ALTO GARDA SERVIZI S.p.A.

Registered Office: Via Ardaro, 27 38066 Riva del Garda, Province of Trento, Italy
Trento Company Register 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

Consolidated Financial Statements as at 31.12.2023

Corporate bodies

Board of Directors

Chair	Franco Matteotti
Director	Claudia De Scolari Bonatti
Director	Daniele Zanoni
Director	Francesco Faccioli
Director	Fabrizio Veneri

Board of Statutory Auditors / Internal Control Committee

Chair	Arrigo Spagnolli
Standing auditor	Lorenza Saiani
Standing auditor	Francesco Dalla Sega

Independent Auditors

BDO Italia S.p.A.

CONTENTS

REPORT ON OPERATIONS	**4**
ALTO GARDA SERVIZI S.p.A. CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 December 2023	**27**
ALTO GARDA SERVIZI S.p.A. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023	**76**
REPORT OF THE BOARD OF STATUTORY AUDITORS	
REPORT OF THE INDEPENDENT AUDITORS	

Report on Operations

2023 was a year of slowdown for the world economy and especially for international trade. Several factors, geopolitical as well as economic, have affected the economic trend: unresolved conflicts, still far from a settlement, such as the Russian-Ukrainian conflict in the first place, and “new” conflicts, such as the one that dramatically re-exploded in October with the Hamas attack on Israel. On the economic level, the supply-side bottlenecks in the goods market, generated first by the pandemic crisis and then by the Russian invasion of Ukraine, the sharp rise in the prices of raw materials, especially energy, and the support to demand provided by highly expansive monetary and fiscal policies were at the origin of an inflationary surge that forced the central banks of numerous countries to initiate monetary tightening such as had not been seen in decades. In 2023, the FED rate thus reached 5.5% and the ECB rate 4.5%: for both central banks, this is the highest value touched since 2001. Now, however, after the shocks of the last few years, the global economy is normalising, most of the imbalances are receding, with the loosening of bottlenecks on the supply side of goods, the reduction of commodity prices, although still above pre-crisis levels, and the improvement of the labour market in both Europe and the US, which is supporting household income and thus consumption and economic activity. The latter also benefits from falling inflation, which, in turn, paves the way for the reduction in interest rates, expected from mid-2024 onwards, due to global economic weakness. In fact, the Federal Reserve and the European Central Bank kept monetary policy rates unchanged again in December, consistent with the ongoing disinflationary process, although inflation remains under a “special watch” given its influence on the growth prospects of the US and Europe and the world economy in general.

The easing of imbalances, however, does not mean that 2024 will be free of problems; fragility factors remain, leading to expectations of weak growth in 2024 as well. These include the slowdown of the US economy observed in the latter part of 2023 due to the decline in consumption: here, the depletion of excess savings accumulated during the pandemic is in fact taking away from the demand of American households. The Eurozone has been in the doldrums for a year now, with Germany, once the strongest economy in the area, now appearing to be among those in greatest difficulty. Added to this are the Chinese difficulties related to tensions in the real estate market and the limited effectiveness of the measures put in place to revive economic activity. The uncertainty associated with next year's political elections, from the US presidential elections to those for the renewal of the European Parliament to those, again, in India and Taiwan, will also affect the decisions of economic operators. Other clouds on the horizon are those hanging over the commodity markets; while the international price of Brent crude remained unexpectedly around USD 80 per barrel, thanks to Saudi Arabia's substantial supply and copious US production, a possible intensification of the bombing of ships in the Red Sea could make their passage through the Suez Canal more risky, with possible upward effects on transport costs and oil prices.

As for the price of gas in Europe, high stocks and abundant supply have kept it around Euro 40 per megawatt-hour, but the risk remains that a harsh winter and especially the possible involvement or deployment of other countries in the conflict in the Middle East could temporarily increase supply difficulties and/or create price tensions. With regard to international agricultural commodity prices (essentially stable since the summer), the effects of the Nino on harvests in Latin America, India and some African countries will have to be assessed. On the other hand, metal prices in US dollars, although rising slightly since the summer, are not of great concern given the slowdown in the Chinese economy, although an acceleration in demand, e.g. related to investments for the energy transition, could again push up the prices of some metals.

But it is mainly the dynamics of world trade that highlight the widespread weakness of the economy, and specifically the fragility of domestic demand in the various regions. Projected to contract by 0.6 % in 2023, world trade is expected to return to growth at a rate of 2.2 % in 2024, with profound differences among the world's major economic areas. Considering the latter, the aforementioned slowdown in the US economy observed in the latter part of the year can be traced back to weaknesses identifiable both in the growth pattern of household consumption and in the difficulties still plaguing the residential market, although the low point seems to have been passed.

On the consumption front, it is mainly the lower income classes that suffer from the loss of purchasing power resulting from high inflation triggered by rising energy and food prices. If, on the one hand, the resilience of the labour market can continue to support household income, as has been the case up to now, on the other hand, the depletion of the “tesoretto” (deposit account for savings and investment plans) accumulated during the pandemic that had allowed a continuous reduction in the propensity to save, and thus supported demand, is bound to affect consumption in the year to come, leading to less favourable conditions for the growth of this expenditure item.

Finally, as far as the Eurozone is concerned, the weakness that until mid-2023 seemed to characterise Germany in particular has since spread to other countries in the area, further worsening the already bleak growth prospects. In 2023 EMU growth will not go beyond 0.5X% and in 2024 it will fall further, to +0.4 %. The expiry of the measures taken to tackle the energy crisis and combat household impoverishment, together with the need to put public finances back on a more sustainable pat– in the absence of new shocks – leaves little room for initiatives to support economic activity on the part of fiscal policy, not to mention that the effects of monetary restraint on private consumption and investment will continue to manifest themselves, and are likely to intensify. Also in Europe, as in the US, the resilience of the labour market will make a positive contribution to household income formation, but unlike in the US, European households are characterised by a higher propensity to save than pre-pandemic households, suggesting the possibility of relatively weak private consumption even in the first half of 2024, with two consequences: less upward pressure on prices on the demand side, but also expectations of a lower pace of growth. This, together with the weak growth of other trading partners, will result in more cautious capacity expansion decisions by companies and thus in a brake on growth. As for price trends, lower consumption suggests a faster decline in inflation, which will be 2.2% in 2024, compared to +5.4 % in 2023.

As regards Italy, in particular, the economy is experiencing a year-long stalemate: Prometeia's estimates show a slight contraction in GDP in the fourth quarter of 2023 (-0.1%), mainly due to the slowdown in consumption (crushed by inflation) and investments (slowed down by uncertainty and high financing costs), while on an annual basis growth of 0.7% is confirmed. Assuming no further international shocks, Prometeia forecasts a GDP growth of +0.4% in 2024, more pessimistic than the estimates of Istat (+0.7%) and the Bank of Italy (+0.6%) for the same period. In our view, these forecasts, in particular those of Prometeia, may turn out to be far too pessimistic, in view of the fact that Italy could take advantage of the NRRP boost. However, in order for economic growth to be balanced, the problem of public debt, which has risen by about 6 percentage points since 2019, will have to be addressed; over the same period of time, debt, which in 2019 was 1.5% of GDP, is likely to be 5.3% in 2023. Our public accounts will therefore have to face a forced process of debt reduction, and from this perspective, the experts underline that the Budget Law for 2024, approved at the end of December, presents several problematic aspects, as it was opted to allocate the resources freed up by the end of the support for the high energy price to expansionary measures, financing them mostly through deficits. If the deficit is not reduced and the decision on how to find permanent resources to finance the cuts in the tax wedge in favour of lower and middle incomes is postponed until the end of 2024, the situation for Italy could degenerate, with the risk of even incurring warnings issued by the European Commission.

Our country's potential growth will also be affected by the return profile of inflation, which has been very steep in Italy in recent months, falling from over 5% in the summer months to 0.7% in November. This decline should not be misleading, however, as it is largely due to so-called base effects, i.e. the fact that the sharp increases in energy prices in the autumn of 2022 now make the year-on-year comparison favourable; in addition, the rise in energy costs at the end of the year has fuelled fears that the disinflationary momentum may be coming to an end. Added to this is the problem of the permanently higher price of many fresh food products, which has severely affected households with the lowest incomes, especially now that the various support instruments have come to an end. It is therefore to core inflation, estimated at 2.5% in 2024, that most attention will have to be paid in the coming months to see whether it will actually converge steadily to the target of 2% in 2025. This will lead to an easing of monetary policy, which will have a positive impact on the financial conditions of households and companies: bank lending rates will fall from the 5.5% peaks reached in the winter months to the 4.7% expected by the end of 2024; the strong reallocation of financial portfolios towards bonds will also end, favouring consumption and investment in real assets once again.

In the oil markets, the average price of Brent crude showed a contraction of 16.8% year-on-year, from USD 98.8/bbl in 2022 to USD 82.2/bbl in 2023. The reduction in prices from 2022 levels came in a context of uncertainty about the outlook for global demand, as well as of the reduced impact on markets of the international sanctions imposed on Russia, in light of the reorganisation of global oil market flows. Moreover, the growth in supply from countries not participating in the OPEC+ alliance almost entirely met the increase in world demand. Brent prices declined in the first quarter, impacted by an uncertain global macroeconomic environment characterised by persistently high inflationary pressures and the restrictive monetary policies of the major central banks. The import ban on refined products from Russia, which came into force in February in addition to the one already in place on crude oil, did not have a significant bullish effect on the European market, thanks to the growth of imports from the US and the Middle East. In March, concerns about tensions in the financial system further contributed to negative expectations about the economic recovery and demand developments. Oil prices then showed a significant recovery in April, following OPEC+ announcement of production cuts of 1.16 million barrels per day, in addition to the more than 2 million already in place. The policy of production restrictions was then extended at the summit in early June throughout 2024.

In the second half of the year, prices were supported by the voluntary cuts announced by Saudi Arabia and Russia of one million barrels per day and 300,000, respectively. In September, the extension of these voluntary reductions until the end of the year further supported oil prices, which rose to their highest level of the year, exceeding USD 90 per barrel. Prices also rose in those months as a result of an improved economic outlook in China, where the government adopted several fiscal and monetary stimulus measures. In October, the outbreak of the conflict between Israel and Hamas caused an initial jump in prices, mainly driven by fears that the conflict would spread to involve Iran. In fact, although Israel is not a significant oil producer, the entire Middle East region is responsible for about one third of the global supply, and the Strait of Hormuz, which divides Iran and the Arabian Peninsula, is a crucial point for international trade in oil products. In the following weeks, however, the bullish trend lost momentum following the realisation that the war in the Middle East did not involve a reduction in oil flow, in addition to prevailing concerns about demand.

In the latter part of the year, prices therefore fell back to below USD 80 per barrel. With reference to the price scenario as at 31 December 2023, the 2023 average listing of the time weighted average (TWA) of the single national price (the “PUN” in Italy), came in at 127.2 Euro/MWh, a decrease of 58.1% compared to the figure relating to the previous year (304.0 Euro/MWh). The decline in prices compared to 2022 was mainly driven by the marked drop in thermoelectric generation costs and took place against a background of decreasing electricity consumption, impacted by the slowdown in economic growth. The increased contribution of renewables in the generation mix further contributed to the declines. Looking at the monthly trend of the PUN, prices showed a downward trend during the first six months of the year, only to show a limited rise in the summer quarter. After an increase in October, the PUN fell again in November and December. Weak gas market fundamentals and temperatures that were above the seasonal average during the last months of the year led to the contraction observed in the last two months of the year. As a result, in Q4 2023 the average PUN was Euro 123.8/MWh, a decrease of 49.2 % on a trend basis and up 9.4 % compared to the previous quarter. Throughout 2023, prices were well below the levels reached the previous year, with the lowest PUN value of the year reached in June, when it stood at a monthly average of Euro 105.3/MWh, the lowest value since summer 2021. The most significant annual deviation occurred in August with a contraction of 79.4%, due to the historical peak reached in the same month last year. Electricity demand was lower than last year in the first three quarters of the year, while an increase was observed in the fourth quarter. During 2023, there was an acceleration of photovoltaic and wind power installations in Italy, with the country aiming to achieve 65% renewable generation in the production mix by 2030. In addition, an increase in rainfall was observed from May onwards, which brought reservoir levels back in line with the average observed over the previous five years, allowing hydroelectric generation to resume. Quotations were also affected by the significant improvement in the available capacity of the French nuclear park compared to the very low values of 2022. As a result, import flows into Italy, especially from France and Switzerland, increased. The combination of the factors described has led to less production by thermal power plants, contributing to price declines. During 2023, the F1, F2 and F3 hour groups, as well as the peak and off-peak bands, recorded almost similar decreases, around 58%, compared to the previous year. In particular, the off-peak range decreased by 57.5% and the peak range by 59.0%. As far as zonal prices are concerned, a significantly downward trend was recorded in 2023, consistent with what has been described so far, with the most significant contractions recorded in the North (-58.5%) and North Central (-58.2%) compared to what has been observed in the other zones (-57.5% on average), given the increase in imports at the northern border.

Following the drop seen during 2022, natural gas withdrawals in Italy in 2023 showed a further decrease compared to the previous year, with total consumption amounting to 63.1 billion cubic metres (-8.4%), down almost 6 billion cubic metres compared to 2022 and more than 13 billion cubic metres compared to 2021. In addition to mild temperatures that weighed on civil consumption, total demand was down mainly due to the thermoelectric sector, which recorded the largest losses. The marked contribution of renewables, the improved hydrological balance and high electricity imports from Italy's neighbouring countries compressed the space for gas in the Italian energy mix, leading to a significant drop in thermoelectric consumption compared to last year (-16.1% or -4.1 billion cubic metres). The services and civil sector, affected by mild temperatures especially in the first quarter of 2023, recorded a decrease of 2.1 billion cubic metres compared to 2022 (or -7.4%). Industrial consumption, on the other hand, have limited losses thanks to an evident recovery since August, closing 2023 at 11.4 billion cubic metres (-4% vs. 2022 or -0.5 billion cubic metres). The fourth quarter ended even compared with the fourth quarter of 2022. The negative deltas recorded in the thermoelectric (-0.6 bcm) and “consumption and system losses” (-0.2 bcm) sectors, which also includes exports, were offset by the positive deltas recorded in the industrial and civil sectors, which showed increases of 0.2 bcm (closing at 2.9 bcm) and 0.6 bcm (closing at 8.4 bcm) respectively. The thermoelectric area still appeared squeezed by the contribution of renewables, heavy rainfall and high flows from abroad.

As far as supply sources are concerned, in 2023 it is worth mentioning the further collapse of Russian gas imports from Tarvisio (totalling 2.5 bcm compared to 11 bcm in 2022 and an average of 29.2 bcm in the 2017-2021 period) and the increase in LNG imports (16.3 bcm, +2.1 bcm compared to 2022) also thanks to the start-up of the new regasification terminal in Piombino. Overall, in 2023, the sources of supply recorded:

- domestic production down by 0.3 bcm, or -10% compared to 2022 (2.8 bcm in 2023 vs. 3.1 billion cubic metres in 2022);
- gas imports significantly down by 8 billion cubic meters (+12% compared to 2022);
- Inflow storage balance of about 0.3 billion cubic meters.

COMPANY ACTIVITIES

Firstly, it should be noted that 2023 is the second year of application of the Group's consolidated financial statements, which have been prepared in accordance with the EU IFRS in force at the date of their approval.

The Alto Garda Servizi S.p.A. Group operates mainly in the Alto Garda area and carries out the following activities:

- electricity and gas distribution;
- distribution and sale of heat to customers connected to the district heating network in the Municipality of Riva del Garda (TN), Predaia (TN) and Ledro (TN);
- electricity production;
- management of the integrated water cycle in the Municipality of Riva del Garda;
- management of public lighting;
- management of optical fibre network;
- production and sale of pellets;
- design services, engineering and ESCO activities;
- installation and maintenance of heating, plumbing, electrical and home automation systems;
- management of heat services.

REGULATORY FRAMEWORK OF REFERENCE

As already mentioned, the Group 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 Group 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 Group, 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 2023 distribution and metering tariffs continued 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).

On 27 December 2023, the Autonomous Province of Trento published the call for tenders for the assignment of the service concession for the distribution of natural gas in the single provincial area of Trentino.

The deadline for submitting bids is 19 July 2024 and the changeover to the new operator will take place with effect from 1 January 2026.

Electricity sector

In 2023, 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. As of today, ARERA has published the final tariffs for the year 2018 and the tariffs for subsequent years are pending.

District heating sector

The distribution of heat through the district heating network carried out in the Riva del Garda area, concerns 312 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.

The distribution of heat via the district heating network in the Predaia (TN) area concerns about 197 customers, while in Tiarno di Sopra (TN) it concerns 15 customers.

Pellet sector

During 2023, the company Ledro Energia Srl continued the production of pellets, i.e. fuel derived from an industrial process of defibration and pressing of wood residues (sawdust), characterised by a low moisture content.

Ledro Energia aims to valorise the resources of the Ledro Valley area through the development of an activity capable of producing and marketing certified, high quality pellets.

Along with these activities comes cogeneration, which, through the combustion of wood chips, heats water with the aim of providing district heating and producing electricity.

Design, engineering and ESCo sector.

Through the acquisition in 2020 of 51% stake in the company Stea Progetto, the control of the company passed to Alto Garda Servizi AGS S.p.A.. Stea Progetto focuses its core business on design and energy efficiency activities. The types of customers it caters for are both private individuals and public bodies. In 2023, the company's organisation focused on energy requalification concerning the 110% superbonus and this was made possible by the experience gained and the increase in staff specialised in energy requalification and beyond. At the end of 2023, the workforce consisted of 25 employees. The company also acts as an ESCo by carrying out energy analysis of plants and buildings, verifying their compliance with current regulations and studying the feasibility of adoptable solutions to improve energy efficiency.

Installation and maintenance of plumbing, electrical and home automation systems and heat service.

At the beginning of 2022, AGS S.p.A. acquired a majority stake in Gruber Srl, a company that focuses its core business in the area of technological and energy systems. The Group thus strengthens its new business area in the field of energy efficiency, understood as post-contractor interventions, customer services, energy management of buildings/plants through “heat service” contracts and the associated maintenance, home automation, remote control and remote management services.

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 value of production reported in the financial statements is Euro 44.2 million, up Euro 7.7 million from the Euro 36.5 million in 2022 incurred by the superbonus legal activities.

Electricity sector

In 2023, transited energy was down by 1.5% compared to the previous year. Turnover from distribution increased due to the rise in the distribution tariffs while margins are constrained by the revenues based on the number of meters installed and the amount of the investments made, which remained stable.

Gas sector

In 2023, gas demand creased by 14.5% compared to the previous year and 34.3 millions cubic metres. Similarly to the electricity sector, the gas sector also has a revenue constraint based on the number of installed meters and the amount of investments made compared to 2023.

Water sector

In 2023, quantities in the water sector were in line with the previous year, while revenues increased due to the rise in water and sewerage service tariffs.

District heating sector

In 2023, there was a significant decrease in revenue due to the reduction in tariffs, which are directly related to natural gas price trends.

Pellet segment

In 2023, the Group produced around 6,300 tonnes for a turnover of Euro 1,862,567.

Design, engineering and ESCo.

In 2023, design activities amounted to Euro 5,362,323, of which Euro 4,210,980 relate to the 110% superbonus.

Installation and maintenance of plumbing, electrical and home automation systems and heat service.

In 2023, the activities of the plumbing and heating installation and maintenance segment amount to Euro 18,608,686, supported by the application of the 110% superbonus.

Other revenues

Other revenue increased compared to the previous year due to the new parametric equalisation system for electricity distribution revenue.

The remainder mainly refer to public lighting services, both ordinary and extraordinary maintenance activities and services related to optical fibre.

Costs

As far as production costs are concerned, their overall trend was affected by the activities related to the 110% superbonus.

INVESTMENTS

Investments made in 2023 amounted to Euro 2,941 million compared to Euro 1,760 million in the previous year. Investments are detailed in the following table and described by sector.

values in Euro thousands	2023	2022
electricity service	1,088	401
gas service	75	152
water service	78	45
district heating	705	1,024
fibre optics	30	-
Others	965	138
Total	**2,941**	**1,760**

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 2023 amounted to Euro 1.088 thousand compared to Euro 362 thousand for the substitution of meters from 1G to 2G.

In 2023, the Group continued activities to improve the electricity infrastructure through a series of work on medium and low voltage networks and stations.

Electricity network		**2023**	**2022**
Medium-voltage networks	km	86	87

Low-voltage networks (*)	km	308	306
Total meters	no.	16,339	16,103

* including connections of users

Methane gas sector

Distribution is performed in the Municipalities of Riva del Garda, Arco, Dro and Tenno. Investments in the natural gas sector totalled Euro 75 thousand and refer to new connections.

Gas network		**2023**	**2022**
Medium-pressure networks	Km	36	36
Low-pressure networks *	km	132	132
Total meters	no.	16,193	16,437

* 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.

Water network		**2023**	**2022**
Network extension	km	103	103
Total meters	no.	11,143	11,095

District heating sector

In 2023, resources were invested for Euro 705 thousand mainly regarding new connections and arrangement of road sections.

District heating network		**2023**	**2022**
Network extension	km	35.7	35.3
Total customers	no.	524	499

Fibre Optics

In 2023, no investments of Euro 30,000 were made.

Optical fibre network		**2023**	**2022**
Network extension	km	73	71
Total customers	no.	111	108

Public lighting

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

Public lighting network		**2023**	**2022**
Poles	no.	6,343	6,355
Light points	no.	7,289	7,256

Joint investments

The so-called common investments, amounting to Euro 965 thousand, refer for Euro 128 thousand to AGS's new software for managing 2G meters, for Euro 101 thousand to investments in mapping and remote control systems to increasingly automate interventions and remote controls, Euro 587 thousand to Ledro, Euro 140 thousand to Gruber Srl, and Euro 9 thousand to STEA Progetto Srl.

HUMAN RESOURCES

At 31 December 2023, the Group had 138 employees.

The breakdown of personnel by category is as follows:

	31.12.2023
Managers	1
White collars	83
Blue collars	54
Totals	**138**

Labour costs in 2023 amounted to Euro 7,209 million, an increase compared to Euro 6,545 million in 2023. As in previous years, regulatory obligations and the Group'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 were no accidents at work in 2023.

ECONOMIC AND FINANCIAL RESULTS

The Group closed the year 2023 with a net profit of Euro 6,104,323 compared to Euro 9,595,590 in the previous year.

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

Index	Formula	2023	2022
ROE	Net Result / Equity	8.66%	14.50%
ROI	Operating Result / Total Assets	5.46%	6.04%
EBITDA (€)	Earnings Before Interest, Taxes, Depreciation and Amortisation	11,670,521	9,174,934

ROE (Return On Equity) in 2023 was 8.66%, down from 2022 (14.50%), while ROI (Return On Investment) in 2023 was 5.46% compared to 6.04% in the previous year.

EBITDA increased in 2023 compared to 2022, mainly due to the superbonus business.

BALANCE SHEET

The Group has a solid and balanced financial situation.

Fixed assets account for 46% of Total Assets and are fully covered by shareholders' equity. In order to better understand the Group's balance sheet structure, an analysis is provided below through the indices and margins considered most significant.

Index	Formula	2023	2022
Debt and equity to asset	(Shareholders’ Equity + Consolidated Liabilities) / Long-term Capital	171.13	126.05
Financial autonomy	(Current Financial Liabilities + Consolidated Financial Liabilities) / Shareholders’ Equity	53.38	20.13
Loan rigidity	Fixed Capital / Total Assets	58.47	60.16

The Group 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 Group’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 Group has covered the fixed asset items with resources that have the same time horizon. The Group presents an index of 171.13%, an increase on the 126.05% recorded for 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 Group 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 Group in difficulty to repay the debt capital. The index has a value of 53.38% compared to 20.13% of the previous year. The increase is due to investments of more than Euro 17 million in the production of electricity from renewable sources through the associated company Kairos Alps S.r.l., see Significant Events.

The loan rigidity ratio relates long-term capital and total assets at year-end. The index allows understanding whether the structure of the Group is consistent with the type of business in which it operates, or whether it has anomalies. In 2023, the Group had a value of 58.47% compared to 60.16% in 2022.

Outlook

The business development from an economic point of view predicts a decrease in revenue for the financial year 2024 due to the discontinuation of the superbonus activities. Despite this, the 2024 budget, approved by the Parent Company's Board of Directors, forecasts a positive result on both the economic and financial side.

INCOME STATEMENT

(values in Euro thousands)

	2023	%	2022	%
production value	44,178	100.00	36,483	100.00
production cost	(25,298)	(57.26)	(20,763)	(47.00)
added value	**18,880**	**42.74**	**15,720**	**53.00**
personnel cost	(7,209)	(16.32)	(6,545)	(14.82)
gross operating margin	**11,671**	**26.42**	**9,175**	**20.77**
amortization, depreciation, write-downs and allocations	(4,235)	(9.59)	(3,070)	(6.95)
net operating margin	**7,436**	**16.83**	**6,105**	**13.82**
financial operations	587	1.33	5,227	11.83
pre-tax result	**8,023**	**18.16**	**11,332**	**25.65**
taxes	(1,919)	(4.34)	(1,736)	(3.93)
net result	**6,104**	**13.82**	**9,596**	**21.72**

BALANCE SHEET

(values in Euro thousands)

	2023	%	2022	%
Fixed assets	79,699	58	60,824	60
Current assets	56,610	42	40,280	40
Invested Capital	**136,309**	**100**	**101,104**	**100**

	2023	%	2022	%
Shareholders' Equity	70,528	52	66,193	65
Minorities' Capital	65,781	48	34,911	35
Financing Capital	**136,309**	**100**	**101,104**	**100**

OTHER INFORMATION

The Company availed itself of the option to convene the Shareholders' Meeting for the approval of the financial statements at the latest 180 days after the end of the financial year, since it is required to prepare consolidated financial statements.

Audit of the financial statements

The Group's consolidated financial statements are audited by BDO Italia S.p.A..

Publication of the Financial Statements

These financial statements will be published by the Directors in accordance with the law. The Group prepares its consolidated financial statements in accordance with IAS/IFRS as the holder of controlling interests in companies.

Research and development activities

The Group does not carry out research and development activities.

Treasury shares

As envisaged by Article 2428 of the Italian Civil Code, it is specified that at 31 December 2023, the Group owns 1,582 treasury shares. At 31 December 2023, subsidiaries and associated companies did not hold shares of AGS S.p.A. and did not purchase or sell such shares in 2023. In 2023, there were no issuances of dividend-bearing shares, bonds convertible into shares and other securities or similar instruments.

Significant events during the year

The Company renegotiated the bond issued on 15 July 2014 and listed on the regulated market managed by the Vienna Stock Exchange of a nominal value of Euro 5 million maturing on 30 June 2023 by extending the maturity date to 30 June 2033. The new amortisation plan provides for capital repayment instalments of Euro 3 million with first maturity on 30 June 2026 and the remaining Euro 2 million bullet on 30 June 2033. The company managed to revise the economic conditions downwards, bringing the spread to 285 bp.

On 23 January 2023, a fire occurred in the pellet production building of Ledro Energia Srl. It affected the sawdust silo, the control room and part of the pellet plant.

It should be noted that at the end of March 2023, the company Kairos Alps Srl, of which AGS S.p.A. holds 40% of the shares, was established; the other shareholders are ACSM Spa and FT Energia Spa with 40% and 20% of the shares, respectively. The company was established to identify investment projects on the domestic market for the development and operation of plants for the production of energy from renewable sources. During 2023, Kairos Alps Srl concentrated on researching and evaluating projects to be developed or already operational, both in the photovoltaic and wind power sectors, with the support of its partners.
More in detail, at the end of June 2023, Kairos Alps successfully completed the purchase of 100% of the capital of Open Piemonte S.r.l., after a negotiation that had already begun in the autumn of 2022 by the Shareholders, through the release of a period of exclusivity by the promoter of the initiative, which allowed

the Due Diligence activity to proceed. Following a positive assessment and subsequent negotiation of contractual agreements, the purchase of the entire capital of Open Piemonte S.r.l., a company that holds a single authorisation for the construction of a photovoltaic park in the municipality of Alice Castello (VC) with a total installed capacity of 16.2 MW, divided into two plants of equal capacity, was completed. In August 2023, the Company negotiated and signed a contract for the construction of the plant and its connection to the medium-voltage electricity grid, to be completed in the next 12 months, allowing the energy produced by the plant to be fed into the grid as early as the beginning of August 2024. Kairos Alps S.r.l. fully financed the acquisition of the capital of Open Piemonte S.r.l. through resources contributed directly by the Shareholders, while it subscribed to a mortgage bank loan of up to Euro 12,500,000 to complete the construction of the photovoltaic plant, scheduled in its entirety for the end of July 2024. At the end of December 2023, the progress of the plant was 40%, while at the date of this report, the progress was about 70%.

Moreover, in spring 2023, Kairos Alps S.r.l. took part in a competitive process aimed at winning the shares of Eco Puglia Energia S.r.l., owner of two wind farms in the province of Foggia, with a total capacity of 27.5 MW. The plants are located in the municipality of Troia, with a capacity of 15.75 MW, and in the municipality of Foggia, at Montecalvello, with a capacity of 11.75 MW. The company has subsequently involved the Dolomiti Energia Group in order to share in the acquisition of 100% of the shares, proposing a subsequent demerger process in order to complete the direct assignment of a wind farm to each company during 2024. The plant optioned by Kairos Alps turns out to be the one located in the municipality of Troia, the largest in terms of power. In the course of 2023, a Due Diligence activity entrusted to primary advisers was started, which subsequently led to the negotiation of an investment agreement, with the acquisition of the shares of Eco Puglia Energia S.r.l. at the end of October 2023, after the incorporation of Kairos Wind S.r.l. based in Riva del Garda (TN), with a 57.27% stake held by Kairos Wind S.r.l. itself and 42.73% by Dolomiti Energia Wind Power S.r.l.

Conflicts impact

With regard to the Ukraine-Russia, and Israel-Palestine conflicts, in the analysis of the estimates and assumptions characterising the financial statements figures, the possible consequential effects were considered, without identifying any specific risks.

Privacy regulations

Following the entry into force of the European Union General Data Protection Regulation (GDPR), already in 2021, a revision of the relevant internal personal data processing procedure became necessary. A Data Protection Officer (DPO) has been appointed to coordinate, at the Group 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 Parent Company Alto Garda Servizi S.p.A.. 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 AGS has its registered office. All relations with the parent body have been stipulated at current market values.

The Group is committed to compliance with the containment measures established by the Memorandum of Understanding signed on 20 September 2012 by the Chair 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 Group 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.

Management and coordination activities

The Group 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.

MUNICIPALITY OF RIVA DEL GARDA

- BALANCE SHEET -

SUMMARY			
ASSETS		**LIABILITIES**	
ITEMS	**31.12.2022**	**ITEMS**	**31.12.2022**
A - RECEIVABLES FROM SHAREHOLDERS		A - SHAREHOLDERS' EQUITY	214,457,959
B - FIXED ASSETS		B - PROVISIONS FOR RISKS AND CHARGES	318,436
I - Intangible Intangible assets	637,966	C - TFR	534,541
II - Tangible assets	165,262,429		
III - Intangible assets	49,085,568		
C - CURRENT ASSETS		D - PAYABLES	8,254,924
I - Inventories	23,452		
II - Receivables	34,418,086	E - ACCRUALS AND DEFERRALS	36,568,618
III - Financial assets	-		
IV - Cash and cash equivalents	10,654,372		
D - ACCRUALS AND DEFERRALS	52,605		

TOTAL ASSETS	260,134,478		TOTAL LIABILITIES	260,134,478

- RECLASSIFIED INCOME STATEMENT -

SUMMARY	
DESCRIPTION	**31.12.2022**
A - OPERATING INCOME	29,999,816
B - OPERATING COSTS	(27,880,751)
DIFFERENCE	2,119,065
C - INCOME AND EXPENSES FROM SPECIAL AND INVESTEE COMPANIES	475,512
D - VALUE ADJUSTMENTS OF FINANCIAL ASSETS	(237,043)
E - EXTRAORDINARY INCOME AND EXPENSES	1,982,057
F - TAXES	(450,485)
ECONOMIC RESULT FOR THE YEAR	3,889,106

Law 124/2017

Pursuant to Article 1, paragraphs 125 et seq, of Law 124/2017 (so-called annual law for the market and competition), as redrafted by Article 35 of Decree-Law no. 34/2019 (Growth Decree), please refer to the consultation of the National Register of State Aid, "Transparency" section, in order to view any grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and without consideration, remuneration or compensation, actually disbursed by the public administrations as well as by the entities referred to in Article 2-bis of Legislative Decree No. 33/2013 in the financial year 2023.

Transactions with associated companies

The associated company Alto Garda Power S.r.l., with registered and operational office in Riva del Garda, supplies the heat necessary for the supply of district heating to customers connected to the Riva del Garda network. All contracts are stipulated at market conditions.

RISK MANAGEMENT

Risk Management: credit management objectives and policies

The Group 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 Group has adequate credit lines to meet liquidity needs and has structured medium/long-term credit lines, both in the form of loans and bonds, also secured 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.

	At 31 December 2023		
		Maturity	
	Within 1 year	Between 1 and 5 years	Over 5 years
Trade payables	6,640,989		
Payables to banks and other lenders	8,535,750	24,266,669	4,845,636
Other payables	7,226,975	2,593,807	2,796,315
TOTAL	**22,403,714**	**26,860,476**	**7,641,951**

Interest rate risk

Interest rate risk is understood as the possibility that fluctuations in the cost of money will have an impact on the value of borrowing costs originating from variable-rate debt. This risk is closely monitored by the Group, which has structured the debt with a time horizon in keeping with its own cash flows. The Group is subject to the risk of fluctuations that may occur in the evolution of interest rates. Interest rates, income and expense, are variable and therefore tied to market performance.

Credit risk

The Group's customers are mainly wholesalers of electricity and methane gas and, as regards district heating/water/pellet/design/building site, mainly 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 Group makes use of its structure for the analysis of regulations and relations with the ARERA.

Concession tender risk

The Group 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 Group’s activities.

Climate change risks

Climate change has always characterised and affected the history of our planet, but the global warming we have been witnessing for about 150 years is anomalous, because it is triggered by man and his activities.

The consequences of the still ongoing climate changes have resulted in the already noticeable global warming, with significant reductions in glaciers and an increase in extreme weather events. Climate change is becoming more and more of a climate crisis, because the climate has always changed, but not so fast and not with such a rigid and complex infrastructure as the cities and the production system to which the most industrialised countries are accustomed.

As evidenced by the numerous studies and publications in the scientific literature, the effects of climate change predicted for the thermo-pluviometric system will alter the availability of water resources, altering the extent and seasonality of runoff in surface watercourses. As far as the situation in Trentino is concerned, detailed hydrological studies have shown that there will be a substantial invariance in the amount of annual cumulative precipitation over time, with very limited variations in precipitation intensity, thanks to the continuing effectiveness of the convective phenomena that will be generated due to the Alpine orography.

Temperature and evapotranspiration will increase more in the long term than in the medium term: estimates assume an average increase of 1 °C in the short term (2025-2040) and 2 °C in the long term (2041-2060).

Operational Risks

The Group has also identified the following main operational risks:

- Risks arising from entering into partnership agreements and joint ventures to manage new entities and businesses, where management is not exclusive and may lead to significantly different results than expected;
- Risks related to seasonality and weather conditions, the variability of which can significantly affect heat demand;
- Risks related to the concentration of business mainly in the Province of Trento and therefore the strong influence that the economic conditions of the reference geographical area may have.

Occupational health and safety

The Group, which has always been focused on 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 compliance with the regulations in force on the subject, but also 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 Group’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 Group has also independently adopted a number of instruments, listed below:

- Transparency Manager (RPT - Responsabile per la Trasparenza): the company AGS 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.
- 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.
- The AGS Board of Directors therefore proceeded to appoint both the Transparency Officer and the Corruption Prevention Officer, combining both roles in the position of General Manager. This is in line with Art. 1, para. 7 of Law 190/2012, which provides for the appointment of a single person as *“Head of Prevention of Corruption and Transparency'* (RPCT - *Responsabile della prevenzione della corruzione e della trasparenza*)”. This appointee has all the necessary powers to operate effectively and independently.
- The measures aimed at fulfilling transparency obligations and anti-corruption measures are contained in a single document called the “Three-Year Plan for the Prevention of Corruption and Transparency” (PTPCT - Piano triennale per la prevenzione della corruzione e della trasparenza) as an internal organisational and regulatory document within the Company, aimed at the pursuit of lawfulness in the activities carried out and the proper performance of services towards users, as well as a valid complement to the provisions of Model 231, which is kept updated by the PTPCT.
- It is noted that pursuant to Article 20 of Legislative Decree no. 39 of 8 April 2013, concerning provisions on the non-conferability and incompatibility of offices, AGS has undertaken 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.
- Model 231: AGS has 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.
- Whistleblowing: AGS, as already expressly provided for in the Penalty System of Model 231 and in the Code of Ethics, protects individuals who make reports of offences and violations of the Three-Year Plan for the Prevention of Corruption and Transparency and of the prevention measures indicated therein.
- Reports of violations and offences made in the cases provided for by the Legislative Decree. 24/2023 shall be processed in a manner that guarantees the confidentiality of the identity of the whistleblower and in no case may it give rise to any form of retaliation or discrimination, direct or indirect, against the whistleblower. To this end, the Company has used a web portal, where reports are entered, suitable for meeting the requirements set forth by the law and the ANAC Guidelines and has updated the specific "Procedure for the management of reports ("Whistleblowing")", already adopted at the time in compliance with Law 179/2017. Since the Company is not required by law to appoint the RPCT, which has been retained as the PTPCT on a voluntary basis, the prerequisites are not met for the RPCT to be mandatorily entrusted with the tasks and responsibilities for managing the reporting channels.

  Instead, in compliance with the ANAC Guidelines No. 311/2023, the Company has deemed it appropriate and reasonable to entrust these tasks to the Supervisory Board pursuant to Legislative Decree No. 231/01.
- Management Control: the Group has implemented and adopted adequate reporting for the planning, control and measurement of the performance.

CONSOLIDATED BALANCE SHEET

Non-current assets		**31/12/2023**	**31/12/2022**
Property, plant and equipment	7.1	44,557,197	44,456,034
Intangible assets	7.2	3,688,361	3,900,504
Equity investments	7.3	11,828,019	10,545,482
Non-current financial receivables	7.4	17,623,357	88,571
Deferred tax assets	7.5	2,002,003	1,833,201
Total non-current assets		**79,698,937**	**60,823,792**
Current assets			
Inventories	7.6	3,190,047	3,718,635
Trade receivables	7.7	30,261,467	21,913,659
Receivables from parent and associated companies	7.8	1,410,922	2,600,140
Current tax receivables	7.9	13,242,394	2,531,755
Other current assets	7.10	4,252,368	4,959,077
Cash and cash equivalents	7.11	4,253,343	4,557,109
Total current assets		**56,610,541**	**40,280,375**
Total Assets		**136,309,478**	**101,104,167**

Shareholders' Equity			**31/12/2022**
Share Capital	8.1	23,234,016	23,234,016
Reserves	8.1	39,649,222	32,160,701
Net result of the year	8.1	5,042,465	8,947,200
TOTAL GROUP SHAREHOLDERS' EQUITY		**67,925,703**	**64,341,917**
Capital and reserves of third parties	8.1	1,540,629	1,202,981
Third party profit/(loss)	8.1	1,061,858	648,390
TOTAL THIRD PARTY SHAREHOLDERS' EQUITY		**2,602,487**	**1,851,371**
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY		**70,528,190**	**66,193,288**
Non-current liabilities			
Non-current financial payables	8.2	29,112,305	5,145,504
Employee benefits	8.3	1,692,310	1,518,473
Provisions for risks and charges	8.4	1,410,461	1,324,461
Deferred tax liabilities	7.5	59,796	62,743
Total non-current liabilities		**32,274,872**	**8,051,181**
Current liabilities			
Current financial payables	8.5	8,535,750	8,179,702
Trade payables	8.6	6,640,989	5,177,548
Payables from parent and associated companies	8.7	1,745,776	1,793,221
Tax payables	8.8	3,966,804	2,226,317
Other current payables	8.9	12,617,097	9,482,910
Total current liabilities		**33,506,416**	**26,859,698**
Total Liabilities		**65,781,288**	**34,910,879**
Total Liabilities and Shareholders' Equity		**136,309,478**	**101,104,167**

CONSOLIDATED INCOME STATEMENT

Figures in Euro	Notes	31.12.2023	31.12.2022
Revenues from sales and services	9.1	38,604,496	32,334,461
Other revenues and income	9.2	5,573,856	4,148,259
Total operating revenues and income		**44,178,352**	**36,482,720**
Cost of raw materials, consumables and goods	9.3	7,587,206	8,934,249
Costs for services	9.4	16,741,881	10,549,641
Leasehold improvements	9.5	588,347	566,150
Personnel costs	9.6	7,208,893	6,544,889
Amortisation/Depreciation of fixed assets	9.7	2,735,518	2,595,407
Provisions and write-downs	9.8	1,499,216	474,749
Other operating expenses	9.9	1,294,956	1,216,116
Capitalised costs for internal works	9.10	-913,452	-503,259
Total Operating costs		**36,742,565**	**30,377,942**
GROSS OPERATING PROFIT (LOSS)		**7,435,787**	**6,104,778**
Income from equity investments	10	170,394	206,089
Write-down of investments	11	0	5,588
Financial expenses	12	1,308,471	1,465,552
Financial income	13	507,235	6,285,593
Income and expenses from investments - Equity method	14	1,218,537	206,200
RESULT BEFORE TAXES		**8,023,482**	**11,331,520**
Current and Deferred Tax	15	1,919,159	1,735,930
NET RESULT OF THE YEAR		**6,104,323**	**9,595,590**
of which Group		5,042,465	8,947,200
of which third parties		1,061,858	648,390

Comprehensive Income Statement		31.12.2023	31.12.2022
Result of the Income Statement		6,104,323	9,595,590
Amounts that will not be subsequently reclassified to profit/(loss) of the year		-81,048	66,139
Amounts that will be subsequently reclassified to profit/(loss) for the year			
RESULT FOR THE PERIOD		**6,023,275**	**9,661,729**

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in Euro	31-Dec 2023	31-Dec 2022
Pre-tax result	**8,023,482**	**11,331,520**
Adjustments for:		
Amortization, depreciation, write-downs and provisions	4,234,734	3,075,744
Result of investments valued with the equity method and other companies	-1,218,537	-206,200
Financial (Income)/Expenses	801,236	-4,820,039
Employee benefits	-92,149	7,294
(Gains)/Losses from disposal of assets	-	-
(Gains)/Losses on other assets	332,853	-
Fair value valuations	-	-
Dividends collected	-170,394	-206,089
Cash flow from operating activities before changes in net working capital	**11,911,225**	**9,182,230**
Increase/(Decrease) in employee benefits	173,837	308,791
(Increase)/Decrease in inventories	528,588	-652,191
(Increase)/Decrease in trade receivables	-8,347,809	-11,508,786
(Increase)/Decrease in other assets/liabilities and assets/liabilities for deferred tax assets/liabilities	-7,808,923	-2,893,480
Increase/(Decrease) in trade payables	1,463,441	902,469
Dividends received from other companies	170,394	206,089
Dividends received from associated companies	-	2,000,000
Financial income/(expenses)	-801,236	4,820,039
Use of provisions for risks and charges	0	
Utilisation of provisions for impairment of fixed assets	-29,243	-
Taxes paid	-997,130	-382,773
Cash flows from operating activities (a)	**-3,736,856**	**1,982,388**
Investments in intangible assets	-128,000	-8,040
Investments in tangible assets	-2,813,000	-1,751,960
Divestments of tangible assets	-	-
Divestments in equity investments	-	5,107,790
Net investments in equity investments	-64,000	-273,534
(Increase)/Decrease in other investment activities	-	-
Cash flow from investment/divestment activities (b)	**-3,005,000**	**3,074,256**
Financial payables (new issues of long-term loans)	27,050,000	-
Financial payables (repayments and other net changes)	-2,278,845	-2,487,991
Disbursement of loans to associated companies	-17,220,000	
Repayment of shareholders' loans	-	-
Purchase of treasury shares	-	-
Dividends paid	-1,113,065	-623,316
Cash flow from financing activities (c)	**6,438,090**	**-3,111,307**
Increase/(Decrease) in cash and cash equivalents (a+b+c)	-303,766	1,945,337
Cash and cash equivalents at the beginning of the year	**4,557,109**	**2,611,772**
Cash and cash equivalents at the end of the year	**4,253,343**	**4,557,109**

Statement of Changes in Shareholders' Equity

	Share capital	Legal reserve	Share premium reserve	Treasury shares reserve	Other reserves and retained earnings	Net result of the year	Total Group shareholders' equity	Total Third party shareholders' equity	Total Consolidated shareholders' equity
BALANCE AT 01 JANUARY 2022	**23,234,016**	**1,842,420**	**3,263,400**	**-200,000**	**24,593,640**	**3,238,216**	**55,971,692**	**304,894**	**56,276,586**
Transactions with shareholders:									
Dividend distribution	-	-	-	-	-623,316	-	-623,316	0	-623,316
Other changes			-	-	-102,000	-	-102,000	-98,000	-200,000
Share capital subscription	-	-	-	-	-	-	-	-	-
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-725,316**	**-**	**-725,316**	**-98,000**	**-823,316**
Allocation of the result for the year to the reserve	**-**	**154,758**	**-**	**-**	**3,083,458**	**-3,238,216**	**-**	**-**	**-**
Comprehensive result of the year:									
Net result	-	-	-	-	-	8,947,200	8,947,200	648,390	9,595,590
Application of IAS/IFRS	-	-	-	-	43,414	-	43,414	-21,834	21,580
Change in the scope of consolidation	-	50,820	451,350	-	-397,243	-	104,927	1,017,921	1,122,848
BALANCE AT 31 December 2022	**23,234,016**	**2,047,998**	**3,714,750**	**-200,000**	**26,597,953**	**8,947,200**	**64,341,917**	**1,851,371**	**66,193,288**
Transactions with shareholders:									
Dividend distribution	-	-	-	-	-1,113,065	-	-1,113,065	-	-1,113,065
Other changes	-	-	-	-	-292,858	-	-292,858	-237,273	-530,131
Share capital subscription	-	-	-	-	-	-	-		-
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-1,405,923**	**-**	**-1,405,923**	**-237,273**	**-1,643,196**
Allocation of the result for the year to the reserve	**-**	**450,579**	**-**	**-**	**8,496,622**	**-8,947,200**	**-**	**-**	**-**
Comprehensive result of the year:									
Net result	-	-	-	-	-	5,042,465	5,042,465	1,061,857	6,104,322
Application of IAS/IFRS	-	-	275,400	-	- 328,157	-	-52,757	-73,468	-126,225
Change in the scope of consolidation	-	-	-	-		-	-	-	-
BALANCE AT 31 December 2023	**23,234,016**	**2,498,577**	**3,990,150**	**-200,000**	**33,360,495**	**5,042,465**	**67,925,703**	**2,602,487**	**70,528,189**

Notes to the Financial Statements

1. GENERAL INFORMATION

The "AGS Group" or the "Group" manages activities in different business segments, which are summarised below:

O Electricity production and distribution;

O Gas distribution;

O Heat sale;

O Water cycle;

O Pellet production and sale;

O Plant design, engineering and ESCo;

O Installation and maintenance of plumbing, electrical and home automation systems and heat service;

O Other minor services.

The parent company 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 Ardaro 27.

At 31 December 2023, the share capital of the parent 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%
TREASURY SHARES		
TREASURY SHARES	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 and drafting of the Group's consolidated financial statements (the '"Consolidated Financial Statements"). 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 Group was required to prepare its Consolidated financial statements in accordance with IFRS.

The Consolidated financial statements have been prepared in accordance with the EU IFRS in force at the date of application without reservations on compliance.

The Consolidated 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 Consolidated 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 consolidated financial statements were approval by the Board of Directors on 20 May 2024.

2.2 FORM AND CONTENT OF THE FINANCIAL STATEMENTS

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

- the statement of consolidated equity and financial position presents both current and non-current assets and current and non-current liabilities separately;

- the consolidated 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 the International Accounting Standards, are recorded among the components of net shareholders'
equity;
- the consolidated 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 Group.
These financial statements have been drawn up in Euro.
The Consolidated Financial Statements are audited by BDO Italia S.p.A., the Independent Auditors of the Companies and the Group.

2.3 SCOPE OF CONSOLIDATION AND RELATED CHANGES

The Consolidated Financial Statements have been prepared on the basis of the financial statements of AGS and its subsidiaries, appropriately adjusted to bring them into line with the accounting standards of the Parent Company and IFRS.
In the financial year 2023, the scope of consolidation has not changed compared to the financial year 2022.

2.4 PRINCIPLES OF CONSOLIDATION

The criteria adopted by the Group to define the scope of consolidation and the related consolidation principles are shown below.

SUBSIDIARIES

Subsidiaries are those over which the Group exercises its control. The Group controls a company when it is exposed to the variability of the company's results and has the power to affect those results through the powers it holds over the company. Generally, the existence of control is presumed when the company holds, directly or indirectly, more than half of the voting rights, also taking into account any exercisable or convertible voting rights.

All subsidiaries are consolidated on a line-by-line basis from the date on which control was transferred to the Group. They are, however, excluded from consolidation from the date on which such control ceases.

The Group uses the acquisition method to account for business combinations. According to this method:

- the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for the control of the acquired company. Incidental transaction costs are recognised in the income statement when they are incurred;

- the identifiable assets acquired and liabilities assumed are recognised at fair value at the acquisition date; exceptions to this are deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments related to share-based payments of the acquired company or group-related share-based payments issued in lieu of contracts of the acquired company, and assets (or groups of assets and liabilities) held for sale, which are instead measured according to their reference principle;
- goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the value of equity attributable to non-controlling interests and the fair value of any previously held equity interest in the acquired company over the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets and liabilities acquired at the date of acquisition exceeds the sum of the consideration transferred, the value of any non-controlling interest in equity and the fair value of any previously held equity interest in the acquired company, that excess is recognised immediately in profit or loss as income arising from the transaction entered into;
- any contingent consideration under the business combination agreement is measured at fair value at the acquisition date and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill.

In the case of business combinations that occur in stages, the previously held equity interest in the acquired company is remeasured at fair value at the date control is acquired and any resulting gain or loss is recognised in profit or loss.

If the initial figures of a business combination are incomplete at the balance sheet date in which the business combination occurred, the group reports in its consolidated financial statements the provisional values of the items for which recognition cannot be completed. These provisional figures are adjusted during the measurement period to take into account new information obtained about facts and circumstances existing at the acquisition date which, if known, would have affected the value of the recognised assets and liabilities at that date.

2.5 VALUATION CRITERIA

GOODWILL

Goodwill is not amortised, but subject to an annual impairment test. Any impairment of goodwill is recognised if the recoverable amount of goodwill is less than its carrying amount. A reversal of goodwill is not permitted in the case of a previous impairment loss. The test is carried out at least once a year, or in any case when indicators of impairment are identified.

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 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.

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.

EQUITY INVESTMENTS

Investments in 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 shareholder receives the payment.

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 Group 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.

Work in progress is recorded according to the percentage of completion, defined on the basis of the contractually agreed work progress.

DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments (including embedded derivatives) are measured at fair value.

Derivative financial instruments may be accounted for in accordance with hedge accounting only when:

- at the beginning of the hedge there is the formal designation and documentation of the hedging report;
- hedging is assumed to be highly effective;
- effectiveness can be reliably measured;
- the cover itself is highly effective during the different accounting periods for which it is designated.

When derivative instruments qualify for hedge accounting, the following accounting treatments apply:

i) Fair value hedge – if a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of a recognised asset or liability, the change in fair value of the hedging instrument is recognised in profit or loss, consistent with the fair value measurement of the hedged assets and liabilities.

ii) Cash flow hedge – where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a transaction that is highly probable and could affect profit or loss, the effective portion of any gain or loss on the financial instrument is recognised in equity; the cumulative gain or loss is removed from equity and recognised in profit or loss in the same period in which the hedged transaction is recognised; the gain or loss associated with a hedge, or that part of the hedge that has become ineffective, is recognised in profit or loss when the ineffectiveness is established.

If the conditions for hedge accounting are not met, changes in the fair value of the derivative financial instrument are recognised in the income statement.

SECTORAL INFORMATION

Segment reporting has been prepared in accordance with the provisions of IFRS 8 “Operating Segments”, which requires reporting to be consistent with the manner in which management makes operating decisions. Therefore, the identification of the operating segments and the information presented are defined on the basis of the internal reporting used by management for the allocation of resources to the various segments and for the analysis of their performance.

An operating segment is defined in IFRS 8 as a component of an entity that: (i) engages in revenue- and expense-generating activities (including revenues and expenses relating to transactions with other components of the same entity); (ii) whose operating results are reviewed periodically at the entity's highest level of operational decision-making for the purpose of making decisions about resources to be allocated to the segment; and (iii) for which separate financial information is available.

The operating sectors identified by management, within which all services and products provided to customers converge, are identified with:

- Electricity production and distribution;
- Gas distribution;
- Heat sale;
- Water cycle;
- Pellet production and sale;
- Plant design, engineering and ESCo;
- Installation and maintenance of plumbing, electrical and home automation systems and heat service;
- Other minor services.

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, as instruments representing contributed capital, are deducted from 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.

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 Group 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 Group has transferred all the risks and charges relating to them.

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 Group'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 Group has the support of external 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.

GOVERNMENT GRANTS

Government grants are recognised at their fair value when it is reasonably certain that all conditions necessary for their receipt are met and that they will be received. Grants received for specific expenses are recognised as liabilities and credited to the Income Statement on a systematic basis over the periods necessary to offset them against related expenses.

Government capital grants, including non-monetary grants measured at fair value, are recorded as deferred revenue, which is recognised as income on a systematic and rational basis over the useful life of the asset.

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 the Group, 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 Group 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.

TAXES

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 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 Group, 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 Group'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 Group’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 Group'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.

f) Equalisation: the "equalisation" component is estimated to be an amount corresponding to the positive or negative difference between the revenues realised from end customers and the "constraint on permitted revenues" (VRT - Vincolo ai ricavi ammessi) determined in accordance with the ARERA resolutions updated at the date of preparation of the financial statements.

4. ACCOUNTING PRINCIPLES: HOMOLOGATED AND NOT YET HOMOLOGATED AMENDMENTS

4.1 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 2023

The accounting policies adopted are consistent with those used at 31 December 2022.
In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRSs effective from 1 January 2023 are set out below and briefly explained.

With effect from 1 January 2023, the following accounting standards and amendments to accounting standards, issued by the IASB and implemented, where applicable, by the European Union, are mandatorily applicable.

Amendments to IAS 1 "Presentation of Financial Statements"

The document published by the IASB Board includes amendments to the document "IFRS Practice Statements 2 - Making Materiality Judgements" that aim to provide guidance on how to apply the concept of "materiality" to the disclosure of accounting standards. In particular, the standard states that only "material" accounting policies and not all "significant" accounting policies should be described in the financial statements.
Information is material if, taken together with the other information included in the financial statements, it can reasonably be expected to influence the decisions made by the primary users of the financial statements. To assess the "materiality" of disclosures, it is necessary to consider both the amount of the transactions and their nature, thus considering both quantitative and qualitative factors.

Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments to IAS 8 clarify the distinction between changes in accounting policies and changes in accounting estimates. Accounting estimates are to be understood as monetary amounts that are material in the financial statements and present measurement uncertainties. Accounting estimates are made in order to achieve the objective of the accounting standard, as an accounting standard may require items to be valued using monetary amounts that cannot be directly observed and, for that reason, must be estimated through the use of valuations and assumptions based on the most recent, reliable information available. Furthermore, changes in accounting estimates resulting from new information should not be considered as corrections of misstatements.

Amendments to IAS 12 "Income Taxes: Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction"

The amendments clarify that the exemption from initial recognition no longer applies to transactions that give rise to taxable and deductible temporary differences of equal amount, reducing the scope of the exception. For transactions subject to the amendments, the related deferred assets and liabilities are required to be recognised at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings (or other components of equity) at that date. In addition, on 8 November 2023, by EU Regulation 2023/2468, published in the European Official Journal on 9 November 2023, the European Commission adopted amendments to IAS 12 that introduce a temporary exception to the accounting for deferred taxes related to the application of OECD Pillar II, and to disclosures. It is recalled that the OECD tax reform “Global anti-base erosion model rules” introduced a model to address tax issues arising from the digitisation of the economy. The Pillar II rules aim to cap tax competition by introducing an overall minimum tax rate of 15% in each jurisdiction where large multinational companies operate.

Amendments to IFRS 17 “Insurance Contract”.

IFRS 17 was issued in May 2017, replacing IFRS 4, with the aim of introducing a uniform valuation model for insurance contracts, defining their recognition, measurement and presentation criteria. To this end, the standard:

- introduces a single accounting model for all insurance contracts;
- requires the provision of up-to-date information in relation to the risks and performance of insurance contracts and obligations;
- improves the transparency of financial information.

With reference to the application of these standards, amendments and new interpretations, it should be noted that there was no impact on the Group's 2023 consolidated financial statements.

4.2 ACCOUNTING STANDARDS/INTERPRETATIONS COMPULSORILY APPLICABLE FROM FINANCIAL YEARS SUBSEQUENT TO 2023.

The following accounting standards, amendments to accounting standards and interpretations issued by the IASB and transposed by the European Union at the date of presentation of the 2023 financial statements are mandatory for financial years after 2023.

Amendments to IAS 1 "Presentation of Financial Statements"

The amendments, issued on 31 October 2022 and applicable as of 1 January 2024 with early application permitted, clarify the requirements to be considered in determining whether, in the statement of financial position, payables and other liabilities with an uncertain settlement date are to be classified as current or non-current (including payables extinguishable by conversion into equity instruments). The proposed amendments clarify that a liability is classified as current when the entity, at the end of the reporting period, does not have a right to defer its settlement for a period of at least 12 months; the right to defer payment need not be unconditional, but must be substantial and existing at the end of the reporting period. Whether or not the entity intends to exercise this right in the next 12 months (e.g. intention to refinance a loan by extending its maturity) and any decisions taken between the balance sheet date and the date of its publication (e.g. decision to repay the loan early) are irrelevant. In addition, if the right to defer payment beyond 12 months of a liability arising from a loan agreement is conditioned on compliance with covenants, the classification of the liability as current or non-current shall take into account the following:

- compliance with contractual covenants up to the balance sheet date is relevant in determining whether or not the right to defer payment of the liability exists for a period of at least 12 months;

- compliance with contractual covenants to be calculated after the balance sheet date is not relevant in determining whether or not the right to defer payment of the liability arises for a period of at least 12 months.

An entity shall provide the following disclosures in the notes to the financial statements with respect to subsequent events that do not require an adjustment:

- long-term refinancing of a liability classified as current;
- termination of the breach of a long-term loan agreement, classified as a current liability;
- granting by the lender of a grace period to rectify a breach of a long-term loan agreement classified as a current liability;
- settlement of a liability classified as non-current.

If an entity has liabilities arising from financing arrangements classified as non-current, the right to defer the payment of which is conditional on compliance with covenants to be calculated in the 12 months following the reporting date, it shall disclose the following information in the notes to the financial statements:

- amount of non-current liabilities that are subject to covenants in the next 12 months;
- description of the covenants and the dates by which the entity will have to comply with them;

- facts and circumstances, if any, that point to the entity's difficulty in complying with the covenants (e.g.: actions taken before and/or after the reporting date to avoid breaching the covenants; the fact that the covenants to be complied with in the next 12 months would not be met using data as at the reporting date).

Amendment to IFRS 16 "Leases: lease liability in a sale and leaseback”

The amendments, which were issued on 22 September 2022 and are applicable as of 1 January 2024 with early application permitted, relate to the accounting for a sale and leaseback transaction involving the payment by the lessee-seller of variable rents.

Amendments to IAS 7 “Statements of Cash Flows”

On 25 May, the IASB published “Supplier Finance Arrangements”, which amends IAS 7 to regulate the requirements for the presentation of liabilities and related cash flows arising from financing arrangements in the supply chain and related disclosures. Prior to the amendments, neither IAS 7 nor IFRS 7 contained specific disclosure requirements for reverse factoring. The standard requires disclosures that enable users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed; reverse factoring often gives rise to liquidity risk due to the concentration of a portion of liabilities with a financial institution. These provisions are applicable from 1 January 2024.

Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rate”.

On 15 August 2023, the IASB published “Lack of Exchangeability”, which mainly defined:

- The requirements for determining when one currency is convertible into another and when it is not;
- The requirements for estimating the spot exchange rate when one currency is not convertible into another and the related additional disclosure requirements.

The amendments will enter into force on 1 January 2025.

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

5. MARKET RISK

5.1 INTEREST RATE RISK

Interest rate risk is understood as the possibility that fluctuations in the cost of money will have an impact on the value of borrowing costs originating from variable-rate debt. This risk is closely monitored by the Group, which has structured the debt with a time horizon in keeping with its own cash flows. The Group is subject to the risk of fluctuations that may occur in the evolution of interest rates. Interest rates, income and expense, are variable and therefore tied to market performance.

5.2 CREDIT RISK

Credit risk represents the Group's exposure to potential losses arising from the failure of counterparties to meet their obligations.

This type of risk is managed by the Group through specific procedures and appropriate mitigation actions aimed at the prior assessment of the counterparty's creditworthiness and the constant verification of compliance with the exposure limit, as well as through the request for adequate guarantees.

Trade receivables are recognised in the balance sheet net of impairment calculated on the basis of the counterparty's risk of default, determined by taking into account available information on the customer's solvency and considering historical data.

5.3 LIQUIDITY RISK

Liquidity risk can arise from the inability to obtain, on economic terms, the financial resources necessary for the Group's operations. The two main factors affecting the Group's liquidity are:

- financial resources generated or absorbed by operating and investing activities;
- the maturity or renewal characteristics of the financial debt.

Prudent management of liquidity risk arising from normal operations involves maintaining an adequate level of cash and cash equivalents, short-term securities and the availability of funds obtainable through an adequate amount of credit lines.

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.

	At 31 December 2023		
		Maturity	
	Within 1 year	**Between 1 and 5 years**	**Over 5 years**
Trade payables	6,640,989		
Payables to banks and other lenders	8,535,750	24,266,669	4,845,636
Other payables	7,226,975	2,593,807	2,796,315
TOTAL	**22,403,714**	**26,860,476**	**7,641,951**

5.4 ESTIMATION OF FAIR VALUE

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 2023 held by the Parent Company AGS.

It was not deemed necessary to draw up a new appraisal of the values of the electrical substations and of the operational properties/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.

	At 31 December 2023		
	Level 1	Level 2	Level 3
Electrical cabins and operational properties/land	0	3,873,900	0
Shareholding Kairos Alps S.r.l.	0	628,337	0
Investment Alto Garda Power S.r.l.	0	5,879,800	0
TOTAL	**0**	**10,382,037**	**0**

With reference to the associated company Alto Garda Power S.r.l., the application of the equity method in 2023 showed an increase in value of Euro 654,200.

With reference to the associated company Kairos Alps S.r.l., the application of the equity method in 2023 showed an increase in value of Euro 564,337. It should be noted that for the valuation of the investment, using the equity method, the values of the sub-holding were considered, taking into account the companies controlled by it.

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

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

It should be noted that trade receivables and payables have been recognised at book value as this is considered to approximate current value.

EFFECTS OF CLIMATE CHANGE ON THE FINANCIAL STATEMENTS

On 20 November 2020, the IFRS Foundation published educational material "Effects of climate-related matters on financial statements" in response to stakeholder requests for further information to highlight how existing IFRS requirements may require companies to consider climate-related matters when their effect is material to the financial statements.

The financial reporting implications of climate-related and other emerging risks may include, *inter alia*:

- impairment of assets, including goodwill;
- changes in the useful life of assets
- changes in the fair value of assets;
- effects on the calculation of impairment due to increased costs or reduced demand;
- changes in provisions for onerous contracts due to increased costs or reduced demand;
- changes in provisions and contingent liabilities arising from fines and penalties;
- changes in expected losses on loans and other financial assets.

The IFRSs do not explicitly refer to climate change issues. However, companies may be required to consider climate-related issues in the application of IFRSs when the effect of such issues is material in the context of the financial statements as a whole (e.g. with respect to significant judgements and estimates).

As far as the Group is concerned, climate impacts can be reflected on the consumption trend by users, in particular of district heating, while no particular impacts can be found on other areas of the financial statements.

6. INFORMATION BY OPERATING SEGMENT

The identification of the operating segments and related information in this section was based on the elements that management uses to make its operational decisions. In particular, the internal reporting reviewed and used periodically by the highest decision-making levels of the Group refers to the following operating sectors:

O Electricity production and distribution;

O Gas distribution;

- Heat sale;
- Water cycle;
- Pellet production and sale;
- Plant design, engineering and ESCo;
- Installation and maintenance of plumbing, electrical and home automation systems and heat service;
- Other minor services.

The results of the operating segments are measured by analysing the performance of Ebitda (defined as profit for the period before depreciation, amortisation, risk provisions, asset write-downs, financial income and expenses, and taxes) and Ebit. In particular, management believes that EBITDA provides a good indication of performance as it is not affected by tax regulations and depreciation policies.

The economic information by operating segment is as follows:

Year 2023

	Electr. prod. and distrib.	Gas distribution	Heat sale	Water cycle	Pellets production and sale	Design	Installation and maintenance of plumbing and heating systems	Other services	Total
EBITDA	852,360	412,523	4,023,285	- 25,623	366,863	3,514,311	2,137,061	389,741	**11,670,521**
EBIT	- 215,630	325,630	3,268,619	- 58,693	133,666	2,573,788	1,351,517	56,890	**7,435,787**

Year 2022

	Electr. prod. and distrib.	Gas distribution	Heat sale	Water cycle	Pellets production and sale	Design	Installation and maintenance of plumbing and heating systems	Other services	Total
EBITDA	648,560	385,625	4,794,527	- 89,560	768,347	1,113,908	1,226,577	326,950	**9,174,934**
EBIT	- 534,145	303,270	3,841,572	- 114,598	536,441	1,059,516	1,050,972	38,250	**6,104,778**

7. NOTES TO THE STATEMENT OF FINANCIAL POSITION

7.1 PROPERTY, PLANT AND EQUIPMENT

Changes in the item “Tangible assets” for the year ended 31 December 2023 and 31 December 2022 are shown below

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	TOTAL
Balance as at 31 December 2022	**8,084,323**	**34,160,103**	**1,055,919**	**1,155,689**	**44,456,034**
Of which:					
Historical cost	11,168,459	60,091,432	3,998,584	3,371,431	78,629,906
Accumulated amortisation	-3,084,136	-25,931,329	-2,942,665	-2,215,742	-34,173,872
Increases	276,160	1,829,157	637,607	94,633	2,837,557
Disposals	-252,708	-334,792	-123,407	-6,960	-717,867
Derecognition of accumulated depreciation	38,799	202,622	87,180	6,463	335,064
Utilisation of provisions for depreciation of fixed assets	0	0	29,243	0	29,243
Amortisation	-261,121	-1,572,558	-249,236	-299,919	-2,382,834
Balance as at 31 December 2023	**7,885,453**	**34,284,532**	**1,437,306**	**949,906**	**44,557,197**
Of which:					
Historical cost	11,191,911	61,585,797	4,542,027	3,459,104	80,778,839
Accumulated amortisation	-3,306,458	-27,301,265	-3,104,721	-2,509,198	-36,221,642

Capital expenditure in the year mainly related to the massive replacement of 1G with 2G electricity meters and to the extensions of district heating networks.

Other changes in the year are attributable to normal trends in investments and depreciation.

7.2 INTANGIBLE ASSETS

Changes in the item "Intangible assets" for the years ended 31 December 2023 and 31 December 2022 are shown below

	Goodwill	Industrial patents and intellectual property rights	Right of use / concessions	Other intangible assets	TOTAL
Balance as at 31 December 2022	**1,193,065**	**30,146**	**2,530,193**	**147,100**	**3,900,504**
Of which:					
Historical cost	1,193,065	1,274,024	3,413,596	432,602	6,313,287
Accumulated amortisation	0	-1,243,878	-883,403	-285,502	-2,412,783
Increases	0	136,543	3,998		140,541
Amortisation	0	-64,816	-287,111	-757	-352,684
Balance as at 31 December 2023	**1,193,065**	**101,873**	**2,247,080**	**146,343**	**3,688,361**
Of which:					
Historical cost	1,193,065	1,410,567	3,417,594	432,602	6,453,828
Accumulated amortisation	0	-1,308,694	-1,170,514	-286,259	-2,765,467

GOODWILL IMPAIRMENT TEST AS AT 31 December 2023

As required by IAS 36, the Group has performed, through independent third parties, impairment tests to verify the recoverability of the value of goodwill in the financial statements. The test is performed by comparing the carrying value of the asset or group of assets comprising the cash-generating unit (CGU) with its recoverable amount, being the higher of its fair value (net of any selling costs) and the value of the discounted net cash flows expected to be generated by the asset or group of assets comprising the CGU. (value in use).

For the CGU referring to the design activity, whose goodwill amounts to Euro 676,865, the explicit cash flows reported in the 2024-2026 budget and business plan prepared by management were used to perform the impairment test. The impairment test performed did not identify any impairment losses with reference to the CGU as at 31 December 2023 and, consequently, no write-downs were made on these assets.

For the CGU referring to the activity of installation and maintenance of plumbing and heating systems, whose goodwill amounts to Euro 516,200, the explicit cash flows reported in the 2024-2026 budget and business plan prepared by management were used to perform the impairment test. The impairment test performed did not identify any impairment losses with reference to the CGU as at 31 December 2023 and, consequently, no write-downs were made on these assets.

A breakdown of goodwill is given below:

	At 31 December	
	2023	**2022**
Goodwill of Stea Project Srl	676,865	676,865
Goodwill of Gruber Srl	516,200	516,200
TOTAL	**1,193,065**	**1,193,065**

Pursuant to IAS36 par. 134, it is specified that the Goodwill generated by the consolidation of Stea Progetto S.r.l. and Gruber S.r.l. amounting to Euro 677 thousand and Euro 516 thousand, respectively, is determined by the difference between the book value of the equity investment and the FV of the consolidated assets and liabilities.

The impairment on these values was performed considering:

- the 2024-2026 Business Plan of the individual consolidated companies considered individual CGUs;
- the discount rate applied to the cash flow projections is equal to the WACC (Weighted Average Cost of Capital) based on a risk free rate equal to the yield of the 10-year BTP at the date of the financial year, equal to 4.34%, a market risk equal to 5.70% and Beta coefficient on the basis of data provided by Damocles for the specific sector (Green&Renewable Energy for Eel Coredo S.p.A. and Engineering/Construction for Gruber Srl and STEA Progetto Srl) for the Western Europe area;

- the WACC was therefore identified as 7.17% for BEL Coredo S.p.A. and 7.81% for Gruber S.r.l. and Stea Progetto S.r.l. (as these two companies belong to the same sector: Engineering/Construction);
- the terminal value was determined on the basis of the latest cash flow plan considering a conservative growth rate (grate) of 1.50%;
- in addition, a sensitivity analysis was performed on the change in WACC and the growth rate (g rate), which confirmed that the recorded goodwill values were stable.

7.3 EQUITY INVESTMENTS

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

	At 31 December	
	2023	**2022**
Investments in associated companies	6,508,137	5,225,600
Investments in other companies	5,319,882	5,319,882
TOTAL EQUITY INVESTMENTS	**11,828,019**	**10,545,482**

Associated companies include the companies Alto Garda Power Srl and Kairos Alps Srl valued using the equity method. See the following pages for a description of the investee companies.

Associated companies		Share Capital	Shareholders' equity	Profit/ (loss) for the year	% Investment	Book value
Kairos Alps S.r.l. (Sub-consolidated)	Via Ardaro, 27 38066 Riva del Garda	10,000	1,570,842	1,410,842	40.00	**628,337**
Alto Garda Power S.r.l.	Viale Rovereto, 15 38066 Riva del Garda	1,750,000	29,399,000	3,270,000	20.00	**5,879,800**
TOTAL						**6,508,137**

Other companies	HQ	Share Capital	Shareholders' equity	Profit/ (loss) for the year	% Investment	Book value
Dolomiti Energia S.p.A.	Via Fersina, 23 38121 Trento	20,440,936	87,072,026	4,339,412	4.49	**2,562,000**
SET Distribuzione S.p.A.	Via Manzoni, 24 38068 Rovereto	121,973,694	248,903,689	13,008,416	2.00	**2,400,358**
Primiero Energia S.p.A.	Via Guadagnini, 31 38054 S.Martino	9,938,990	70,808,668	17,486,513	0.81	**81,840**
Tecnodata Srl	Via Guadagnini, 31 38121 Trento	12,560	597,882	28,423	15.00	**273,534**
Cedis Spa	Via Garibaldi, 180 38089 Storo	3,271,908	25,671,182	459,026	0.03	**1,025**
Distretto Tecnologico	P.za Manifattura, 1 38068 Rovereto	201,000	848,599	142,193	0.35	**1,000**
Cassa Rurale Ledro	Viale Chiassi, 17 38067 Ledro	6,576	30,874,478	3,967,008	0,	**125**
TOTAL						**5,319,882**

The equity method valuation of investments in associated companies was performed using the relevant financial statements as at 31 December 2023 approved by the respective Boards of Directors.
Investments in other companies were valued at cost.

Changes in investments in associated companies and other companies for the years ended 31 December 2023 and 2022 are shown below:

Description	31/12/2022	Increases	Decreases	31/12/2023
equity investments in associates	5,225,600	1,282,537	0	6,508,137
equity investments in other companies	5,319,882	0	0	5,319,882
TOTAL	**10,545,482**	**1,282,537**	**0**	**11,828,019**

ASSOCIATED COMPANIES

Information on the main associated companies in which the Group holds stakes follows.
ALTO GARDA POWER Srl - Riva del Garda. Share Capital Euro 1,750,000 fully paid-in; AGS S.p.A. holds 20.00% of the share capital. The company owns the cogeneration plant in Riva del Garda that produces electricity and heat. In 2023 the Company reported a profit of Euro 3,270,000 and as at 31.12.2023 its net assets amounted to Euro 29,399,000.

KAIROS ALPS Srl - Riva del Garda. Share Capital Euro 10,000 fully paid-in; AGS S.p.A. holds 40.00% of the share capital.
The company was established at the end of March 2023; AGS S.p.A. holds 40% of the shares, the other shareholders are ACSM Spa and FT Energia Spa with 40% and 20% of the shares respectively.
The company was established to identify investment projects on the domestic market for the development and operation of plants for the production of energy from renewable sources. During 2023, Kairos Alps Srl concentrated on researching and evaluating projects to be developed or already operational, both in the photovoltaic and wind power sectors, with the support of its partners.
At the end of June 2023, Kairos Alps successfully completed the purchase of 100% of the capital of Open Piemonte S.r.l., after a negotiation that had already begun in the autumn of 2022 by the Shareholders, through the release of a period of exclusivity by the promoter of the initiative, which allowed the Due Diligence activity to proceed. Following a positive assessment and subsequent negotiation of contractual agreements, the purchase of the entire capital of Open Piemonte S.r.l., a company that holds a single authorisation for the construction of a photovoltaic park in the municipality of Alice Castello (VC) with a total installed capacity of 16.2 MW, was completed.
Moreover, in spring 2023, Kairos Alps S.r.l. took part in a competitive process aimed at winning the shares of Eco Puglia Energia S.r.l., owner of two wind farms in the province of Foggia, with a total capacity of 27.5

MW. The plants are located in the municipality of Troia, with a capacity of 15.75 MW, and in the municipality of Foggia, at Montecalvello, with a capacity of 11.75 MW. The Company has subsequently involved the Dolomiti Energia Group in order to share in the acquisition of 100% of the shares, proposing a subsequent demerger process in order to complete the direct assignment of a wind farm to each company during 2024. The plant optioned by Kairos Alps turns out to be the one located in the municipality of Troia, the largest in terms of power. In the course of 2023, a Due Diligence activity entrusted to primary advisers was started, which subsequently led to the negotiation of an investment agreement, with the acquisition of the shares of Eco Puglia Energia S.r.l. at the end of October 2023, after the incorporation of Kairos Wind S.r.l. based in Riva del Garda (TN), with a 57.27% stake held by Kairos Wind S.r.l. itself and 42.73% by Dolomiti Energia Wind Power S.r.l.

In 2023, the company reported a loss of Euro 189,513 and as at 31 December 2023, its net assets amounted to Euro -29,513. At the beginning of 2024, the Shareholders restored equity.

It should be noted that for the valuation of the investment, using the equity method, the values of the sub-holding were considered, taking into account the companies controlled by it.

OTHER COMPANIES

Information on the main other companies in which the Group holds stakes follows.

DOLOMITI ENERGIA S.p.A. Trento. Share Capital Euro 20,440,936 fully paid-up, composed of 20,440,936 shares of Euro 1 each; AGS holds 4.49% of the company's share capital. Dolomiti Energia S.p.A. is the trading company of the Group of the same name for the supply of energy, gas and other services to Italian households and businesses. The financial year ended 31 December 2023 showed a profit of Euro 4,339,412 and shareholders' equity of Euro 87,072,026.

SET DISTRIBUZIONE S.p.A. - Rovereto. Share Capital Euro 121,973,694 fully paid-in, divided into 121,973,694 shares of Euro 1 each; AGS holds 2% of the share capital. The financial year ended 31 December 2023 showed a profit of Euro 13,008,416 and shareholders' equity of Euro 248,903,689. The company manages electricity distribution activities in more than 160 municipalities in the Autonomous Province of Trento, where it holds the concession.

PRIMIERO ENERGIA S.p.A. – S.Martino di Castrozza (TN). Share capital Euro 9,938,990 fully paid, composed of 993,899 shares of Euro 10 each; AGS holds 0.81% of the share capital. The company is active in hydroelectric power production and manages several large hydroelectric plants located in the Primiero valley. In 2023 the Company reported a profit of Euro 17,486,513 and as at 31.12.2023 its net assets amounted to Euro 70,808,668.

TECNODATA TRENTINA Srl Trento Share Capital Euro 12,560 fully paid-up, composed of 12,560 shares of Euro 1 each; AGS holds 15% of the share capital. The company is active in the IT field in interconnection services. In 2023 the Company reported a profit of Euro 28,423 and as at 31.12.2023 its net assets amounted to Euro 597,882.

7.4 NON-CURRENT FINANCIAL RECEIVABLES

"Non-current financial receivables" at 31 December 2023 and 31 December 2022 are detailed below.

	At 31 December	
	2023	**2022**
Receivables from associated company Kairos Alps S.r.l.	17,518,494	0
Other receivables	104,863	88,571
Total	**17,623,357**	**88,571**

Receivables from the associated company Kairos Alps Srl in the amount of Euro 17,518,494 refer to the Shareholders' Loan and related interest share for investments in the production of electricity from renewable sources (wind and photovoltaic).

7.5 DEFERRED TAX ASSETS

Deferred tax assets at 31 December 2023 and 31 December 2022 are detailed below:

Receivables for deferred tax assets IRES	**Deferred tax assets 2022**		**Reabsorptions 2023**		**Increases 2023**		**Total defererd tax assets 2023**		
Deductible differences	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Rate**	**Tax**
Contributions connection electricity u/unreadable	1,492,252	358,140	-156,998	-37,680	0	0	1,335,254	24.00%	320,461
Contributions connection gas users	650,618	156,148	0	0	0	0	650,618	24.00%	156,148
Allocation provision for write-down of inventories	164,462	39,471	0	0	0	0	164,462	24.00%	39,471
Statutory amortization exceeding tax	3,838,484	921,236	0	0	0	0	3,838,484	24.00%	921,236
Allocation doubtful accounts provision	188,323	45,198	0	0	0	0	188,323	24.00%	45,198
Allocation provision for write-down of meters	457,722	109,853	-29,243	-7,018	0	0	428,479	24.00%	102,835
Tax loss year 2022	21,679	5,203		0	0	0	10,308	24.00%	2,474
Credit DL 66/2024	5,513	1,323		0	0	0	5,363	24.00%	1,287
Provision for tax credits	0	0			828,780		828,780	24.00%	198,907
Other employee benefits	475,960	114,230	0	0	95,446	22,907	571,406	24.00%	137,137
Total	**7,089,229**	**1,750,803**	**-186,241**	**-44,698**	**924,226**	**22,907**	**8,021,477**		**1,925,154**

Receivables for deferred tax assets IRAP	**Deferred tax assets 2022**		**Reabsorptions 2023**		**Increases 2023**		**Total deferred tax assets 2023**		
Deductible differences	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Rate**	**Tax**
Contributions connection electricity u/unreadable	entities 1,492,252	44,469	-156,998	-4,679	0	0	1,335,254	2.98%	39,791
Contributions connection gas users	650,618	19,388	0	0	0	0	650,618	2.98%	19,388
Allocation provision for write-down of inventories	164,462	4,901	0	0	0	0	164,462	2.98%	4,901
Allocation provision for write-down of meters	457,722	13,640	-29,243	-871	0	0	428,479	2.98%	12,769
Total	**2,497,341**	**82,399**	**-186,241**	**-5,550**	**0**	**0**	**2,578,813**		**76,849**
Total receivables for deferred tax assets		**1,833,201**		**-50,248**		**22,907**			**2,002,003**

The breakdown of the item deferred taxes at 31 December 2023 and 31 December 2022 is provided below.

Deferred tax liabilities	**Deferred taxes 2022**		**Reabsorptions 2023**		**Total deferred taxes 2023**		
Deductible differences	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Rate**	**Tax**
Derivatives	5,263	1,263	-2,471	-593	2,792	24.00%	670
Tangible assets	256,167	61,480	-9,808	-2,354	246,359	24.00%	59,126
Total deferred tax liabilities	**261,429**	**62,743**	**-12,279**	**-2,947**	**249,150**		**59,796**

7.6 INVENTORIES

The breakdown of the item "Inventories" at 31 December 2023 and 31 December 2022 is provided:

	At 31 December	
	2023	**2022**
Work in progress	1,609,832	2,196,257
Advances	334,840	136,891
Raw and ancillary materials and consumables	1,245,375	1,385,487
TOTAL	**3,190,047**	**3,718,635**

Raw material inventories refer to stocks to meet ordinary business operations.

As far as work in progress is concerned, this refers exclusively to the progress of work on the plumbing and heating installation business.

7.7 TRADE RECEIVABLES

The breakdown of "Trade receivables" at 31 December 2023 and 2022 is provided:

	At 31 December	
	2023	**2022**
Receivables from customers	31,977,164	22,216,997
Provision for doubtful accounts	-1,715,697	-303,338
TOTAL	**30,261,467**	**21,913,659**

The item trade receivables, shown net of the related allowance for doubtful accounts, mainly includes receivables from customers and end-users related to sales consideration for goods and services provided by the Group. The balance shows a strong increase compared to 31 December 2022, mainly due to the work related to the 110% Superbonus.

The criteria for adjusting receivables to their presumed realisable value take into account differentiated valuations according to the status of the dispute.

The provision for doubtful accounts showed the following changes during the year:

	Provision for doubtful accounts
At 1 January 2022	284,217
Allocations	19,121
Utilisations	0
At 31 December 2022	303,338
Allocations	1,413,216
Utilisations	-857
At 31 December 2023	1,715,697

7.8 RECEIVABLES FROM PARENT AND ASSOCIATED COMPANIES

The breakdown of the item "Receivables from the parent company and associated companies" at 31 December 2023 and 31 December 2022 is provided below.

	At 31 December	
	2023	**2022**
Receivables from parent company	221,641	217,593
Receivables from associated company Ag Powers S.r.l.	1,189,281	2,382,547
TOTAL	**1,410,922**	**2,600,140**

Receivables from affiliated company AG Power Srl refer to the reimbursement of the heat cost as a result of the new contract and the related white certificates; these receivables will be collected during the financial year 2024.

7.9 CURRENT TAX RECEIVABLES

The breakdown of the item "Current tax receivables" at 31 December 2023 and 2022 is provided below.

	At 31 December	
	2023	**2022**
110% SUPERBONUS RECEIVABLE	11,699,537	1,465,894
TAX CREDIT FOR CONNECT. AND CONSUMPTION (DISTRICT HEATING.)	490,295	476,207
OTHER BUILDING BONUSES	254,219	188,356
CAPITAL GOODS TAX CREDIT	8,237	24,376
VIRTUAL STAMP DUTY	854	217
OTHER TAX RECEIVABLES	60,010	105,268
VAT	5,784	54,354
IRAP	41,030	15,813
IRES	682,428	201,270
Total	**13,242,394**	**2,531,755**

7.10 OTHER CURRENT ASSETS

The breakdown of the item "Other current assets" at 31 December 2023 and 31 December 2022 is provided below:

	At 31 December	
	2023	2022
PAT and Municipalities – deposit of road cuts and various deposits	101,727	84,286
Energy revenues equalisation fund	1,930,867	1,122,205
Gas revenues equalisation fund	291,194	254,190
Repayment of interest on tax moratorium for 1998-2000	0	286,145
PAT – advance gas tender costs	48,170	48,170
Equalisation fund 6th two-month	64,374	1,758,539
PAT contributions	137,119	196,679
Bortolotti Deposit	616,825	576,761
Credit for Ledro fire insurance reimbursement	606,700	0
Sundry	171,711	309,867
Accrued and deferred assets	283,681	322,235
Total	**4,252,368**	**4,959,077**

The calculation of the gas and energy equalisation for the year 2023 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 2023 and 31 December 2022 is provided below:

	At 31 December	
	2023	2022
Bank and postal deposits	4,242,828	4,553,719
Cash-in-hand and cash equivalents	10,515	3,390
TOTAL	**4,253,343**	**4,557,109**

The balance includes cash and bank deposits actually available and readily realisable at the end of the financial year.

8.1 SHAREHOLDERS' EQUITY

Changes in shareholders' equity reserves are reported in the schemes of these Consolidated financial statements.

At 31 December 2023, the Group's share capital amounted to Euro 23,234,016 and consisted of 446,808 ordinary shares with a nominal value of Euro 52.00 each.

As at 31 December 2023, the Group held 1582 treasury shares.

8.2 NON-CURRENT FINANCIAL PAYABLES

The table below shows non-current financial liabilities at 31 December 2023 and 31 December 2022.

	2023	2022
	Non-current	**Non-current**
Payables to banks	21,372,129	2,022,713
Other financial payables (IFR16)	2,696,175	3,070,791
Bond	5,044,001	52,000
TOTAL	**29,112,305**	**5,145,504**

Amounts due to banks include loans payable.

Following the extension of the maturity date of the Bond Loan to 30 June 2033, the Loan was reclassified under non-current financial liabilities with payment of the first principal instalment on 30 June 2026.

NET FINANCIAL DEBT

In Communication no. DEM/6064293 of 28 July 2006 on "Corporate Disclosures of Listed Issuers and Issuers of Financial Instruments Disseminated Among the Public" pursuant to Article 116 of the Consolidated Financial Intermediation Act (TUIF), CONSOB called upon issuers to use the definition of net financial position of the previous CESR Recommendation for disclosures to be included in financial statements, half-yearly reports, and periodic requests pursuant to Article 114 of the TUIF. Attention Call No. 5/21 of 29 April 2021 "Compliance with ESMA's Guidelines on Disclosure Requirements under the Prospectus Regulation" CONSOB clarifies that "As of 5 May 2021, references in previous CONSOB communications to the above-mentioned CESR Recommendations on Prospectus shall be deemed to be replaced with the relevant ESMA Guidelines, including references in Communication No. DEM/6064293 of 28 July 2006 on net financial position."

The new Net Financial Debt schedule is shown below:

		2023	**2022**
A	Cash and cash equivalents	4,253,343	4,557,109
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	**Liquidity (A+B+C)**	**4,253,343**	**4,557,109**
E	Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	8,535,750 -	8,179,702 -
F	Current part of non-current financial debt	-	-
G	**Current financial debt (E+F)**	**8,535,750**	**8,179,702**
H	**Net current financial debt (G-D)**	**4,282,407**	**3,622,593**
I	Non-current financial debt (excluding current and debt instruments)	29,112,305	5,145,504
J	Debt instruments	-	-
K	Trade and other non-current payables	8,386,765	6,970,769
L	**Non-current financial debt (I+J+K)**	**37,499,070**	**12,116,273**
M	**Total financial debt (H+L)**	**41,781,477**	**15,738,866**

In line with what is done by others in the industry, the net financial debt shown in the table above does not include the fair value of derivative financial instruments.

8.3 EMPLOYEE BENEFITS

The Group provides employees (including retired employees), to whom the Collective Bargain Agreement of the Electricity sector applies, 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 2023 and 31 December 2022 are shown below:

	At 31 December 2022				
	TFR	**Loyalty Bonuses**	**Monthly salaries Additional**	**Energy discounts**	**Total**
Liabilities at the start of the period	**762,679**	**72,655**	**68,967**	**305,381**	**1,209,682**
Acquisition of Employees severance indemnity Gruber Srl	285,098	0	0	0	285,098
Current cost of the service	74,605	5,063	2,467	2,993	85,128
Interest from discounting	6,943	712	688	0	8,343
Benefits paid	-1,084	-2,060	-495	0	-3,639
Actuarial losses/(gains)	-130,939	-12,628	0	77,428	-66,139
Liabilities at the end of the period	**997,302**	**72,655**	**68,967**	**305,381**	**1,518,473**

	At 31 December 2023				
	TFR	**Loyalty Bonuses**	**Monthly salaries Additional**	**Energy discounts**	**Total**
Liabilities at the start of the period	**997,302**	**72,655**	**68,967**	**305,381**	**1,518,473**
Current cost of the service	142,187	4,016	2,559	14,545	163,307
Interest from discounting	23,011	2,403	2,700	0	28,114
Benefits paid	-92,149	-6,483	0	0	-98,632
Actuarial losses/(gains)	15,143	4,776	-12,019	73,148	81,048
Liabilities at the end of the period	**1,085,494**	**77,367**	**62,207**	**393,074**	**1,692,310**

8.4 PROVISIONS FOR RISKS AND CHARGES

The item "Provisions for risks and charges" amounted to Euro 1,410,461 as at 31 December 2023 and is broken down as follows:

	At 31 December	
	2023	**2022**
Other Funds	1,051,131	965,131
Badwill risk provision	359,330	359,330
TOTAL	**1,410,461**	**1,324,461**

Other provisions refer for Euro 956,131 to the differential between the nominal value and the purchase price of the financial debt acquired from the pool of banks that financed the investments of the consolidated company BEL Coredo S.p.A. at the time.

The Badwill risk provision arises from the investment in BEL Coredo S.p.A..

8.5 CURRENT FINANCIAL PAYABLES

The table below shows current financial payables at 31 December 2023 and 2022:

	2023	2022
	Current	**Current**
Payables to banks	8,290,892	3,084,994
Payables to other lenders	150,000	0
Other financial payables (IFR16)	94,858	94,708
Bond	0	5,000,000
TOTAL	**8,535,750**	**8,179,702**

Following the extension of the maturity date of the Bond Loan to 30 June 2033, the Loan was reclassified under non-current financial liabilities with payment of the first principal instalment on 30 June 2026.

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 2023 and 31 December 2022. Payables refer entirely to the geographical area of Italy. All payables are due within one year.

	At 31 December	
	2023	**2022**
Suppliers of goods and services	2,607,607	2,908,508
Invoices to be received	4,033,382	2,269,040
Total	**6,640,989**	**5,177,548**

8.7 PAYABLES TO PARENT COMPANY AND ASSOCIATED COMPANIES

The table below shows "Payables to parent company and associated companies" at 31 December 2023 and 31 December 2022. Payables refer entirely to the geographical area of Italy.

	At 31 December	
	2023	**2022**
Payables to parent company	1,745,776	1,793,221

Payables to associated companies	0	0
TOTAL	**1,745,776**	**1,793,221**

Payables at 31 December 2023, refer exclusively 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 at 31 December 2023 to end customers and that is then turned over to the Municipality of Riva del Garda.

8.8 TAX PAYABLES DETAILS

The table below shows “Tax Payables” at 31 December 2023 and 31 December 2022.

	At 31 December	
	2023	**2022**
Tax liabilities IRAP	133,352	132,478
Tax liabilities IRES	944,566	1,276,159
Tax liabilities VAT	2,593,292	580,229
Other tax payables	5,447	3,412
Withholding taxes on employees and collaborators IRPEF	290,147	234,039
Total	**3,966,804**	**2,226,317**

8.9 OTHER CURRENT PAYABLES

The breakdown of the item "Other current payables" at 31 December 2023 and 31 December 2022 is provided below:

	At 31 December	
	2023	**2022**
Payables to pension and social security institutions Social	707,263	601,158
Payables to employees	716,217	625,032
Dividends payable	294,000	0
Advances from Cassa Conguaglio for energy equalisation	1,513,112	0
Advances from customers	1,587,829	1,050,757
Other payables	328,712	1,253,336
Payables to the Equalisation Fund	1,086,806	498,838
Reimbursement of credit notes to customers	345,580	1,124,287
Accrued and deferred liabilities	6,037,578	4,329,502
TOTAL	**12,617,097**	**9,482,910**

Accrued and deferred liabilities are mainly due to contributions for natural gas and electricity connections, as well as the deferral of the surplus value related to the superbonus, which will materialise at the time of compensation.

8. NOTES TO THE INCOME STATEMENT

9.1 REVENUES FROM SALES AND SERVICES

The breakdown of the item “Revenues" for the years ended 31 December 2023 and 31 December 2022 is provided below. Revenues are entirely generated in Italy.

	31.12.2023	31.12.2022
Construction site revenues	18,608,686	11,608,727
Revenues from electricity transmission	2,999,710	2,841,783
Revenues from electricity generation	423,533	474,579
Revenues for design	5,362,323	2,900,745
Revenues from gas transmission	2,066,593	2,162,221
Revenues from water service management	1,491,179	1,282,333
Heat revenues	5,203,848	7,407,676
Pellet revenues	1,862,567	3,166,058
Other revenues	586,057	490,339
Total	**38,604,496**	**32,334,461**

The overall increase in the item “revenue” is mainly attributable to the work related to the superbonus.

9.2 OTHER REVENUES AND INCOME

A breakdown of the item "Other revenues and income" for the years ended 31 December 2023 and 31 December 2022 is provided below.

	31.12.2023	31.12.2022
White certificates	280,697	795,000
Insurance Reimbursements	646,738	29,830
Contributions from equalisation systems	886,530	267,760
Revenues from management of aqueduct plants	331,209	261,726
Reversal of technical expenses Superbonus	2,977,783	1,457,406
Operating contributions	130,438	187,415
Revenues from public lighting services	84,786	13,768
Change in inventories	-541,635	357,602
Operating contingent assets	212,754	161,999
Revenues from other services provided to third parties	564,556	615,753
Total	**5,573,856**	**4,148,259**

The overall increase in the item “other revenues and income” is mainly attributable to the work related to the superbonus.

9.3 COSTS OF RAW MATERIALS, CONSUMABLES AND GOODS

The breakdown of the item "Costs for raw materials, consumables and goods" for the years ended 31 December 2023 and 31 December 2022 is shown below.

	31.12.2023	31.12.2022
Purchase of heat	782,821	1,793,075
Purchase of sawdust	846,242	1,294,962
Purchase of electricity	300,565	679,708
Purchase of warehouse material	3,866,911	3,760,639
Purchase of wood chips	576,059	566,291
Purchase of gas for heat management	304,185	461,505
Purchase of other materials	692,804	671,507
Purchase of drinking water	2,500	2,750
Change in inventories	215,119	-296,188
Total	**7,587,206**	**8,934,249**

The overall decrease in “raw material costs” can be attributed to the lower purchase cost of heat as well as sawdust due to the reduced activity in pellet production following the fire.

9.4 COSTS FOR SERVICES

The breakdown of the item "Costs for services" for the years ended 31 December 2023 and 31 December 2022 is provided below:

	31.12.2023	31.12.2022
Work on construction sites	8,303,589	3,759,527
Third-party services related to design	3,379,269	2,008,583
Electricity transport fees	1,072,406	985,830
Network maintenance costs	808,345	633,719
Electricity, gas and water costs	263,600	424,405
Administrative, legal, technical consulting services	431,766	420,627
Insurance	385,348	250,905
Software fees	243,197	239,413
Meter reading costs	111,033	112,645
Bank charges and fees	79,612	81,136
Employee training costs	6,163	54,541
Other costs	1,657,553	1,578,310
Total	**16,741,881**	**10,549,641**

As with revenue, the overall increase in the item '”costs for service” is mainly attributable to work related to the 110% Superbonus.

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 years ended 31 December 2023 and 31 December 2022 is provided below:

	31.12.2023	31.12.2022
fees and rents payable	161,238	138,659
Concession fees	427,109	427,491
Total	**588,347**	**566,150**

9.6 PERSONNEL COSTS

The breakdown of the item "Personnel costs" for the years ended 31 December 2023 and 31 December 2022 is provided:

	31.12.2023	31.12.2022
Wages and salaries	5,107,348	4,606,244
Social security costs	1,597,055	1,465,463
Employee severance indemnity (TFR)	341,363	375,513
Other costs	163,127	97,669
Total	**7,208,893**	**6,544,889**

9.7 AMORTISATION/DEPRECIATION OF FIXED ASSETS

The breakdown of the item "Amortisation, depreciation, provisions and write-downs" for the year ended 31 December 2023 and 31 December 2022 is provided below:

	31.12.2023	31.12.2022
Depreciation of Intangible assets	352,684	299,424
Depreciation of Tangible assets	2,382,834	2,295,983
Total	**2,735,518**	**2,595,407**

9.8 PROVISIONS AND WRITE-DOWNS

The breakdown of the item "Provisions and write-downs" for the years ended 31 December 2023 and 31 December 2022 is provided below.

	31.12.2023	31.12.2022
Provision for doubtful accounts	1,413,216	8,727
Write-downs of tangible assets	0	457,022
Provisions for risks	86,000	9,000
Total	**1,499,216**	**474,749**

The item “Provision for doubtful accounts” refers to the adjustment of the value of receivables on the financial statements related to invoice discounts for the superbonus with their market value.

9.9 OTHER OPERATING EXPENSES

The breakdown of the item "Other operating expenses" for the year ended 31 December 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Gas equalisation costs	358,417	602,950
Losses on ordinary operations	336,885	31,988
Charges on common conventions	101,858	116,929
Operating contingent liabilities	91,481	98,780
Other operating expenses	406,315	365,469
Total	**1,294,956**	**1,216,116**

9.10 INTERNAL COSTS FOR CAPITALISED WORKS

The breakdown of the item "Capitalised costs for internal works" for the year ended 31 December 2023 and 2022 is shown below.

	31.12.2023	31.12.2022
Warehouse material	742,419	382,417
Labour	171,033	120,842
Total	**913,452**	**503,259**

Capitalised costs include Euro 171,033 for personnel costs and Euro 742,418 for material costs and refer to the development and implementation of investments in the gas and electricity distribution networks.

10. INCOME FROM EQUITY INVESTMENTS

The breakdown of the item "Income from equity investments" for the year ended 31 December 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Income from investments in other companies	170,394	206,089
Total	**170,394**	**206,089**

Income from equity investments includes dividends received from Set Distribuzione S.p.A, Primiero Energia Spa and Tecnodata Srl.

11. WRITE-DOWN OF INVESTMENTS

No write-downs of equity investments were recorded during the year.

12. FINANCIAL EXPENSES

The breakdown of the item "Financial expenses" for the years ended 31 December 2023 and 31 December 2022 is provided below.

	31.12.2023	31.12.2022
Bank interest expense	41,041	47,456
Interest expense on bond	330,927	177,994
Interest expense on mortgages	652,149	90,488
Interest from discounting	135,303	93,675
Minibond option fee	43,165	0

Other financial expenses	105,886	34,372
Financial expenses earn out Stea Progetto Srl	0	1,021,567
Total	**1,308,471**	**1,465,552**

13. FINANCIAL INCOME

The breakdown of the item "Financial income" for the years ended 31 December 2023 and 2022 is provided below:

	31.12.2023	31.12.2022
Interest income from associated companies	298,494	48,914
capital gain on disposals of Dolomiti Energia Holding Spa	0	6,043,906
Other financial income	208,741	192,773
Total	**507,235**	**6,285,593**

14. GAINS AND LOSSES FROM INVESTMENTS - EQUITY METHOD

The breakdown of the item “Gains and losses from investments - Equity method” for the year ended 31 December 2023 and 31 December 2022 is provided below.

	31.12.2023	31.12.2022
valuation at net equity, subsidiary AG Power S.r.l.	654,200	206,200
valuation at net equity, subsidiary Kairos Alps S.r.l.	564,337	0
Total	**1,218,537**	**206,200**

15. CURRENT AND DEFERRED TAX

The breakdown of the item "Current and deferred tax" for the years ended 31 December 2023 and 31 December 2022 is provided below.

	31.12.2023	31.12.2022
Current taxes IRAP and IRES	2,140,656	1,767,508
Deferred tax assets IRES and IRAP	-194,479	-46,916
Taxes previous year IRES and IRAP	-27,018	15,338
Total	**1,919,159**	**1,735,930**

9. GUARANTEES AND COMMITMENTS

The breakdown of guarantees undertaken by the Company at 31 December 2023 and 31 December 2022 is provided below.

	At 31 December	
	2023	**2022**
Guarantees issued to third parties	417,747	704,285
TOTAL	**417,747**	**704,285**

During the year 2023, the Company also issued the following guarantees in favour of Financial Institutions:

- First mortgage on real estate properties representing a loan of Euro 7,000,000 from Cassa Centrale Banca.
- 1st lien on the shares held (40%) in Kairos Alps Srl for a loan of Euro 6,500,000 from Cassa Centrale Banca.

During the year, the Company also made the following commitments, as Sponsor, to Open Piemonte Srl (a wholly-owned subsidiary of Kairos Alps Srl):

- maintaining for the entire duration of the loan granted by Cassa Centrale to Open Piemonte (until 2040) the shareholding in the company Kairos Alps, except with the prior written consent of the Bank;

- paying through Kairos Alps in the form of share capital and/or subordinated shareholder financing, the financial resources necessary to support any extra project costs and to keep Open Piemonte solvent to meet its obligations to the bank.

10. FEES TO DIRECTORS AND STATUTORY AUDITORS

The following is the breakdown of fees to the Group's Directors and Statutory Auditors for the years ended 31 December 2023 and 2022.

	At 31 December	
	2023	**2022**
Directors’ fees	303,417	301,440
Board of Auditors’ fees	38,220	38,220
TOTAL	**341,637**	**339,660**

11. FEES OF THE INDEPENDENT AUDITORS

The table below shows the fees paid to the auditing firm BDO Italia S.p.A. for auditing the financial statements of Group companies and the consolidated financial statements for the years ended 31 December 2023 and 31 December 2022, as well as fees paid for other services:

	At 31 December	
	2023	**2022**
Statutory audit of annual accounts	46,091	48,578
Other consultancy services provided	0	0
Tax advisory services	0	0
Other audit and accounting organisation services	2,800	800
TOTAL	**48,891**	**49,378**

12. TRANSPARENCY IN THE PUBLIC DISBURSEMENT SYSTEM

Pursuant to Article 1, paragraphs 125 et seq, of Law 124/2017 (so-called annual law for the market and competition), as redrafted by Article 35 of Decree-Law no. 34/2019 (Growth Decree), please refer to the consultation of the National Register of State Aid, "Transparency" section, in order to view any grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and without consideration, remuneration or compensation, actually disbursed by the public administrations as well as by the entities referred to in Article 2-bis of Legislative Decree No. 33/2013 in the financial year 2023.

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

It should be noted that in the first few months of the year, a contract was signed for the assignment of superbonus receivables to Banco BPM in the amount of Euro 10,000,000 by Gruber Srl.

Annex A to the Consolidated Financial Statements

Consolidation Perimeter 2023

Alto Garda Servizi Spa	HQ	Share Capital	Consolidation Method
Stea Progetto S.r.l.	Via S.Caterina, 60/A 38062 Arco (TN)	100,000	Integral
Bel Coredo Spa	Via Don Guetti, 14 38012 Predaia (TN)	749,976	integral
Gruber Srl	Via Monte Misone, 21 Riva del Garda (TN)	225,000	integral
Ledro Energia S.r.l.	Via Ampola,28 38067 Ledro (TN)	1,255,495	integral

Chair of the Board of Directors

Franco Matteotti

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

The undersigned Franco Matteotti, 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 consolidated financial statements during the period from 1 January 2023 to 31 December 2023.

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 Consolidated financial statements at 31 December 2023:

- 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 position of the issuer and the group of companies included in the consolidation.

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

Riva del Garda, 20 May 2024

Chair of the Board of Directors	Franco Matteotti
Administration Manager/Financial Reporting Manager	Andrea Carloni

BALANCE SHEET

Assets	Notes	31.12.2023	31.12.2022
Non-current assets			
Property, plant and equipment	7.1	33,474,677	33,469,817
Intangible assets	7.2	236,354	165,383
Equity investments	7.3	18,391,887	16,573,288
Non-current financial receivables	7.4	27,790,852	10,636,586
Deferred tax assets	7.5	1,799,335	1,826,676
Total non-current assets		**81,693,105**	**62,671,750**
Current assets			
Inventories	7.6	627,923	753,655
Trade receivables	7.7	6,742,690	6,256,297
Receivables from parent company, associated companies, subsidiaries	7.8	1,600,644	2,712,643
Current tax receivables	7.9	7,747,563	897,562
Other current assets	7.10	2,545,261	3,883,010
Cash and cash equivalents	7.11	2,222,877	4,205,332
Total current assets		**21,486,958**	**18,708,499**
Total Assets		**103,180,063**	**81,380,249**

Liabilities and Shareholders' Equity	Notes	31.12.2023	31.12.2022
Shareholders' Equity			
Share Capital	8.1	23,234,016	23,234,016
Reserves	8.1	39,213,817	32,033,249
Net result of the year	8.1	4,228,037	8,374,681
Total Shareholders' Equity		**66,675,870**	**63,641,946**
Non-current liabilities			
Non-current financial payables	8.2	19,318,830	775,709
Employee benefits	8.3	1,268,401	1,144,076
Provisions for risks and charges	8.4	0	0
Total non-current liabilities		**20,587,231**	**1,919,785**
Current liabilities			
Current financial payables	8.5	4,543,530	5,327,150
Trade payables	8.6	1,212,489	1,042,120
Payables to parent company, associated companies, subsidiaries	8.7	1,771,492	1,793,221
Tax payables	8.8	453,623	1,226,109
Other current payables	8.9	7,935,828	6,429,918
Total current liabilities		**15,916,962**	**15,818,518**
Total Liabilities		**36,504,193**	**17,738,303**
Total Liabilities and Shareholders' Equity		**103,180,063**	**81,380,249**

INCOME STATEMENT

Figures in Euro	Notes	31.12.2023	31.12.2022
Revenues from sales and services	9.1	11,619,631	13,401,413
Other revenues and income	9.2	2,355,584	1,923,341
Total operating revenues and income		**13,975,215**	**15,324,754**
Cost of raw materials, consumables and goods	9.3	1,944,384	2,472,050
Costs for services	9.4	3,158,459	2,969,430
Leasehold improvements	9.5	447,368	464,852
Personnel costs	9.6	3,542,820	3,360,240
Amortisation/Depreciation of fixed assets	9.7	1,730,160	1,680,278
Provisions and write-downs	9.8	0	457,022
Other operating expenses	9.9	783,616	1,006,685
Capitalised costs for internal works	9.10	-913,452	-503,259
Total Operating costs		**10,693,355**	**11,907,298**
GROSS OPERATING PROFIT (LOSS)		**3,281,860**	**3,417,456**
Income from equity investments	10	463,252	308,089
Write-down of investments	11	3,938	0
Financial expenses	12	841,200	1,233,386
Financial income	13	962,570	6,389,852
Income and expenses from investments - Equity method	14	1,218,537	206,200
Revaluation of investments	15	0	402,294
RESULT BEFORE TAXES		**5,081,081**	**9,490,505**
Current and Deferred Tax	16	853,044	1,115,824
NET RESULT OF THE YEAR		**4,228,037**	**8,374,681**

Comprehensive Income Statement		31.12.2023	31.12.2022
Result of the Income Statement		4,228,037	8,374,681
Amounts that will not be subsequently reclassified to profit/(loss) of the year		-81,048	66,139
Amounts that will be subsequently reclassified to profit/(loss) for the year			
RESULT FOR THE PERIOD		**4,146,989**	**8,440,820**

STATEMENT OF CASH FLOWS

Figures in Euro	FOR THE YEAR ENDED 31 DECEMBER	
	2023	**2022**
Pre-tax result	**5,081,081**	**9,490,505**
Adjustments for:		
Amortization, depreciation, write-downs and provisions	1,730,160	2,137,300
Result of investments valued with the equity method and	-1,218,537	-206,200
Financial (Income)/Expenses	-121,370	-6,389,852
Employee benefits	-25,082	1,093
(Gains)/Losses from disposal of assets	0	0
Fair value valuations	0	0
Dividends collected	-463,252	-308,089
Cash flow from operating activities before changes in working capital	**4,983,000**	**4,724,757**
Increase/(Decrease) in employee benefits	124,324	-11,929
(Increase)/Decrease in inventories	125,732	-173,287
(Increase)/Decrease in trade receivables	-486,393	-2,675,622
(Increase)/Decrease in other assets/liabilities and assets/liabilities for	-4,195,867	-2,647,023
Increase/(Decrease) in trade payables	170,369	52,267
Dividends received from other companies	463,252	308,089
Dividends received from associated companies	0	2,000,000
Interest income and other financial income received	962,570	6,389,852
Interest expense and other financial expenses paid	-841,200	-354,640
Use of provisions for risks and charges	-29,243	0
Taxes paid	-681,609	-18,234
Cash flows from operating activities (a)	**-4,388,065**	**2,869,473**
Investments in intangible assets	-128,000	-8,040
Investments in tangible assets	-1,098,666	-1,302,706
Divestments of tangible assets	0	0
Net investments in equity investments	-64,000	3,834,256
(Increase)/Decrease in other investment activities	0	0
Cash flow from investment/divestment activities (b)	**-1,290,666**	**2,523,510**
Financial payables (new issues of long-term loans)	18,000,000	0
Financial payables (repayments and other net changes)	-910,344	-106,556
Disbursement of loans to associated companies/subsidiaries	-17,620,000	-7,650,000
Repayment of loans from associates/subsidiaries	356,685	500,000
Purchase of treasury shares	0	0
Dividends paid	-1,113,065	-623,316
Cash flow from financing activities (c)	**-1,286,724**	**-7,879,872**
Increase/(Decrease) in cash and cash equivalents (a+b+c)	0	0
Cash and cash equivalents at the beginning of the year	**4,205,332**	**1,967,464**
Cash and cash equivalents at the end of the year	**2,222,877**	**4,205,332**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Legal reserve	Share premium reserve	Treasury shares reserve	Other reserves and retained earnings	Net result of the year	Total shareholders' equity
BALANCE AT 01 JANUARY 2022	**23,234,016**	**1,842,420**	**3,263,400**	**-200,000**	**24,589,448**	**3,095,158**	**55,824,442**
Transactions with shareholders:							
Dividend distribution					0	-623,316	-623,316
Share capital subscription			0	0			0
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**-623,316**	**-623,316**
Allocation of the result for the year to the reserve	**0**	**154,758**	**0**	**0**	**2,317,084**	**-2,471,842**	**0**
Comprehensive result of the year:							
Net result	0	0	0	0	0	8,374,681	8,374,681
Application of IFRS 15					0		0
Actuarial gains/(losses) for employee benefits, net of tax effect	0	0	0	0	66,139	0	66,139
Total comprehensive result of the year	0	0	0	0	66,139	8,374,681	8,440,820
BALANCE AT 1 JANUARY 2023	**23,234,016**	**1,997,178**	**3,263,400**	**-200,000**	**26,972,671**	**8,374,681**	**63,641,946**
Transactions with shareholders:							
Dividend distribution	0	0	0	0	0	-1,113,065	-1,113,065
Share capital subscription			0	0	0	0	0
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**-1,113,065**	**-1,113,065**
Allocation of the result for the year to the reserve	**0**	**418,734**	**0**	**0**	**6,842,882**	**-7,261,616**	**0**
Comprehensive result of the year:							
Net result	0	0	0	0	0	4,228,037	4,228,037
Application of IFRS 15					0	0	0
Actuarial gains/(losses) for employee benefits, net of tax effect	0	0	0	0	-81,048	0	-81,048
Total comprehensive result of the year	0	0	0	0	-81,048	4,228,037	4,146,989
BALANCE AT 31 December 2023	**23,234,016**	**2,415,912**	**3,263,400**	**-200,000**	**33,734,505**	**4,228,037**	**66,675,870**

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 Ardaro 27.

At 31 December 2023, 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%
TREASURY SHARES		
TREASURY SHARES	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 20 May 2024.

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.

It should be noted that in the year 2021, the meter rates were changed from 20 to 15 years, in line with what was defined by the sector authority.

DESCRIPTION	
INDUSTRIAL BUILDINGS AND LAND	2.50%
GENERAL PLANTS	6.67%
TRANSFORMATION STATIONS	3.50%
SUB-STATIONS	3.50%
TRANSFORMERS	3.50%
ELECTRICITY DISTRIBUTION LINES	2.86%
DATA TRANSMISSION NETWORKS	10.00%
1ST REDUCTION STATIONS METHANE GAS	5.00%
METHANE GAS PIPES	4.00%
TANKS	2.00%
LIFTING SYSTEMS	6.67%
AQUEDUCT PIPES/SEWERAGE	2.50%
DISTRICT HEATING NETWORK	2.50%
METERING INSTRUMENTS	6.67%
METERING INSTRUMENTS DISTRICT HEATING	6.67%

DESCRIPTION	
REMOTE CONTROL	4.0%
TECHNICAL/OPERATIONAL EQUIPMENT	8.33%
TRUCKS	14.29%
VEHICLES	14.29%
MECCANOGRAPH CENTRE	14.29%
FURNITURE	8.33%
OFFICE MACHINES AND EQUIPMENT	14.29%
START-UP/EXPANSION COSTS	5 YEARS
SOFTWARE	3 YEARS
STUDIES AND RESEARCH	3 YEARS
CONCESSIONS, LICENSES CED	5 YEARS
THIRD-PARTY ASSETS – HQ OFFICES	RESIDUAL YEARS RENTAL

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 shareholder receives the payment.

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.

TAXES

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.
f) **Equalisation:** the “equalisation” component is estimated to be an amount corresponding to the positive or negative difference between the revenues realised from end customers and the VRT determined in accordance with the ARERA resolutions updated at the date of preparation of the financial statements.

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 2023

The accounting policies adopted are consistent with those used at 31 December 2022.

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRSs effective from 1 January 2023 are set out below and briefly explained.

- <u>Amendments to IAS 1 "Presentation of Financial Statements"</u>

The document published by the IASB Board includes amendments to the document "IFRS Practice Statements 2 - Making Materiality Judgements" that aim to provide guidance on how to apply the concept of "materiality" to the disclosure of accounting standards. In particular, the standard states that only "material" accounting policies and not all "significant" accounting policies should be described in the financial statements. Information is material if, taken together with the other information included in the financial statements, it can reasonably be expected to influence the decisions made by the primary users of the financial statements. To assess the "materiality" of disclosures, it is necessary to consider both the amount of the transactions and their nature, thus considering both quantitative and qualitative factors.

- <u>Amendments to IAS 8 "Definition of Accounting Estimates"</u>

The amendments to IAS 8 clarify the distinction between changes in accounting policies and changes in accounting estimates. Accounting estimates are to be understood as monetary amounts that are material in the financial statements and present measurement uncertainties. Accounting estimates are made in order to achieve the objective of the accounting standard, as an accounting standard may require items to be valued using monetary amounts that cannot be directly observed and, for that reason, must be estimated through the use of valuations and assumptions based on the most recent, reliable information available. Furthermore, changes in accounting estimates resulting from new information should not be considered as corrections of misstatements.

- <u>Amendments to IAS 12 "Income Taxes: Deferred Tax Related to Assets and Liabilities Arising From a Single"</u>

The amendments clarify that the exemption from initial recognition no longer applies to transactions that give rise to taxable and deductible temporary differences of equal amount, reducing the scope of the exception. For transactions subject to the amendments, the related deferred assets and liabilities are required to be recognised at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings (or other components of equity) at that date. In addition, on 8 November 2023, by EU Regulation 2023/2468, published in the European Official Journal on 9 November 2023, the European Commission adopted amendments to IAS 12 that introduce a temporary exception to the accounting for deferred taxes related to the application of OECD Pillar II, and to disclosures. It is recalled that the OECD tax reform "Global anti-base erosion model rules" introduced a model to address tax issues arising from the digitisation of the economy. The Pillar II rules aim to cap tax competition by introducing an overall minimum tax rate of 15% in each jurisdiction where large multinational companies operate.

- Amendments to IFRS 17 "Insurance Contract"

IFRS 17 was issued in May 2017, replacing IFRS 4, with the aim of introducing a uniform valuation model for insurance contracts, defining their recognition, measurement and presentation criteria. To this end, the standard:

- Introduces a single accounting model for all insurance contracts.
- Requires the provision of up-to-date information in relation to the risks and performance of insurance contracts and obligations.
- Improves the transparency of financial information.

With reference to the application of these standards, amendments and new interpretations, it should be noted that there was no impact on the Company's 2023 financial statements.

5. Accounting standards/interpretations approved and compulsorily applicable FROM FINANCIAL YEARS SUBSEQUENT TO 2023.

The following accounting standards, amendments to accounting standards and interpretations issued by the IASB and transposed by the European Union at the date of presentation of the 2023 financial statements are mandatory for financial years after 2023.

- Amendments to IAS 1 "Presentation of Financial Statements"

The amendments, issued on 31 October 2022 and applicable as of 1 January 2024 with early application permitted, clarify the requirements to be considered in determining whether, in the statement of financial position, payables and other liabilities with an uncertain settlement date are to be classified as current or non-current (including payables extinguishable by conversion into equity instruments). The proposed amendments clarify that a liability is classified as current when the entity, at the end of the reporting period, does not have a right to defer its settlement for a period of at least 12 months; the right to defer payment need not be unconditional, but must be substantial and existing at the end of the reporting period. Whether or not the entity intends to exercise this right in the next 12 months (e.g. intention to refinance a loan by extending its maturity) and any decisions taken between the balance sheet date and the date of its publication (e.g. decision to repay the loan early) are irrelevant. In addition, if the right to defer payment beyond 12 months of a liability arising from a loan agreement is conditioned on compliance with covenants, the classification of the liability as current or non-current shall take into account the following:

- compliance with contractual covenants up to the balance sheet date is relevant in determining whether or not the right to defer payment of the liability exists for a period of at least 12 months;
- compliance with contractual covenants to be calculated after the balance sheet date is not relevant in determining whether or not the right to defer payment of the liability arises for a period of at least 12 months.

An entity shall provide the following disclosures in the notes to the financial statements with respect to subsequent events that do not require an adjustment:

- long-term refinancing of a liability classified as current;
- termination of the breach of a long-term loan agreement, classified as a current liability;
- granting by the lender of a grace period to rectify a breach of a long-term loan agreement classified as a current liability;
- settlement of a liability classified as non-current.

If an entity has liabilities arising from financing arrangements classified as non-current, the right to defer the payment of which is conditional on compliance with covenants to be calculated in the 12 months following the reporting date, it shall disclose the following information in the notes to the financial statements:

- amount of non-current liabilities that are subject to covenants in the next 12 months;
- description of the covenants and the dates by which the entity will have to comply with them;
- facts and circumstances, if any, that point to the entity's difficulty in complying with the covenants (e.g.: actions taken before and/or after the reporting date to avoid breaching the covenants; the fact that the covenants to be complied with in the next 12 months would not be met using data as at the reporting date).

- <u>Amendment to IFRS 16 "Leases: lease liability in a sale and leaseback"</u>

The amendments, which were issued on 22 September 2022 and are applicable as of 1 January 2024 with early application permitted, relate to the accounting for a sale and leaseback transaction involving the payment by the lessee-seller of variable rents.

- <u>Amendments to IAS 7 “Statements of Cash Flows”</u>

On 25 May, it published “Supplier Finance Arrangements”, which amends IAS 7 to regulate the requirements for the presentation of liabilities and related cash flows arising from financing arrangements in the supply chain and related disclosures. Prior to the amendments, neither IAS 7 nor IFRS 7 contained specific disclosure requirements for reverse factoring. The standard requires disclosures that enable users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed; reverse factoring often gives rise to liquidity risk due to the concentration of a portion of liabilities with a financial institution. These provisions are applicable from 1 January 2024.

- <u>Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rate”</u>

On 15 August 2023, the IASB published “Lack of Exchangeability”, which mainly defined:

- the requirements for determining when one currency is convertible into another and when it is not;
- the requirements for estimating the spot exchange rate when one currency is not convertible into another and the related additional disclosure requirements.

The amendments will enter into force on 1 January 2025.

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.

EFFECTS OF CLIMATE CHANGE ON THE FINANCIAL STATEMENTS

On 20 November 2020, the IFRS Foundation published educational material “Effects of climate-related matters on financial statements” in response to stakeholder requests for further information to highlight how existing IFRS requirements may require companies to consider climate-related matters when their effect is material to the financial statements.

The financial reporting implications of climate-related and other emerging risks may include, *inter alia*:

- impairment of assets, including goodwill;
- changes in the useful life of assets
- changes in the fair value of assets;
- effects on the calculation of impairment due to increased costs or reduced demand;
- changes in provisions for onerous contracts due to increased costs or reduced demand;
- changes in provisions and contingent liabilities arising from fines and penalties;
- changes in expected losses on loans and other financial assets.

The IFRSs do not explicitly refer to climate change issues. However, companies may be required to consider climate-related issues in the application of IFRSs when the effect of such issues is material in the context of the financial statements as a whole (e.g. with respect to significant judgements and estimates).

As far as Alto Garda Servizi S.p.A. is concerned, climate impacts can be reflected on the consumption trend by users, in particular of district heating, while no particular impacts can be found on other areas of the financial statements.

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 2023.

It was not deemed necessary to draw up a new appraisal of the values of the electrical substations and of the operational properties/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.

	At 31 December 2023		
	Level 1	Level 2	Level 3
Electrical cabins and operational properties/land	0	3,873,900	0
Shareholding Kairos Alps S.r.l.	0	628,337	0
Investment Alto Garda Power S.r.l.	0	5,879,800	0
TOTAL	**0**	**10,382,037**	**0**

With reference to the associated company Alto Garda Power S.r.l., the application of the equity method in 2023 showed an increase in value of Euro 654 thousand.

With reference to the associated company Kairos Alps S.r.l., the application of the equity method in 2023 showed an increase in value of Euro 564,337.

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 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	TOTAL
Balance as at 31 December 2022	**4,327,001**	**28,009,526**	**941,707**	**191,583**	**33,469,817**
Of which:					
Historical cost	6,311,360	50,839,368	3,606,213	1,380,362	62,137,303
Accumulated amortisation	-1,984,359	-22,829,842	-2,664,506	-1,188,779	-28,667,486
Purchases	68,460	1,093,934	511,806	18,335	1,692,535
Disposals	0	-188,100	-120,092	0	-308,192
Derecognition of accumulated depreciation	0	171,477	86,766	0	258,243
Utilisation of provisions for depreciation of fixed assets	0	0	29,243	0	29,243
Amortisation	-165,347	-1,244,196	-207,313	-50,113	-1,666,969
Balance as at 31 December 2023	**4,230,114**	**27,842,641**	**1,242,117**	**159,805**	**33,474,677**
Of which:					
Historical cost	6,379,820	51,745,202	4,027,170	1,398,697	63,550,889
Accumulated amortisation	-2,149,706	-23,902,561	-2,785,053	-1,238,892	-30,076,212

The item "Land and buildings" includes, for a net book value of Euro 307,887, the amount of the right to use the Via Ardaro 27 headquarters under the current lease agreement.

With regard to tangible assets, it should be noted that costs for services provided by internal personnel have been capitalised for Euro 171,033. 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 was published on 27 December 2023.

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.

It should be noted that in the year 2021, the meter rates were changed from 20 to 15 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 2023, measured at fair value according to an appraisal prepared by an independent expert.

7.2 INTANGIBLE ASSETS

	Start-up costs	Industrial patents and intellectual property rights	Concessions	Other intangible assets	TOTAL
Balance as at 31 December 2022	**0**	**18,281**	**0**	**147,102**	**165,383**
Of which:					
Historical cost	210,335	1,254,731	540,712	432,602	2,438,380
Accumulated amortisation	-210,335	-1,236,450	-540,712	-285,500	-2,272,997
Increases	0	134,162	0	0	134,162
Amortisation	0	-60,313	0	-2,878	-63,191
Balance as at 31 December 2023	**0**	**92,130**	**0**	**144,224**	**236,354**
Of which:					
Historical cost	210,335	1,388,893	540,712	432,602	2,572,542
Accumulated amortisation	-210,335	-1,296,763	-540,712	-288,378	-2,336,188

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.

7.3 EQUITY INVESTMENTS

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

	At 31 December	
	2023	**2022**
Investments in subsidiaries	6,565,018	6,028,956
Investments in associated companies	6,508,137	5,225,600
Investments in other companies	5,318,732	5,318,732
TOTAL EQUITY INVESTMENTS	**18,391,887**	**16,573,288**

Changes in the item 'Equity investments' were as follows:

Description	31/12/2022	Increases	Decreases	31/12/2023
Investments in subsidiaries	6,028,956	540,000	3,938	6,565,018
Investments in associated companies	5,225,600	1,282,537	0	6,508,137
Investments in other companies	5,318,732	0	0	5,318,732
TOTAL EQUITY INVESTMENTS	**16,573,288**	**1,822,537**	**3,938**	**18,391,887**

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

Subsidiaries	HQ	Share Capital	Shareholders' equity	Profit/ (loss) for the year	% Investment	Book value
Stea Progetto S.r.l.	Via S.Caterina 38062 Arco	100,000	2,408,716	1,821,253	51.00	**846,950**
Bel Coredo Spa	Via Don Guetti, 14 38012 Coredo	749,976	1,185,097	6,819	66.08	**418,585**
Gruber Srl	Via Monte Misone Riva del Garda	225,000	2,188,693	369,369	51.11	**1,540,000**
Ledro Energia S.r.l.	Via Ampola,28 38067 Ledro	1,255,495	3,759,483	-3,938	100	**3,759,483**
TOTAL						**6,565,018**

Associated companies	HQ	Share Capital	Shareholders' equity	Profit/ (loss) for the year	% Investment	Book value
Kairos Alps S.r.l. (sub-consolidated)	Via Ardaro, 27 38066 Riva del Garda	10,000	1,570,942	1,410,842	40.00	**628,337**
Alto Garda Power S.r.l.	Viale Rovereto,15 38066 Riva del Garda	1,750,000	29,399,000	3,270,000	20.00	**5,879,800**
TOTAL						**6,508,137**

Other companies	HQ	Share Capital	Shareholders' equity	Profit/ (loss) for the year	% Investment	Book value
Dolomiti Energia S.p.A.	Via Fersina,23 38121 Trento	20,440,936	87,072,026	4,339,412	4.49	**2,562,000**
SET Distribuzione S.p.A.	Via Manzoni, 24 38068 Rovereto	121,973,694	248,903,689	13,008,416	2.00	**2,400,358**
Primiero Energia S.p.A.	Via Guadagnini, 31 38054 S.Martino	9,938,990	70,808,668	17,486,513	0.81	**81,840**
Tecnodata Srl	Via Guadagnini, 31 38121 Trento	12,560	597,882	28,423	15.00	**273,534**
Distretto Tecnologico	P.za Manifattura,1 38068 Rovereto	201,000	848,599	142,193	0.35	**1,000**
TOTAL						**5,318,732**

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 Kairos Alps S.r.l., the effect of the consolidation of its subsidiaries was taken into account.

As for the purchase value of the Gruber Srl shareholding, which is higher than the share of net assets due, it is justified by the expected results in the coming years and the related cash flows.

7.4 NON-CURRENT FINANCIAL RECEIVABLES

"Non-current financial receivables" at 31 December 2023 and 2022 are detailed below.

	At 31 December	
	2023	**2022**
Interest-bearing loan subsidiary Ledro Energia S.r.l.	2,100,000	2,300,000
Interest-bearing loan subsidiary Stea Progetto S.r.l.	250,000	50,000
Interest-bearing loan subsidiary Gruber S.r.l.	6,785,772	7,350,000

Interest-bearing loan associate Bel Coredo SpA	500,000	300,000
Other receivables due from Bel Coredo Spa	636,379	636,379
Receivables from associated company Kairos Alps Srl	17,518,494	0
Other receivables	207	207
Total	**27,790,852**	**10,636,586**

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. During 2023, the subsidiary Ledro Energia Srl repaid Euro 0.2 million of the interest-bearing loan.

Receivables from the associated company Kairos Alps Srl in the amount of Euro 17,518,494 refer to the Shareholders' Loan and related interest share for investments in the production of electricity from renewable sources (wind and photovoltaic).

7.5 DEFERRED TAX ASSETS

The following table breaks down deferred tax assets by type of temporary difference at 31 December 2023 and 2022.

Receivables for deferred tax assets IRES	**Deferred tax assets 2022**		**Reabsorptions 2023**		**Increases 2023**		**Total deferred tax assets 2023**		
Deductible differences	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Rate**	**Tax**
Contributions electricity connection	1492.252	358,140	-156,99 8	-37,680	0	0	1,335,254	24.00%	320,461
Contributions connection gas users	650,618	156,148	0	0	0	0	650,618	24.00%	156,148
Allocation provision for write-down of inventories	164,462	39,471	0	0	0	0	164,462	24.00%	39,471
Statutory amortization exceeding tax	3,838,484	921,236	0	0	0	0	3,838,484	24.00%	921,236
Allocation doubtful accounts provision	188,323	45,198	0	0	0	0	188,323	24.00%	45,198
Allocation provision for write-down of meters	457,722	109,853	-29,243	-7,018	0	0	428,479	24.00%	102,835
Other employee benefits	475,960	114,230	0	0	95,446	22,907	571,406	24.00%	137,137
Total	**7.267.82 1**	**1,744,277**	**-186.24.1**	**-44,698**	**95,446**	**22,907**	**7,177,026**		**1,722,486**

Receivables for deferred tax assets IRAP	**Deferred tax assets 2022**		**Reabsorptions 2023**		**Increases 2023**		**Total deferred tax assets 2023**		
Deductible differences	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Tax**	**Rate**	**Tax**
Contributions connection electricity users	1492.252	44,469	-156,998	-4,679	0	0	1,335,254	2.98%	39,791
Contributions connection gas users	650,618	19,388	0	0	0	0	650,618	2.98%	19,388
Allocation provision for write-down of inventories	164,462	4,901	0	0	0	0	164,462	2.98%	4,901
Allocation provision for write-down of meters	457,722	13,640	-29,243	-871	0	0	428,479	2.98%	12,769
Total	**2,765,054**	**82,399**	**-186,241**	**-5,550**	**0**	**0**	**2,578,813**		**76,849**
Total receivables for deferred tax assets		**1,826,676**		**-50,248**		**22,907**			**1,799,335**

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 2025 (gas service) and 2030 (electricity service).

7.6 INVENTORIES

The breakdown of the item "Inventories" at 31 December 2023 and 2022 is provided below.

	At 31 December	
	2023	**2022**
Raw and ancillary materials and consumables	627,923	753,655

TOTAL	**627,923**	**753,655**

7.7 TRADE RECEIVABLES

The breakdown of "Trade receivables" at 31 December 2023 and 31 December 2022 is provided below.

	At 31 December	
	2023	**2022**
Receivables from customers	6,966,119	6,479,726
Provision for doubtful accounts	-223,429	-223,429
TOTAL	**6,742,690**	**6,256,297**

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 2023 and 2022:

	Provision for doubtful accounts
At 1 January 2022	223,429
Allocations	0
Utilisations	0
At 31 December 2022	223,429
Allocations	0
Utilisations	0
At 31 December 2023	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 2023 and 2022 is provided below.

	At 31 December	
	2023	**2022**
Receivables from parent company	221,641	217,593
Receivables from subsidiaries	189,724	112,503
Receivables from associated company Ag Powers S.r.l.	1,189,279	2,382,547
TOTAL	**1,600,644**	**2,712,643**

Receivables from affiliated company AG Power Srl refer to the reimbursement of the heat cost as a result of the new contract and the related white certificates; these receivables will be collected during the financial year 2024.

7.9 CURRENT TAX RECEIVABLES

The breakdown of the item "Current tax receivables" at 31 December 2023 and 2022 is provided below.

	At 31 December	
	2023	**2022**
VIRTUAL STAMP DUTY	854	217
110% SUPERBONUS RECEIVABLE	7,370,067	882,709
VAT	0	14,636
IRAP	13,998	0

IRES	362,644	0
Total	**7,747,563**	**897,562**

The superbonus receivables will be recovered by the Company in the period 2024-2027.

7.10 OTHER CURRENT ASSETS

The breakdown of the item "Other current assets" at 31 December 2023 and 2022 is provided below.

	At 31 December	
	2023	**2022**
PAT and Municipalities – deposit of road cuts and various deposits	101,727	66,009
Energy revenues equalisation fund	1,930,867	1,122,205
Gas revenues equalisation fund	291,194	254,190
Repayment of interest on tax moratorium for 1998-2000	0	286,145
PAT – advance gas tender costs	48,170	48,170
Equalisation fund 6th two-month period	64,374	1,758,539
Sundry	28,537	207,410
Accrued and deferred assets	80,392	140,342
Total	**2,545,261**	**3,883,010**

The calculation of the gas and energy equalisation for the year 2023 was carried out with the support of expert and independent consulting firms.

With regard to the receivable for electricity equalisation payments, relating to the period 2019-2023, it should be noted that Euro 1,513,112 was collected as an advance and recognised in the item Other current payables.

7.11 CASH AND CASH EQUIVALENTS

The breakdown of the item "Cash and cash equivalents" at 31 December 2023 and 2022 is provided below.

	At 31 December	
	2023	**2022**
Bank and postal deposits	2,221,382	4,205,233
Cash-in-hand and cash equivalents	1,495	99
TOTAL	**2,222,877**	**4,205,332**

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 2023, 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 2023, Euro 1.113 million, equal to Euro 2.50 per share, was distributed.

The breakdown of shareholders' equity is shown below:

	At 31 December	
	2023	**2022**
Share capital	23,234,016	23,234,016
Legal reserve	2,415,912	1,997,178
Share premium reserve	3,263,400	3,263,400
Extraordinary reserve	29,058,637	21,076,155
FTA reserve	1,589,614	1,589,614
Non-distributable reserve	1,853,885	2,993,485
IAS 19 reserve	414,454	495,502
Retained earnings reserve	817,915	817,915
Reserve for treasury shares	-200,000	-200,000
Profit/ (loss) for the year	4,228,037	8,374,681
TOTAL SHAREHOLDERS' EQUITY	**66,675,870**	**63,641,946**

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

Description	amount	possibility of units	use available	Summary of utilisations in the three previous financial years: for loss coverage	for other reasons
Share Capital	23,234,016		-	-	-
Capital reserves					
- share premium reserve	3,263,400	A,B	3,263,400	-	-
Profit reserves					
- revaluation reserves	-			-	-
- legal reserve	2,415,912	B	2,415,912	-	-
- reserve for portfolio treasury shares	(200,000)			-	-
- statutory reserves	-			-	-
- extraordinary reserve	29,058,637	A,B,C	29,058,637	-	-
- non-distributable reserve	1853.885		-	-	-
- FTA reserve	1,589,614		-		
- IAS 19 reserve	414,454		-	-	-
- retained earnings or losses	817,915	A,B,C	817,915		
Totals	62,447,833		**35,555,864**	-	-
Non-distributable portion			**-**		
Residual distributable portion			**35,555,864**		

A: for capital increase
B: for loss coverage
C: for distribution to shareholders

8.2 NON-CURRENT FINANCIAL PAYABLES

The table below shows non-current financial payables at 31 December 2023 and 2022.

	2023	2022
	Non-current	**Non-current**
Payables to banks	14,084,712	446,583
Other financial payables (IFR16)	234,118	329,126
Bond	5,000,000	0
TOTAL	**19,318,830**	**775,709**

During the year, the Company renegotiated the Euro 5 million bond maturing on 30 June 2023 by extending the maturity date to 30 June 2033.

During 2023, the Company took out new bank loans to finance the purchase of 110% superbonus tax credits from subsidiaries and to finance the associate Kairos Alps Srl for the purpose of investments in electricity production from renewable sources.

NET FINANCIAL DEBT

In Communication no. DEM/6064293 of 28 July 2006 on "Corporate Disclosures of Listed Issuers and Issuers of Financial Instruments Disseminated Among the Public" pursuant to Article 116 of the Consolidated Financial Intermediation Act (TUIF), CONSOB called upon issuers to use the definition of net financial position of the previous CESR Recommendation for disclosures to be included in financial statements, half-yearly reports, and periodic requests pursuant to Article 114 of the TUIF. Attention Call No. 5/21 of 29 April 2021 "Compliance with ESMA's Guidelines on Disclosure Requirements under the Prospectus Regulation" CONSOB clarifies that "As of 5 May 2021, references in previous CONSOB communications to the above-mentioned CESR Recommendations on Prospectus shall be deemed to be replaced with the relevant ESMA Guidelines, including references in Communication No. DEM/6064293 of 28 July 2006 on net financial position."

The new Net Financial Debt schedule is shown below:

		2023	**2022**
A	Cash and cash equivalents	2,222,877	4,205,332
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	**Liquidity (A+B+C)**	**2,222,877**	**4,205,332**
E	Current financial debt (including debt instruments but	4,543,530	5,327,150
	excluding the current portion of non-current financial debt)	-	-
F	Current part of non-current financial debt	-	-
G	**Current financial debt (E+F)**	**4,543,530**	**5,327,150**
H	**Net current financial debt (G-D)**	**2,320,653**	**1,121,818**
I	Non-current financial debt (excluding current and debt instruments)	19,318,830	775,709
J	Debt instruments	-	-
K	Trade and other non-current payables	2,983,981	2,835,341
L	**Non-current financial debt (I+J+K)**	**22,302,811**	**3,611,050**
M	**Total financial debt (H+L)**	**24,623,464**	**4,732,868**

The company's indirect debt refers to:

	At 31 December	
	2023	**2022**
Guarantees issued to third parties	417,747	704,285
Guarantees issued to subsidiaries	7,000,738	1,960,000
TOTAL	**7,418,485**	**2,664,285**

During the year 2023, the Company also issued the following guarantees in favour of Financial Institutions:

- First mortgage on real estate properties representing a loan of Euro 7,000,000 from Cassa Centrale Banca.
- 1st lien on the shares held (40%) in Kairos Alps Srl for a loan of Euro 6,500,000 from Cassa Centrale Banca.

During the year, the Company also made the following commitments, as Sponsor, to Open Piemonte Srl (a wholly-owned subsidiary of Kairos Alps Srl):

- maintaining for the entire duration of the loan granted by Cassa Centrale to Open Piemonte (until 2040) the shareholding in the company Kairos Alps, except with the prior written consent of the Bank;

- paying through Kairos Alps in the form of share capital and/or subordinated shareholder financing, the financial resources necessary to support any extra project costs and to keep Open Piemonte solvent to meet its obligations to the bank.

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 2023 and 31 December 2022 are shown below:

	At 31 December 2022				
	TFR	**Loyalty Bonuses**	**Monthly salaries Additional**	**Energy discounts**	**Total**
Liabilities at the start of the period	**709,002**	**72,655**	**68,967**	**305,381**	**1,156,005**
Current cost of the service	38,983	5,063	2,467	2,993	49,506
Interest from discounting	6,943	712	688	0	8,343
Benefits paid	-1,084	-2,060	-495	0	-3,639
Actuarial losses/(gains)	-130,939	-12,628	0	77,428	-66,139
Liabilities at the end of the period	**622,905**	**63,742**	**71,627**	**385,802**	**1,144,076**

	At 31 December 2023				
	TFR	**Loyalty Bonuses**	**Monthly salaries Additional**	**Energy discounts**	**Total**
Liabilities at the start of the period	**622,905**	**63,742**	**71,627**	**385,802**	**1,144,076**
Current cost of the service	25,608	4,016	2,559	14,545	46,728
Interest from discounting	23,011	2,403	2,700	0	28,114
Benefits paid	-25,082	-6,483	0	0	-31,565
Actuarial losses/(gains)	15,143	4,776	-12,019	73,148	81,048
Liabilities at the end of the period	**661,585**	**68,454**	**64,867**	**473,495**	**1,268,401**

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

	At 31 December	
	2023	**2022**
Discount rate/discount	3.17%	3.77%
Inflation rate	2.00%	2.50%
Overall salary increase rate	3.00%	3.50%
Annual TFR increase rate	1.00%	0.00%

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 2023 and 2022.

	2023	2022
	Current	**Current**
Payables to banks	4,448,672	232,442
Other financial payables (IFR16)	94,858	94,708
Bond	0	5,000,000
TOTAL	**4,543,530**	**5,327,150**

Payables to banks refer to the portions of loans outstanding as at 31 December 2023 and due within the year 2024.

Following the extension of the maturity date of the Bond Loan to 30 June 2033, the Loan was reclassified under non-current financial liabilities with payment of the first principal instalment on 30 June 2026.

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 2023 and 31 December 2022. Payables refer entirely to the geographical area of Italy. All payables are due within one year.

	At 31 December	
	2023	**2022**
Suppliers of goods and services	531,555	572,987
Invoices to be received	680,934	469,133
Total	**1,212,489**	**1,042,120**

8.7 PAYABLES TO PARENT COMPANY, ASSOCIATED COMPANIES, SUBSIDIARIES

The table below shows "Payables to parent, associated and subsidiary companies" at 31 December 2023 and 31 December 2022. Payables refer entirely to the geographical area of Italy.

	At 31 December	
	2023	**2022**
Payables to parent company	1,745,776	1,793,221
Payables to subsidiaries	25,716	0
Payables to associated companies	0	0
TOTAL	**1,771,492**	**1,793,221**

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 2023 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 2023 and 31 December 2022.

	At 31 December	
	2023	**2022**
Tax liabilities IRAP	0	93,980
Tax liabilities IRES	0	1,021,225
Tax liabilities VAT	343,466	0
Withholding taxes on employees and collaborators IRPEF	110,157	110,904
Total	**453,623**	**1,226,109**

Payables for IRPEF relate to withholdings to employees for December 2023 paid in January 2024.

8.9 OTHER CURRENT PAYABLES

The table below shows "Other current payables" at 31 December 2023 and 31 December 2022.

	At 31 December	
	2023	**2022**
Payables to pension and social security institutions Social	293,268	271,659
Payables to employees	375,755	341,428
Other payables	231,131	1,052,384
Advances from Cassa Conguaglio for equalisation	1,513,112	0
Payables to the Equalisation Fund	1,086,806	498,838
Reimbursement of credit notes to customers	337,274	1,124,287
Deferred income from superbonus credits	893,325	0
Accrued and deferred liabilities connection contribution	3,205,157	3,141,322
TOTAL	**7,935,828**	**6,429,918**

Advances from Cassa Conguaglio for equalisation refer to the electricity equalisation balance for the period 2019-2023, the amount of which is recorded under Other current assets.

The superbonus deferred income refers to the capital gain the Company will realise in the period 2024-2027 by using the superbonus credits as compensation.

Payables to social security institutions refer to charges and withholdings from employees paid in the following month. Payables to employees include productivity bonuses (Euro 198 thousand) and holidays accrued but not taken (Euro 167 thousand). Deferred income refers to connection contributions from users.

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:

	31.12.2023	31.12.2022
Revenues from electricity transmission	2,999,710	2,841,783
Revenues from electricity generation	129,735	96,546
Revenues from gas transmission	2,066,593	2,162,221
Revenues from water service management	1,491,179	1,282,333
Heat revenues	4,346,357	6,523,642
Other revenues	586,057	494,888
Total	**11,619,631**	**13,401,413**

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 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Services provided to subsidiaries	56,572	43,147
White certificates	280,697	795,000
Contributions from equalisation systems	886,530	267,760
Revenues from management of aqueduct plants	331,209	261,726
Revenues from public lighting services	84,786	13,768
Operating contingent assets	188,831	97,647
Revenues from other services provided to third parties	526,959	444,293
Total	**2,355,584**	**1,923,341**

Revenues are entirely generated in Italy.

9.3 COSTS OF RAW MATERIALS, CONSUMABLES AND GOODS

The breakdown of the item "Costs for raw materials, consumables and goods" for the year ended 31 December 2023 and 2022 is shown below.

	31.12.2023	31.12.2022
Purchase of drinking water	2,500	2,750
Purchase of heat	782,821	1,793,075
Purchase of warehouse material	757,131	640,948
Purchase of other materials	276,200	208,564
Change in inventories	125,732	-173,287
Total	**1,944,384**	**2,472,050**

9.4 COSTS FOR SERVICES

The breakdown of the item "Costs for services" for the year ended 31 December 2023 and 2022 is shown below.

	31.12.2023	31.12.2022
Electricity transport fees	1,072,406	985,830
Insurance	157,888	146,133
Bank charges and fees	25,371	20,517
Administrative consultancy	181,720	203,508
Network maintenance costs	754,931	594,729
Electricity, gas and water costs	129,107	215,388
Software fees	240,291	202,957
Employee training costs	3,780	39,777
Meter reading costs	111,033	112,645
Other costs	481,932	447,946
Total	**3,158,459**	**2,969,430**

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 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Rental expenses	20,259	27,895
Concession fees	427,109	436,957
Total	**447,368**	**464,852**

9.6 PERSONNEL COSTS

The breakdown of the item "Personnel costs" for the year ended 31 December 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Wages and salaries	2,462,715	2,327,306
Social security costs	801,455	754,024
Employee severance indemnity (TFR)	167,443	203,949
Other costs	111,207	74,961
Total	**3,542,820**	**3,360,240**

9.7 AMORTISATION/DEPRECIATION OF FIXED ASSETS

The breakdown of the item "Amortisation, depreciation, provisions and write-downs" for the year ended 31 December 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Depreciation of Intangible assets	63,191	40,144
Depreciation of Tangible assets	1,666,969	1,640,134
Total	**1,730,160**	**1,680,278**

9.8 PROVISIONS AND WRITE-DOWNS

The breakdown of the item "Provisions and write-downs" for the year ended 31 December 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Provision for doubtful accounts	0	0
Write-downs of tangible assets	0	457,022

Total	**0**	**457,022**

In 2022, the item "depreciation of tangible assets" refers to the obligation to replace 1G electricity meters with new 2G meters by 31 December 2025.

9.9 OTHER OPERATING EXPENSES

The breakdown of the item "Other operating expenses" for the year ended 31 December 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Gas equalisation costs	358,417	602,950
Losses on ordinary operations	4,032	31,988
Charges on common conventions	101,858	116,929
Operating contingent liabilities	30,023	13,375
Other operating expenses	289,286	241,443
Total	**783,616**	**1,006,685**

Contingent liabilities refer to adjustments to the gas and energy equalisation for 2022.

9.10 CAPITALISED COSTS FOR INTERNAL WORKS

The breakdown of the item "Capitalised costs for internal works" for the year ended 31 December 2023 and 2022 is shown below.

	31.12.2023	31.12.2022
Warehouse material	742,419	382,417
Labour	171,033	120,842
Total	**913,452**	**503,259**

Capitalised costs include Euro 171,033 for personnel costs and Euro 742,419 for material costs and refer to the development and implementation of investments in the gas and electricity distribution networks.

10 INCOME FROM EQUITY INVESTMENTS

The breakdown of the item "Income from equity investments" for the year ended 31 December 2023 and 2022 is provided below.

	31.12.2023	31.12.2022
Income from investments in subsidiaries	292,858	102,000
Income from investments in other companies	170,394	206,089
Total	**463,252**	**308,089**

Income from equity investments includes dividends received from Set Distribuzione S.p.A, Primiero Energia Spa and Tecnodata Srl. During 2023, Euro 292,858 were collected from the subsidiary Gruber Srl.

11 WRITE-DOWN OF INVESTMENTS

The write-down of Euro 3,938 refers to the adjustment of the value of the shareholding in the wholly-owned subsidiary Ledro Energia S.r.l. to its equity.

12 FINANCIAL EXPENSES

The breakdown of the item "Financial expenses" for the year ended 31 December 2023 and 31 December 2022 is provided below.

	31.12.2023	31.12.2022
Bank interest expense	5,308	163
Interest expense on bond	330,927	177,994
Interest expense on mortgages	411,882	15,656
Interest from discounting	49,918	18,006
Minibond option fee	43,165	0
Financial expenses earn out Stea Progetto Srl	0	1,021,567
Total	**841,200**	**1,233,386**

13 FINANCIAL INCOME

	31.12.2023	31.12.2022
Interest income from subsidiaries	490,721	105,334
Interest income from associated companies	298,494	48,914
capital gain on disposal of Dolomiti Energia Holding Spa	0	6,043,906
Other financial income	173,355	191,698
Total	**962,570**	**6,389,852**

14 GAINS AND LOSSES FROM INVESTMENTS - EQUITY METHOD

	31.12.2023	31.12.2022
valuation at net equity, associated company AG Power S.r.l.	654,200	206,200
valuation at net equity associated company Kairos Alps S.r.l.	564,337	0
Total	**1,218,537**	**206,200**

15 REVALUATION OF EQUITY INVESTMENTS

In 2023, no write-downs of equity investments were made.

16 CURRENT AND DEFERRED TAX

The taxes for the year recorded in the income statement of these financial statements for a total of Euro 853,044 are as follows:

	31.12.2023	31.12.2022
Current taxes IRAP and IRES	852,721	1,137,341
Deferred tax assets IRES and IRAP	27,341	-36,855
Taxes previous year IRES and IRAP	-27,018	15,338
Total	**853,044**	**1,115,824**

The analysis of the difference between the theoretical and effective tax rate for the two years under comparison is as follows:

		2023	%		2022	%
PRE-TAX RESULT		**5,081,081**			**9,490,505**	
Theoretical IRES		1,219,459	24.00%		2,277,721	24.00%
Permanent differences	-	1,634,432		-	3,886,863	
Temporary differences		-			-	

ACE	-	311,024		-	221,849	
Taxable IRES		3,135,625			5,381,793	
Effective IRES		752,550	14.81%		1,291,630	13.61%
OPERATING RESULT		**3,281,860**	2.98%		**3,417,456**	2.98%
Theoretical IRAP		97,799			101,840	
Costs not relevant for IRAP purposes		3,542,820			3,360,240	
Revenues not relevant for IRAP purposes		-			-	
Permanent differences	-	3,491,965		-	3,425,502	
Temporary differences		-			-	
Taxable IRAP		3,332,715			3,352,194	
Effective IRAP		99,315	3.03%		99,895	2.92%

8. 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 2023 and 2022.

	At 31 December	
	2023	**2022**
Directors’ fees	53,474	43,187
Board of Auditors’ fees	29,120	29,120
TOTAL	**82,594**	**72,307**

9. 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 2023 and 2022.

	At 31 December	
	2023	**2022**
Statutory audit of annual accounts	33,343	17,864
Other consultancy services provided	0	0
Tax advisory services	0	0
Other audit and accounting organisation services	800	800
TOTAL	**34,143**	**18,664**

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 31/12/2023.

10. 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 4,228,037 as follows:

- Euro 211,402 equal to 5% to the legal reserve;
- Euro 1,218,537 to the non-distributable reserve, being related to the result for the year of the associated companies Alto Garda Power S.r.l. And Kairos Alps S.r.l., valued using the equity method, and not being a dividend paid.

- Euro 623,316 ordinary dividend to shareholders corresponding to Euro 1.40 per share, also proposing that the payment be made as from 30 September 2024;
- Euro 2,174,782 to the extraordinary reserve.

Riva del Garda, 20 May 2024

CHAIR of the Board of Directors

Franco Matteotti

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

The undersigned Franco Matteotti, 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 1 January 2023 to 31 December 2023.

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:

financial statements as at 31 December 2023:

- 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, 20 May 2024

Chair of the Board of Directors	Franco Matteotti
Administration Manager/Financial Reporting Manager	Andrea Carloni

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

To the Shareholders' Meeting of "Alto Garda Servizi SpA"

Shareholders,

This report was approved collectively and in time for filing at the Company's registered office within the terms of the law.

The Board of Directors approved and made available the draft annual financial statements as at 31 December 2023 and the accompanying reports in accordance with the legal and statutory deadlines.

The approach of this report is inspired by the law and the standards of conduct of the Board of Statutory Auditors recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Professional Order of Tax Advisors).

The Company AGS SpA, following the listing of the minibond on the Second Regulated Market of the Vienna Stock Exchange on 12.12.2016 and renewed on 9 June 2023, took on the status of a Public Interest Entity, with the obligation to prepare its financial statements by applying the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as provided for in European Regulation No. 1606/2002 of 19 July 2002.

AGS SpA, starting from the financial year 2022, must also prepare the consolidated financial statements of the "Alto Garda Servizi SpA Group". The consolidated financial statements have been prepared in accordance with the aforementioned EU IFRS.

The Company, as a Public Interest Entity, pursuant to Art. 19 of Legislative Decree no. 39/2010 entrusted the Board of Statutory Auditors with the role of Internal Control, which is responsible for supervising and overseeing the statutory audit and internal control systems.

The current Board of Statutory Auditors was appointed by the Shareholders at the Ordinary Shareholders' Meeting on 20/06/2023.

Supervisory activities pursuant Arts 2403 et seq. of the Italian Civil Code

We have monitored compliance with the law and the articles of association, compliance with the principles of proper administration and, in particular, the adequacy of the organisational structures, the administrative and accounting system and their proper functioning.

We attended the Shareholders' Meetings and the Board of Directors' meetings and, on the basis of the information available, we have no particular issues to report. We also acquired information from the administrative body duly in advance and during meetings, on the general trend of operations and their outlook, as well as the most significant

transactions, due to their dimensions or characteristics, performed by the company and its subsidiaries and based on the information obtained have nothing particular to report.
We gained awareness of and monitored the suitability and function of the organisational structure, also through the collection of information from the department managers; we have no particular comments to make in this regard
We acquired knowledge and monitored, where required, the adequateness and operation of the administrative-accounting system as well as its reliability to correctly represent operating facts and events, by obtaining information from function managers and examining company documents, in this regard we have no particular comments to make. We met periodically with the Partners and Managers of the independent auditing firm BDO Italia SpA and no relevant data and information have emerged that should be highlighted in this report either with reference to AGS or to the subsidiaries Gruber Srl, Ledro Energia Srl and Stea Progetto Srl.
We met with the Supervisory Body and did not find any critical issues with regard to the proper implementation of the organisational model worthy of note in this report.
No reports have been received from Shareholders pursuant to Article 2408 of the Italian Civil Code.
No complaints have been made pursuant to Article 2409 paragraph 7 of the Italian Civil Code.
During the financial year, no opinions or observations required by law were issued by the Board of Statutory Auditors.
In the course of supervisory activities, no significant facts emerged that would be worthy of note in this report.
The Board of Statutory Auditors in its role as the Internal Control and Audit Committee performed the information, monitoring, control and verification functions provided for in Article 19, paragraph 1 of Legislative Decree no. 39/2010.
On 6 June 2024, the Independent Auditors delivered the Additional Report pursuant to Article 11 of EU Regulation 537/14 to the Board of Statutory Auditors, as the body identified to perform the role of the Audit Committee. In accordance with paragraph 1 letter a) of Article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors shall inform the Board of Directors of the Company, as a Public Interest Entity, of the outcome of the statutory audit and shall submit the additional report pursuant to Article 11 of the European Regulation to that body, without observations. The Board of Statutory Auditors, in accordance with Article 19, paragraph 1, letter e) of Legislative Decree no. 39/2010, examined the declaration of independence issued by the statutory auditor pursuant to EU Regulation No. 537/2014 art. 6 paragraph 2, which does not

show any situations that have compromised his independence or causes of incompatibility, pursuant to articles 10 and 17 of the same decree and its implementing provisions.

The Company, which is controlled by public bodies, complies with the expenditure containment measures set out in the Memorandum of Understanding signed on 20.09.2012 by the President of the Autonomous Province of Trento, the Councillor for Local Authorities and the President of the Autonomous Communities. The Company has appointed a Transparency Officer, who has periodically reported back to the Board of Directors in accordance with the law.

The Company has taken steps to publish on its institutional website in the “Transparent Company” section the declarations made pursuant to Legislative Decree no. 33/2013 and Legislative Decree no. 39/2013.

The Company has appointed a Corruption Prevention Officer, who prepared the three-year corruption prevention plan and has periodically reported to the Board in accordance with the law.

In terms of time, the activities carried out by the Board of Statutory Auditors covered the entire financial year. During the year, three meetings were regularly held pursuant to Article 2404 of the Italian Civil Code, and minutes of these meetings were duly signed and unanimously approval.

Comments and proposals on the financial statements of Alto Garda Servizi SpA

We have reviewed the draft financial statements as at 31.12.2023 and the following should be noted:

BALANCE SHEET	**31/12/2023**	**31/12/2022**
Non-current assets	81,693,105	62,671,750
Current assets	21,486,958	18,708,499
Total Assets	**103,180,063**	**81,380,249**
Non-current liabilities	20,587,231	1,919,785
Current liabilities	15,916,962	15,818,518
Shareholders' equity including net profit/(loss)	66,675,870	63,641,946
Total Liabilities	**103,180,063**	**81,380,249**
INCOME STATEMENT		
Total operating revenues and income	13,975,215	15,324,754
Total Operating costs	-10,693,355	-11,907,298
Gross operating profit/(loss)	**3,281,860**	**3,417,456**
Income from equity investments	463,252	308,089
Write-down of investments	-3,938	-
Financial expenses	-841,200	-1,233,386
Financial income	962,570	6,389,852
Revaluation of equity investments	-	402,294

Income and expenses from investments using the equity method	1,218,537	206,200
Result before taxes	5,081,081	9,490,505
Current and Deferred Tax	-853,044	-1,115,824
Net result of the year	**4,228,037**	**8,374,681**

Since we are not entrusted with the statutory audit of the accounts, we have audited the general layout of the financial statements, their general compliance with the law with regard to their formation and structure, including compliance with the legal provisions concerning the preparation of the Report on Operations, and in this regard we have no particular observations to report.

The accounting standards, measurement criteria and estimates adopted are consistent with those used for the preparation of the financial statements as at 31.12.2022 presented for comparative purposes. In the period since the Board meeting that approved the draft financial statements and up to today, no circumstances or facts have arisen that could significantly affect the financial statements for the year 2023 or the financial balance of the Company. The independent auditing firm BDO Italia SpA was appointed as the independent auditor of the company AGS SpA for the period 2016-2024 and as the independent auditor of the financial statements of the subsidiaries Gruber Srl, Ledro Energia Srl and STEA Progetto Srl. The independent auditing of the subsidiary BEL Coredo SpA is carried out by the same Board of Auditors.

On 6 June 2024, the Auditing Company has prepared and delivered the "Report of the independent auditing company" pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation (EU) no. 537/2014, which specifies that: "We believe that the annual financial statements provide a true and fair view of the equity and financial position of the company at 31 December 2023, of the economic result and the cash flows for the year ended at said date, in compliance with the International Financial Reporting Standards adopted by the European Union and with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/05". Also that: "In our opinion, the report on operations and certain specific information contained in the report on corporate governance and ownership structure referred to above are consistent with the financial statements of Alto Garda Servizi S.p.A. as at 31 December 2023 and have been prepared in accordance with the law".

We have monitored the general approach given to the consolidated financial statements of the Alto Garda Servizi Group, the scope of consolidation and the method of consolidation, finding consistency between the information given in the Notes of the Financial Statements and in the Report on Operations and the content of the consolidated financial statements.

The auditing firm BDO SpA today expressed an unqualified opinion on the consolidated financial statements as at 31.12.2023.

Comments and proposals regarding approval of the financial statements.

Considering the results of the work we have performed and the opinion expressed in the audit report issued by the statutory auditor, we invite the shareholders to approve the financial statements for the year ended 31 December 2023, as prepared by the Board of Directors.

The Board of Statutory Auditors agrees with the proposal for the allocation of the annual result formulated by the directors in the notes to the financial statements.

The Board of Statutory Auditors

Arrigo Spagnolli	Chair of the Board of Statutory Auditors
/Signature/	
Francesco Dalla Sega	Standing auditor
/signature/	
Lorenza Saiani	Standing auditor
/signature/	

ALTO GARDA SERVIZI S.p.A.

Report of the independent auditing firm pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation (EU) no. 537/2014

Consolidated Financial Statements as at 31 December 2023

MTR/ALC/SRB-RC057722023BD2986

Report of the Independent Audit Firm

pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation (EU) no. 537/2014

To the Shareholders of
ALTO GARDA SERVIZI S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the ALTO GARDA SERVIZI Group (the "Group"), consisting of the balance sheet as at 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement for the year then ended, and the notes to the consolidated financial statements, which also include the relevant accounting policies applied.

We believe that the consolidated financial statements provide a true and fair view of the equity and financial position of the Group at 31 December 2023, of the economic result and the cash flows for the year ended at said date, in compliance with the International Financial Reporting Standards adopted by the European Union and with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/'05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under these standards are further described in the section on *Audit Firm Responsibilities for the Audit of the Consolidated Financial Statements of* this report. We are independent from the company ALTO GARDA SERVIZI S.p.A. (the "Company") in accordance with the rules and principles on ethics and independence applicable in Italian law to the auditing of financial statements. We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Other aspects

The parent company, as required by law, has included in its report on operations the key figures of the financial statements as at 31 December 2022 of the entity (Municipality of Riva del Garda) that exercises management and coordination over it. The opinion on the financial statements of Alto Garda Servizi S.p.A. does not extend to such data.

Key aspects of auditing

The key audit aspects are those aspects which, in our professional opinion, were most significant in the audit of the consolidated financial statements for the year under review. These issues were addressed by us as part of our audit and in forming our opinion on the consolidated financial statements as a whole; therefore, we do not express a separate opinion on them.

BDO Italia S.p.A. - Registered Office: Viale Abruzzi, 94 - 20131 Milan - Share Capital Euro 1,000,000 fully paid-up
Tax ID Code, VAT No. and Milan Company Register No. 07722780967 - R.E.A. [Economic and Administrative Index] Milan 1977842
Enrolled in the Register of Independent Auditors under no. 167911 with Ministerial Decree of 15/03/2013 Official Gazette no. 26 of 02/04/2013
BDO Italia S.p.A., an Italian limited company, is a member of BDO International Limited, a company limited by guarantee, and is part of the international BDO network of independent companies.

Key aspects	Audit procedures in response to key issues
Fair value valuations *Note 7.1 “Tangible assets”* In the financial statements as at 31 December 2023, the Company recorded tangible fixed assets in the amount of Euro 44.5 million, of which Euro 3.9 million, representing 3% of total assets, related to electrical substations, buildings and land. Tangible assets are valued at purchase and/or production cost, net of depreciation and any impairment losses. The cost includes charges directly incurred to make their use possible. Operating properties are measured at *fair value.* Depreciation is charged on a straight-line basis at rates that allow the assets to be depreciated until their useful life is exhausted. In order to determine fair values, the Company used the support of an independent expert. This item was considered significant overall in the context of the audit due to its amount and the peculiarities of the valuation and fair value assessment processes.	The main audit procedures carried out concerned: ▪ conducting discussions with the Company's management in order to understand which assets could be measured at *fair value*, taking into account what was done with reference to the previous year's financial statements; ▪ the reconciliation of the values adopted in the financial statements based on the expert documents obtained by the Company; ▪ the evaluation of the competence, capacity and objectivity of the expert appointed by the Company's Management to carry out the appraisals on the assets subject to *fair value* assessment; ▪ the assessment of the reasonableness of the sustainability of the appraisals with respect to the general knowledge of the Company, the environment in which it operates and the regulatory framework of reference at the date of this report; ▪ the comparison, feedback and sharing with the Company's Management of the assumptions used by the independent expert with respect to the situation at the date of preparation of the financial statements; ▪ the audit of the information provided in the Notes to the financial statements.
Valuation of personnel provisions *Note 8.3 “Employee benefits”* The Company shows employee benefits of EUR 1.7 million in the balance sheet as at 31 December 2023, representing 1.2% of total liabilities. Personnel-related provisions include employee benefit plans. Prominent among these benefits are energy discounts, severance pay and additional monthly payments. 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 and is based on actuarial assumptions that are objective and compatible with each other. Plan assets are recognised and measured at fair value.	The main audit procedures carried out concerned: ▪ the assessment of the competence, capacity and objectivity of the experts appointed by the Company's Management to carry out the assessments of the employee provisions; ▪ the documentary reconciliation of the computation of the values estimated by the Company's appointed experts with the accounting balances; ▪ the verification of the accuracy and completeness of the data on the population of employees included in the plans, used for

The Company has used the support of independent experts for the calculation of employee benefits.

This item was considered significant overall in the context of the audit activity in view of its amount and of the peculiarities of the valuation processes and the determination of the relevant liability recorded in the financial statements.

the purpose of the experts' assessment of the liability;

- the verification of the reasonableness, through the use of industry *benchmarks*, of the assumptions used by the experts;
- the verification of consistency of the experts assumptions;
- the critical analysis of the sensitivity test, prepared by the experts, concerning the calculation of the liability under varying key assumptions*;*
- the audit of the information provided in the Notes to the financial statements.

Auditor's responsibility for auditing the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or errors, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance, which, however, does not guarantee that an audit performed in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement, when it exists. Misstatements may arise from fraud or errors and are considered material if they could reasonably be expected, individually or in the aggregate, to influence the economic decisions of users made on the basis of the consolidated financial statements.

In performing our audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgement and maintained professional scepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or errors; we have defined and performed audit procedures in response to those risks; and we have obtained sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting a significant misstatement due to fraud is higher than the risk of not detecting one resulting from error, as the fraud may involve collusion, forgery, intentional omissions, misrepresentation or override of internal control;
- we have gained an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have assessed the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates made by the Directors, including the related disclosures;
- we have reached a conclusion as to the appropriateness of the Directors' use of the going concern assumption and, based on the evidence obtained, as to whether there is any material uncertainty about events or circumstances that may cast significant doubt about the Group's ability to continue as a going concern. If a material uncertainty exists, we are required to draw attention to it in the audit report on the relevant financial statement disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence acquired up to the date of this report. However, subsequent events or circumstances may result in the Group ceasing to operate as a going concern;

- we have assessed the presentation, structure and content of the consolidated financial statements as a whole, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that gives a true and fair view;
- we have obtained sufficient and appropriate evidence about the financial information of the undertakings or the different economic activities performed within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit engagement. We are solely responsible for the audit opinion on the consolidated financial statements.

We have disclosed to those charged with governance activities, identified at an appropriate level as required by ISA Italia, among other matters, the planned scope and timing of the audit and the significant findings, including any significant deficiencies in internal control identified during the audit.

We have also provided those responsible for governance activities with a declaration that we have complied with the rules and principles on ethics and independence applicable in the Italian legal system and we have disclosed to them any situation that may reasonably have an effect on our independence and, where applicable, the actions taken to eliminate the relevant risks or the safeguards applied.

Of the issues communicated to those responsible for governance, we have identified those that were most relevant to the audit of the consolidated financial statements for the year under review, and thus constituted the key aspects of the audit. We have described these issues in the audit report.

Other information disclosed pursuant to Article 10 of Regulation (EU) 537/2014

On 7 March 2017, the Shareholders' Meeting of Alto Garda Servizi S.p.A. appointed us to audit the financial statements of the Company for the financial years from 31 December 2016 to 31 December 2024.

We declare that no non-audit services prohibited under Article 5, para. 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in the performance of the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is in line with that indicated in the additional report to the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, prepared pursuant to Article 11 of the aforementioned Regulation.

Report on other legal and regulatory provisions

Judgement pursuant to Article 14(2)(e) of DL 39/'10 and Article 123-bis of Legislative Decree no. 58/98

The Directors of ALTO GARDA SERVIZI S.p.A. are responsible for preparing the report on operations and the report on corporate governance and ownership structure, pursuant to paragraph 2, letter b) of Article 123-bis of Legislative Decree No. 58/'98, of the Group as at 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with legal regulations.

We have performed the procedures set forth in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the Report on Operations and of the specific section on corporate governance referred to in paragraph 2, letter b) of Article 123-bis of Legislative Decree No. 58/'98 with the Group's consolidated financial statements as at 31 December 2023 and on their compliance with the law, as well as to issue a statement on any significant errors.

In our opinion, the Report on Operations and the specific section on Corporate Governance referred to above are consistent with the Group's consolidated financial statements as at 31 December 2023 and have been prepared in accordance with the law.

With reference to the declaration referred to in Article 14, para. 2(e) of Legislative Decree no. 39/'10, issued on the basis of the knowledge and understanding of the company and its environment gained in the course of the audit, we have nothing to report.

Verona, 6 June 2024

BDO Italia S.p.A.
/signature/
Marco Giuseppe Troiani
Shareholder

Alto Garda Servizi S.p.A.

Report of the independent auditing firm pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation (EU) no. 537/2014

Financial Statements as at 31 December 2023

MTR/ALC/SRB-RC057722023BD2984

Report of the Independent Audit Firm
pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation (EU) no. 537/2014

To the Shareholders of
Alto Garda Servizi S.p.A.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the company Alto Garda Servizi S.p.A. (the "Company"), consisting of the balance sheet as at 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement for the year then ended, and the notes to the financial statements, which also include relevant information on the accounting policies applied.

We believe that the annual financial statements provide a true and fair view of the equity and financial position of the company at 31 December 2023, of the economic result and the cash flows for the year ended at said date, in compliance with the International Financial Reporting Standards adopted by the European Union and with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/'05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under these standards are further described in the section on *Audit Firm Responsibilities for the Audit of the Annual Financial Statements of* this report.

We are independent of the Company in accordance with the ethics and independence rules and principles applicable in the Italian legal system to the auditing of financial statements. We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Key aspects of auditing

The key audit aspects are those aspects which, in our professional opinion, were most significant in the audit of the financial statements for the year under review. These issues were addressed by us as part of our audit and in forming our opinion on the financial statements as a whole; therefore, we do not express a separate opinion on them.

Key aspects	Audit procedures in response to key issues
Fair value valuations	
Note 7.1 "Tangible assets"	
In the financial statements as at 31 December 2023, the Company recorded tangible fixed assets in the amount of Euro 33.5 million, of which Euro 3.9 million, representing 3.8% of total assets, related to electrical substations, buildings and land. Tangible assets are valued at purchase and/or production cost, net of depreciation and any impairment losses. The cost includes charges directly incurred to make their use possible. Operating properties are measured at *fair value.* Depreciation is charged on a straight-line basis at rates that allow the assets to be depreciated until their useful life is exhausted. In order to determine *fair values*, the Company used the support of an independent expert. This item was considered significant overall in the context of the audit due to its amount and the peculiarities of the valuation and *fair* value assessment processes.	The main audit procedures carried out concerned: ▪ conducting discussions with the Company's management in order to understand which assets could be measured at *fair value*, taking into account what was done with reference to the previous year's financial statements; ▪ the reconciliation of the values adopted in the financial statements based on the expert documents obtained by the Company; ▪ the evaluation of the competence, capacity and objectivity of the expert appointed by the Company's Management to carry out the appraisals on the assets subject to *fair value* assessment; ▪ the assessment of the reasonableness of the sustainability of the appraisals with respect to the general knowledge of the Company, the environment in which it operates and the regulatory framework of reference at the date of this report; ▪ the comparison, feedback and sharing with the Company's Management of the assumptions used by the independent expert with respect to the situation at the date of preparation of the financial statements; ▪ the audit of the information provided in the Notes to the financial statements.
Valuation of equity investments	
Note 7.3 "Equity Investments"	
In the financial statements as at 31 December 2023, the Company showed equity investments amounting to Euro 18.4 million, representing 17.8% of total assets. 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.	The main audit procedures carried out concerned: ▪ an analysis of the changes in the item during the year and a review of the increases, decreases and any write-downs made; ▪ the verification of correct classification and accounting treatment;

This item was considered significant overall in the context of the audit activity in view of the amount recorded in the balance sheet and the peculiar nature of the valuation processes (equity method) and the determination of any impairment losses (cost method) associated with it, with significant effects on the income statement.

- the identification of investments, in subsidiaries and other companies, characterised by book values that may be higher than the corresponding fractions of shareholders' equity pertaining to them as at 31 December 2023;
- the verification of the correct application of the equity method for associated companies;
- the analysis of the recoverability of receivables from investee companies;
- the audit of the proper accounting of dividends from equity investments;
- the identification of equity investments characterised by *impairment*indicators
- the analysis of the valuations by the expert who assisted the Company, whose competence, capacity and independence we assessed, through our in-house expert, in the preparation of the *impairment tests,* among others *,* of the value of the investments of the subsidiaries Stea Progetto s.r.l., Gruber s.r.l. and Eel Coredo S.p.A.
- the audit of the information provided in the Notes to the financial statements.

Valuation of personnel provisions

Note 8.3 "Employee benefits"

The Company shows employee benefits of EUR 1.7 million in the balance sheet as at 31 December 2023, representing 1.2% of total liabilities.

Personnel-related provisions include employee benefit plans. Prominent among these benefits are energy discounts, severance pay and additional monthly payments. 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 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 used the support of independent experts for the calculation of employee benefits.

This item was considered significant overall in the context of the audit activity in view of its amount and of the peculiarities of the valuation processes and the

The main audit procedures carried out concerned:

- the assessment of the competence, capacity and objectivity of the experts appointed by the Company's Management to carry out the assessments of the employee provisions;
- the documentary reconciliation of the computation of the values estimated by the Company's appointed experts with the accounting balances;
- the verification of the accuracy and completeness of the data on the population of employees included in the plans, used for the purpose of the experts' assessment of the liability;
- the verification of the reasonableness, through the use of industry *benchmarks*, of the assumptions used by the experts;

determination of the relevant liability recorded in the financial statements.

- the verification of consistency of the experts assumptions;
- the critical analysis of the sensitivity test, prepared by the experts, concerning the calculation of the liability under varying key assumptions;
- the audit of the information provided in the Notes to the financial statements.

Other aspects

The Company, as required by law, has included in its report on operations the key figures of the financial statements as at 31 December 2022 of the entity (Municipality of Riva del Garda) that exercises management and coordination over it. The opinion on the financial statements of Alto Garda Servizi S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Auditors for the Annual Financial Statements

The Directors are responsible for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/'05 and, within the terms of the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or unintentional conduct or events.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the annual financial statements, for the appropriateness of the use of the going concern assumption, as well as for adequate disclosure. The Directors use the going concern assumption in preparing the annual financial statements unless they have assessed that the conditions for liquidation of the Company or discontinuation of operations exist or they have no realistic alternative to these choices.

The Board of Statutory Auditors is responsible for supervising, within the terms of the law, the process of preparing the Company's financial reports.

Responsibility of the auditing company for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or to errors, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance, which, however, does not guarantee that an audit performed in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement, when it exists. Misstatements may arise from fraud or errors and are considered material if they could reasonably be expected, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

In performing our audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgement and maintained professional scepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we have designed and performed audit procedures in response to those risks; and we have obtained sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting a significant misstatement due to fraud is higher than the risk of not detecting one resulting from error, as the fraud may involve collusion, forgery, intentional omissions, misrepresentation or override of internal control;

- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have assessed the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates made by the Directors, including the related disclosures;
- we have reached a conclusion as to the appropriateness of the Directors' use of the going concern basis of accounting and, based on the evidence obtained, whether any material uncertainty exists about events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If a material uncertainty exists, we are required to draw attention to it in the audit report on the relevant financial statement disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence acquired up to the date of this report. However, future events or circumstances may result in the Company ceasing to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We have disclosed to those charged with governance activities, identified at an appropriate level as required by ISA Italia, among other matters, the planned scope and timing of the audit and the significant findings, including any significant deficiencies in internal control identified during the audit.

We have also provided those responsible for governance activities with a statement confirming that we have complied with the ethics and independence rules and principles applicable in the Italian legal system, and we have disclosed to them any situation that may reasonably have an effect on our independence and, where applicable, the relevant safeguards.

Of the issues communicated to those responsible for governance, we have identified those that were most relevant to the audit of the financial statements for the year under review, and thus constituted the key aspects of the audit. We have described these issues in the audit report.

Other information disclosed pursuant to Article 10 of Regulation (EU) 537/2014

On 7 March 2017, the Shareholders' Meeting of Garda Servizi S.p.A. appointed us to audit the financial statements of the Company for the financial years from 31 December 2016 to 31 December 2024.

We declare that no non-audit services prohibited under Article 5, para. 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in the performance of the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is in line with that indicated in the additional report to the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, prepared pursuant to Article 11 of the aforementioned Regulation.

Report on other legal and regulatory provisions

Judgement pursuant to Article 14(2)(e) of DL 39/'10 and Article 123-bis of Legislative Decree no. 58/98

The Directors of Alto Garda Servizi S.p.A. are responsible for the preparation of the Report on Operations and the report on corporate governance and ownership structure of Alto Garda Servizi S.p.A. as at 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures set forth in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the Report on Operations and certain specific disclosures included in the Report on Corporate Governance and Ownership Structures set forth in Article 123-bis, para. 4, Legislative Decree 58/'98, with the financial statements of Alto Garda Servizi S.p.A. as at 31 December 2023 and on their compliance with the law, as well as to issue a declaration on any significant misstatement.

In our opinion, the report on operations and certain specific information contained in the report on corporate governance and ownership structure referred to above are consistent with the financial statements of Alto Garda Servizi S.p.A. as at 31 December 2023 and have been prepared in accordance with the law.

With reference to the declaration referred to in Article 14, para. 2(e) of Legislative Decree no. 39/'10, issued on the basis of the knowledge and understanding of the company and its environment gained in the course of the audit, we have nothing to report.

Verona, 6 June 2024

BDO Italia S.p.A.
/Signature/
Marco G. Troiani
Shareholder