52.160	-4.711	-6.273	-45.342	-108.486
Perdite/(utili) attuariali	33.165	-791	8.365		40.739
Passività alla fine del periodo	744.407	83.764	70.963	247.254	1.146.388

The following is a breakdown of the assumptions used in the actuarial valuations:

	Al 31 dicembre	
	2020	2019
Tasso di attualizzazione/sconto	0,34%	0,77%
Tasso d'inflazione	80,00%	1,20%
Tasso aumento retribuzioni complessivo	2,10%	2,25%
Tasso annuo incremento TFR	1,00%	1,00%

Under the terms of IAS 19.145, the sensitivity analysis shows a maximum differential of Euro 25 thousand. The analysis was carried out by changing the turnover rate by +/- 1%, the inflation rate by +/- 0.25% and the discount rate by +/- 0.25%.

8.4 PROVISIONS FOR RISKS AND CHARGES

There are no provisions for risks and charges.

8.5 CURRENT FINANCIAL PAYABLES

The table below shows current financial payables at 31 December 2020 and 2019.

	2020	2019
Corrente	Corrente	
Debiti verso banche	610.362	1.483.209
Altri debiti finanziari (IFR16)	94.708	76.972
Prestito obbligazionario	0	0
TOTALE	705.070	1.560.181

8.6 TRADE PAYABLES

The table below shows "Trade payables", which include payables for the supply of goods and provision of services, at 31 December 2020 and 31 December 2019. Payables refer entirely to the geographical area of Italy. All payables are due within one year.

	AL 31 dicembre	
	2020	2019
Fornitori beni e servizi	1.322.147	485.408
Fatture da ricevere	612.924	288.389
Totale	1.935.071	773.797

8.7 PAYABLES TO PARENT, ASSOCIATED AND SUBSIDIARY COMPANIES

The table below shows "Payables to parent, associated and subsidiary companies" at 31 December 2020 and 31 December 2019. Payables refer entirely to the geographical area of Italy.

	Al 31 dicembre			
	2020	2019		
Debiti verso controllante	1.538.053	1.286.427		
Debiti verso controllate	62.103	83.849		
Debiti verso collegate	566.465	713.819		
TOTALE	2.166.621	2.084.095		

They refer mainly to payables to the parent entity, the Municipality of Riva del Garda, for "Municipal Concessions" and other commercial items connected with concessions for electricity, gas, drinking water/sewerage and electricity production services, which are governed by specific service contracts. Trade payables consist of the portion of the water cycle tariff that the Company pays to the Municipality of Riva del Garda to cover the costs incurred by the Municipality for the water network. Payables to parent company also include the purification component that refers to the billing portion for the water service performed by AGS S.p.A. at 31 December 2020 to end customers and that is then turned over to the Municipality of Riva del Garda.

8.8 TAX PAYABLES

The table below shows "Tax payables" at 31 December 2020 and 31 December 2019.

	Al 31 dicembre	
	2020	2019
Debito per imposte IRAP	0	3.623
Debito per IVA	78.309	0
Ritenute di lavoro subordinato e collaboratori IRPEF	103.524	157.319
Totale	181.833	160.942

Payables for IRPEF relate to withholdings to employees for December 2020 paid in January 2021.

8.9 OTHER CURRENT PAYABLES

The table below shows "Other current payables" at 31 December 2020 and 31 December 2019.

	Al 31 dicembre	
	2020	2019
Debiti verso ist. Prev. e sic. Sociale	241.576	231.095
Debiti verso dipendenti	304.649	280.756
Debiti diversi	418.190	10.980
Debiti verso Cassa Conguaglio	1.333.930	1.482.599
Ratei e risconti passivi	3.114.726	3.230.918
TOTALE	5.413.071	5.236.348

Payables to social security institutions refer to charges and withholdings from employees paid in the following month. Payables to employees include productivity bonuses (Euro 148 thousand) and holidays accrued but not taken (Euro 145 thousand). Deferred income refers to connection contributions from users. Amounts due to the Equalisation Fund refer to items invoiced in the 6th two-month period of 2020 and paid in January and February 2021.

7. NOTES TO THE INCOME STATEMENT

9.1 REVENUES FROM SALES AND SERVICES

Revenues are entirely generated in Italy and are broken down as follows:

	31.12.2020	31.12.2019
Ricavi per vettoriamento energia elettrica	2.544.631	2.886.788
Ricavi per produzione energia elettrica	149.160	138.582
Ricavi per vettoriamento gas	2.280.734	2.370.881
Ricavi gestione servizio idrico	1.121.788	1.343.358
Ricavi calore	2.625.965	3.224.275
Altri ricavi	384.337	407.170
Totale	9.106.615	10.371.054

With regard to the change in revenues, reference should be made to the comments made in the report on operations.

9.2 OTHER REVENUES AND INCOME

A breakdown of the item "Other revenues and income" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Prestazioni a società controllate	26.520	54.895
Contributi da sistemi di perequazione	352.290	276.843
Ricavi gestione impianti acquedotto	251.605	211.308
Ricavi prestazioni illuminazione pubblica	111.336	75.242
Sopravvenienze attive gestione caratteristica	504.513	106.854
Ricavi altre prestazioni conto terzi	423.521	647.848
Totale	1.669.785	1.372.990

Revenues are entirely generated in Italy.

9.3 COSTS FOR RAW MATERIALS, CONSUMABLES AND GOODS

The breakdown of the item "Costs for raw materials, consumables and goods" for the year ended 31 December 2020 and 2019 is shown below.

	31.12.2020	31.12.2019
Acquisto acqua potabile	2.966	7.886
Acquisto energia elettrica	301.358	252.290
Acquisto calore	1.226.834	1.448.939
Acquisto materiale a magazzino	533.674	620.236
Acquisto altri materiali	217.074	163.690
Variazione rimanenze di magazzino	-98.645	-64.737
Totale	2.183.261	2.428.304

9.4 COSTS FOR SERVICES

The breakdown of the item "Costs for services" for the year ended 31 December 2020 and 2019 is shown below.

	31.12.2020	31.12.2019
Corrispettivo trasporto energia elettrica	884.434	1.014.492
Assicurazioni	124.138	124.472
Commissioni e spese bancarie	21.469	26.759
Consulenze amministrative	165.072	129.779
Costi manutenzione reti	538.236	623.758
Costi energia elettrica, gas e acqua	81.225	100.452
Canoni software	260.715	224.721
Costi formazione dipendenti	5.390	16.112
Costi lettura contatori	104.763	92.507
Altri costi	373.902	466.393
Totale	2.559.344	2.819.445

9.5 COSTS FOR THE USE OF THIRD-PARTY ASSETS

The breakdown of the item "Costs for the use of third-party assets" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
affitti passivi	20.237	21.523
canoni concessione	291.935	464.202
Totale	312.172	485.725

9.6 PERSONNEL COSTS

The breakdown of the item "Personnel costs" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Salari e stipendi	2.159.764	2.151.166
Oneri sociali	691.263	689.229
Trattamento di fine rapporto	147.737	145.929
Altri costi	58.185	59.726
Totale	3.056.949	3.046.050

9.7 DEPRECIATION/AMORTISATION OF FIXED ASSETS

The breakdown of the item "Amortisation, depreciation, provisions and write-downs" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Amm. Immobilizzazioni immateriali	65.736	66.883
Amm. Immobilizzazioni materiali	1.555.920	1.540.657
Totale	1.621.656	1.607.540

9.8 PROVISIONS AND WRITE-DOWNS

The breakdown of the item "Provisions and write-downs" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Svalutazione crediti commerciali	0	0
Svalutazioni immobilizzazioni materiali	0	0
Totale	0	0

9.9 OTHER OPERATING EXPENSES

The breakdown of the item "Other operating expenses" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Costi perequazione gas	500.456	549.366
Minusvalenze gestione caratteristica	2.923	71.662
Oneri convenzioni comuni	111.476	103.985
Sopravvenienze passive di gestione	178.338	72.240
Oneri diversi di gestione	218.846	277.822
Totale	1.012.039	1.075.075

Contingent liabilities refer to adjustments to the gas and energy equalisation for 2019.

9.10 CAPITALISED COSTS FOR INTERNAL WORKS

The breakdown of the item "Capitalised costs for internal works" for the year ended 31 December 2020 and 2019 is shown below.

Al 31 dicembre		
	2020	2019
Materiale di magazzioni	306.229	433.198
Mano d'opera	220.467	163.123
TOTALE	526.696	596.321

Capitalised costs include Euro 220,467 for personnel costs and Euro 306,229 for material costs and refer to the development and implementation of investments in the gas and electricity distribution networks.

10 INCOME FROM INVESTMENTS

The breakdown of the item "Income from equity investments" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Proventi da partecipazione in imprese controllate	0	0
Proventi da partecipazione in altre imprese	1.194.651	1.274.846
Totale	1.194.651	1.274.846

Income from equity investments includes dividends received from Dolomiti Energia Holding S.p.A, Dolomiti Energia S.p.A., Set Distribuzione S.p.A and Primiero Energia S.p.A.

11 WRITE-DOWN OF INVESTMENT

In 2020, the equity investment in the subsidiary Ledro Energia S.r.l. was written down for Euro 127,132, equal to the loss for 2020.

12 FINANCIAL EXPENSES

The breakdown of the item "Financial expenses" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Interessi passivi bancari	449	353
Interessi passivi su prestito obbligazionario	169.004	171.110
Interessi passivi su mutui	23.867	31.047
Interessi da attualizzazione	18.087	20.418
Totale	211.407	222.928

13 FINANCIAL INCOME

The breakdown of the item "Financial income" for the year ended 31 December 2020 and 2019 is provided below.

	31.12.2020	31.12.2019
Interessi attivi da imprese controllate	55.989	56.000
Interessi attivi da imprese collegate	47.174	47.386
altri proventi finanziari	103.199	13.969
Totale	206.362	117.355

14 GAINS AND LOSSES FROM INVESTMENTS - EQUITY METHOD

	31.12.2020	31.12.2019
Interessi attivi da imprese controllate	1.934.400	1.230.800
Totale	1.934.400	1.230.800

These refer to adjustment to 20% of the equity of the associated company Alto Garda Power S.r.l.

15 CURRENT AND DEFERRED TAXES

The taxes for the year recorded in the income statement of these financial statements for a total of Euro 262,278 are as follows:

	31.12.2020	31.12.2019
Imposte correnti IRAP e IRES	83.873	219.077
Imposte differite IRES e IRAP	178.405	104.256
Imposte esercizio precedente IRES e IRAP	0	-59.638
Totale	262.278	263.695

8. GUARANTEES AND COMMITMENTS

The breakdown of guarantees undertaken by the Company at 31 December 2020 and 2019 is provided below.

	Al 31 dicembre	
	2020	2019
Garanzie rilasciate a Terzi	704.285	704.285
Garanzie rilasciate a società controllate	960.000	960.000
TOTALE	1.664.285	1.664.285

The main contractual obligations relate to take-or-pay contracts on the basis of which AGS S.p.A. is obliged to withdraw minimum volumes of thermal and electrical energy from Alto Garda Power S.r.l. The amounts due were calculated on the basis of the gas purchase and electricity sales price assumptions for

2020.

Impegni di acquisto take or pay	2021	2022	2023	Totale
Energia termica	794.055	794.055	794.055	2.382.165
Differenziale energia elettrica	215.531	215.531	215.531	646.593
Totale	1.009.586	1.009.586	1.009.586	3.028.758

9. FEES TO DIRECTORS AND STATUTORY AUDITORS

The following is the breakdown of fees to the Company's Directors and Statutory Auditors for the years ended 31 December 2020 and 2019.

Al 31 dicembre		
	2020	2019
Compensi Amministratori	47.799	63.289
Compensi Collegio Sindacale	29.119	28.273
TOTALE	76.918	91.562

10. FEES OF THE INDEPENDENT AUDITORS

The table below shows the fees received by the independent auditors BDO Italia S.p.A. for the years ended 31 December 2020 and 2019.

Al 31 dicembre		
	2020	2019
Revisione legale dei conti annuale	18.410	18.491
Altri servizi di consulenza svolti	0	0
Servizi di consulenza fiscale	0	0
Altri servizi di verifica e organizzazione contabile	800	800
TOTALE	19.210	19.291

The item "Other auditing and accounting organisation services" refers to the attestations to the member municipalities of AGS S.p.A. of the receivables/payables balance at 31/12/2020.

11. SIGNIFICANT EVENTS THAT OCCURRED AFTER THE END OF THE YEAR

No significant events occurred after the end of the 2020 financial year. For information on the spread of the COVID-19 pandemic, please refer to the comments made in the Report on Operations.


12. PROPOSAL FOR THE ALLOCATION OF PROFITS OR COVERAGE OF LOSSES

It is hereby proposed to the Meeting to allocate the profit for the year of Euro 3,292,271 as follows:

- Euro 164,614 equal to 5% to the legal reserve;
- Euro 1,934,400 to the non-distributable reserve, being related to the result for the year of the associated company Alto Garda Power S.r.l., valued using the equity method, and not being a dividend paid.
- Euro 625,531 ordinary dividend to shareholders corresponding to Euro 1.40 per share, also proposing that the payment be made as from 30 September 2021;
- Euro 567,726 to the extraordinary reserve.

Riva del Garda, 16 March 2021

Andrea Mora
PRESIDENTE
del Consiglio di Amministrazione



Certification of the annual financial statements pursuant to article 154-bis of Legislative Decree 58/98

The undersigned Andrea Mora, Chair of the Board of Directors, and Andrea Carloni, Administration Manager of Alto Garda Servizi S.p.A., certify, taking into account the provisions of current legislation:

- the adequacy in relation to the characteristics;
- the effective application of administrative procedures and controls for the preparation of the annual financial statements during the period from 01 January 2020 to 31 December 2020.

In this regard, no significant aspects emerged in the effective application of the procedures or in any reference to the body of general principles used in the preparation of the certification.

It is also certified that:

The Financial Statements at 31 December 2020:

- have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the information contained in the accounting ledgers and records;
- provide a true and fair representation of the equity, economic and financial situation of the Company in question.

The Report on operations includes a reliable analysis of the results of operations, as well as the situation of the issuer, together with a description of the principal risks and uncertainties to which they are exposed.

Riva del Garda, 16 March 2021

Chair of the Board of Directors Andrea Mora

Administration Manager

Andrea Carloni