2021 ANNUAL FINANCIAL REPORT

agsm aim

2021 ANNUAL FINANCIAL REPORT

CORPORATE, MANAGEMENT AND CONTROL BODIES

BOARD OF DIRECTORS

Chairperson:	Stefano Casali
Vice Chairperson:	Gianfranco Vivian
The Chief Executive Officer:	Stefano Quaglino
Director:	Anna Massaro
Director:	Fabio Sebastiano
Director:	Francesca Vanzo

THE BOARD OF STATUTORY AUDITORS

Chairperson:	Gaetano Terrin
Standing Auditor:	Gabriele Pasquini
Standing Auditor:	Chiara Zantedeschi

INDEPENDENT AUDITORS

BDO Italia Spa

COMPANY DETAILS

Company name: AGSM AIM Spa
Share capital: Euro 95,588,235
Registered office: Lungadige Galtarossa 8 - 37133 Verona (VR)
TAX ID CODE 00215120239
VAT number 02770130231
REA VR - 30821
www.agsmaim.it

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS AGSM AIM GROUP

REPORT ON OPERATIONS

Dear Shareholders,

These are the first financial statements of the AGSM AIM Group following the merger of AIM Vicenza S.p.A. into AGSM Verona S.p.A. on 29 December 2020, with legal, accounting and tax effects from 1 January 2021.

This transaction is the conclusion of a combination process aimed at developing synergies and integrations to improve the positioning in the business of the new entity through the optimisation of the individual companies in the sector, their brand and geographical coverage. The new group, which is of national importance, is fully publicly owned as its capital is held by the Municipality of Verona (61.2%) and the Municipality of Vicenza (38.8%).

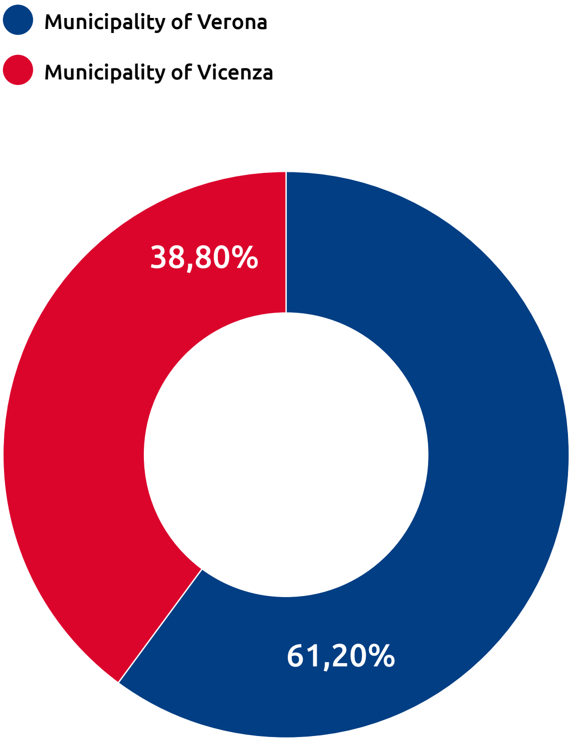
The consolidated financial statements of the AGSM AIM Group as at 31 December 2021 show a consolidated net income of Euro 57,126 thousand, after amortisation/depreciation, write-downs and provisions of Euro 90,785 thousand. EBITDA was Euro 175,718 thousand.

These results confirm the industrial soundness of the combination project, with figures that significantly exceed the combined values of the two entities in the previous year.

Profile of the AGSM AIM group

OWNERSHIP STRUCTURE

The share capital of the Parent Company as at 31 December 2021 amounted to Euro 95,588 thousand, fully paid in and consisting of 63,725,490 ordinary shares, with a nominal value of Euro 1.5 each. The breakdown of the share capital is as follows:



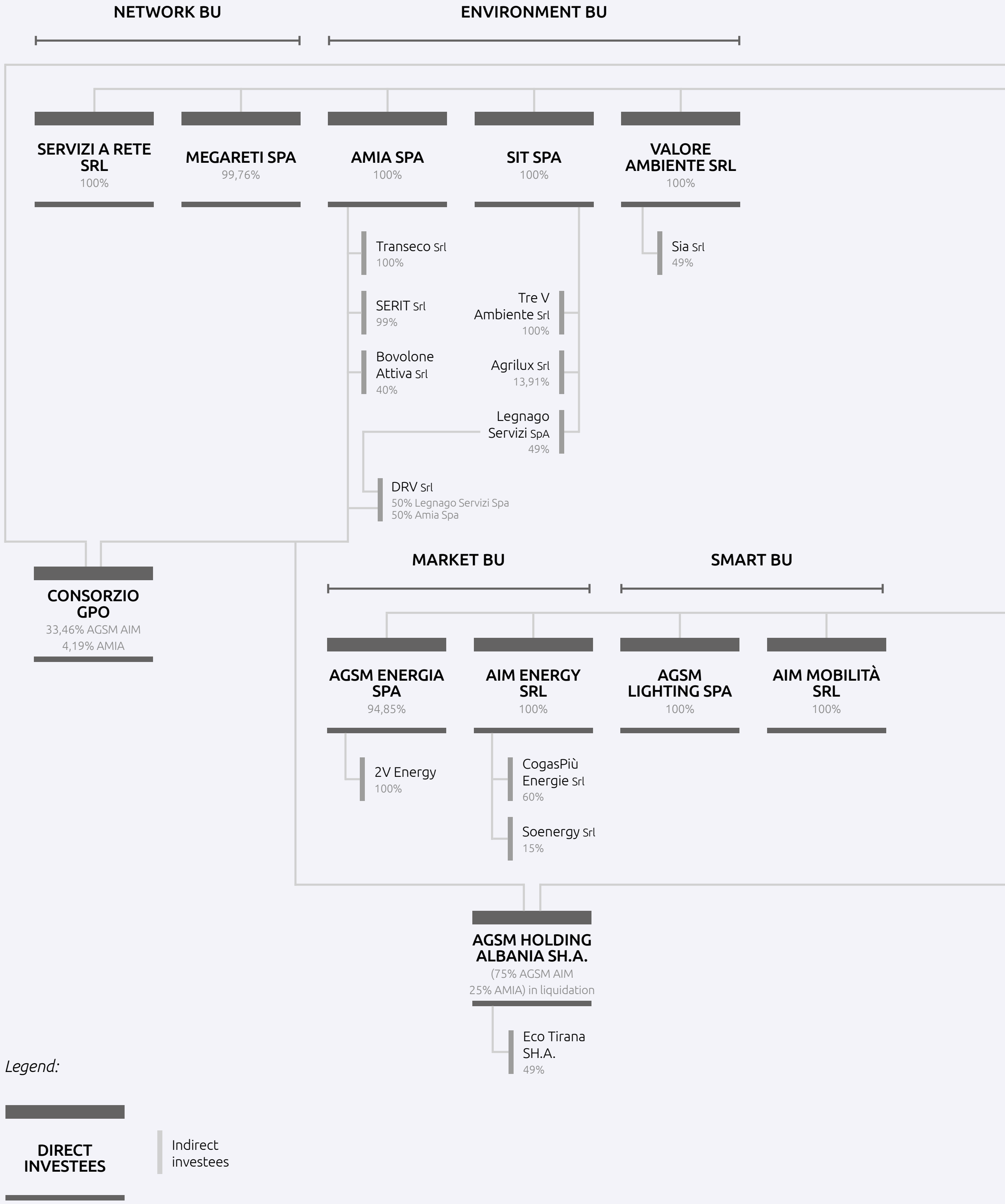
The Parent Company AGSM AIM S.p.A. is a Public-Interest Entity (PIE) as the holder of a bond issued on the regulated market of the Irish Stock Exchange.

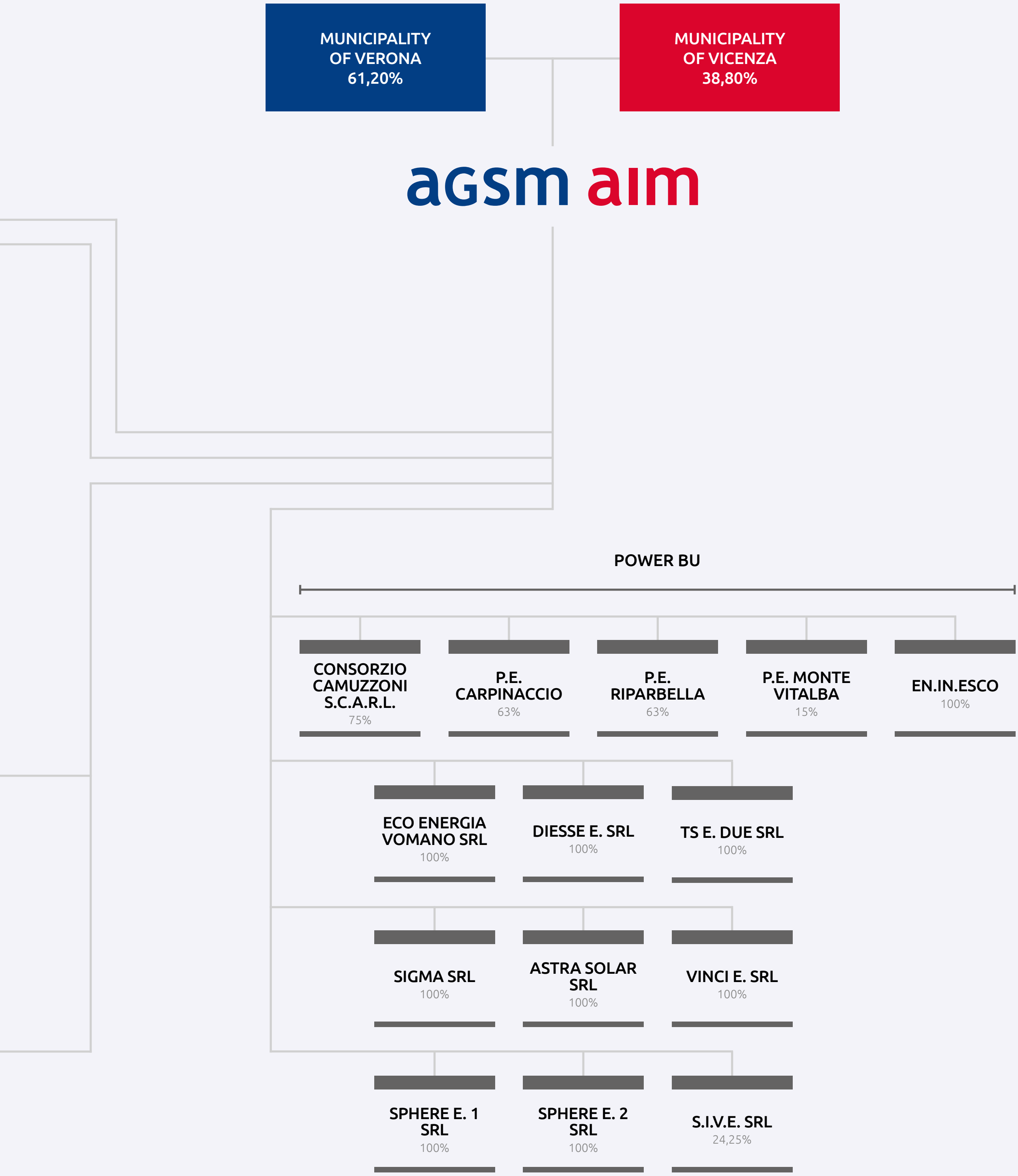
BUSINESS SECTORS AND CORPORATE STRUCTURE OF THE AGSM AIM GROUP

The Group operates mainly in the following areas:

- production of electricity and heat for district heating networks;
- public lighting;
- electricity and gas distribution and metering;
- management and maintenance of part of the national grid (RTN);
- sale of electricity, gas and heat;
- waste collection, treatment and transport, maintenance of public parks;
- telecommunications services;
- parking management.

Company Sociogram as of 31.12.2021




MUNICIPALITY OF VERONA 61,20%
MUNICIPALITY OF VICENZA 38,80%
agsm aim
POWER BU
CONSORZIO CAMUZZONI S.C.A.R.L. 75%
P.E. CARPINACCIO 63%
P.E. RIPARBELLA 63%
P.E. MONTE VITALBA 15%
EN.IN.ESCO 100%
ECO ENERGIA VOMANO SRL 100%
DIESSE E. SRL 100%
TS E. DUE SRL 100%
SIGMA SRL 100%
ASTRA SOLAR SRL 100%
VINCI E. SRL 100%
SPHERE E. 1 SRL 100%
SPHERE E. 2 SRL 100%
S.I.V.E. SRL 24,25%

During the year, six Business Units (BU) were identified on which to focus the above operations, namely:

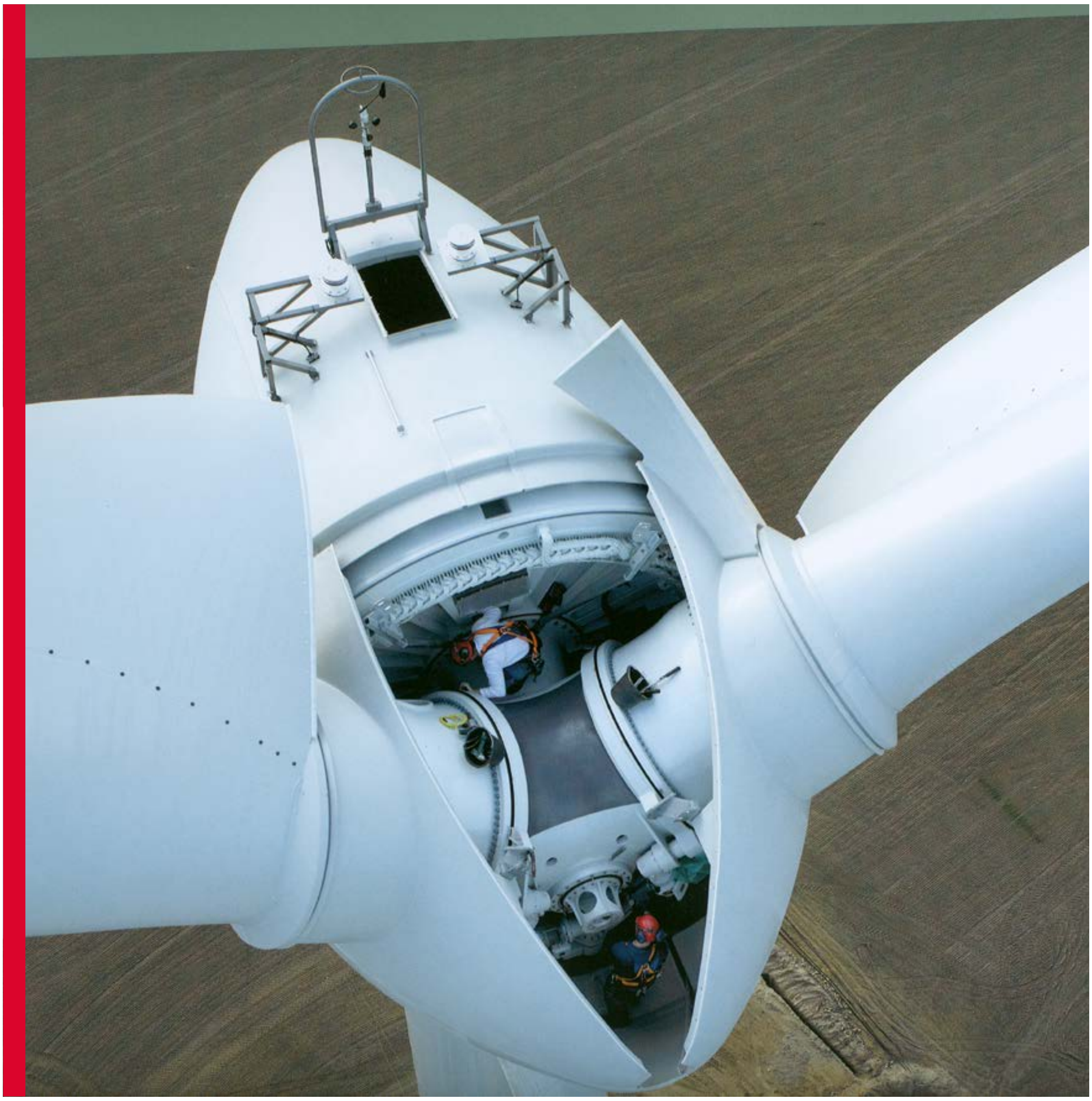
- **POWER BUSINESS UNIT:** operating in the production of electricity with thermoelectric, hydroelectric, wind and photovoltaic systems;
- **HEAT BUSINESS UNIT:** operating in the production of electricity and heat with cogeneration and thermal energy distribution systems;
- **NETWORKS BUSINESS UNIT:** operating in the gas and electric power distribution and metering sector;
- **MARKET BUSINESS UNIT:** active in the sale of electricity, gas and heat in the various market segments and mainly:
  - domestic customers;
  - small and medium-sized enterprises (craft enterprises and commercial businesses);
  - key accounts (industrial entities with specific energy needs);
  - large accounts (large industries or purchasing consortia);
  - public administrations (institutional entities);
  - resellers
- **SMART BUSINESS UNIT:** operating in the public lighting, telecommunications and parking management and sustainable mobility sector;
- **ENVIRONMENT BUSINESS UNIT:** operating in the waste collection, treatment and disposal sector.

A reorganisation, including on a corporate level, was implemented during 2021, effective from 1 January 2022, involving all the identified business units excluding the environment sector which will be reorganised during 2022.
The Group's new model involves an industrial holding company, and a series of companies responsible for the various business lines. In particular, these include:

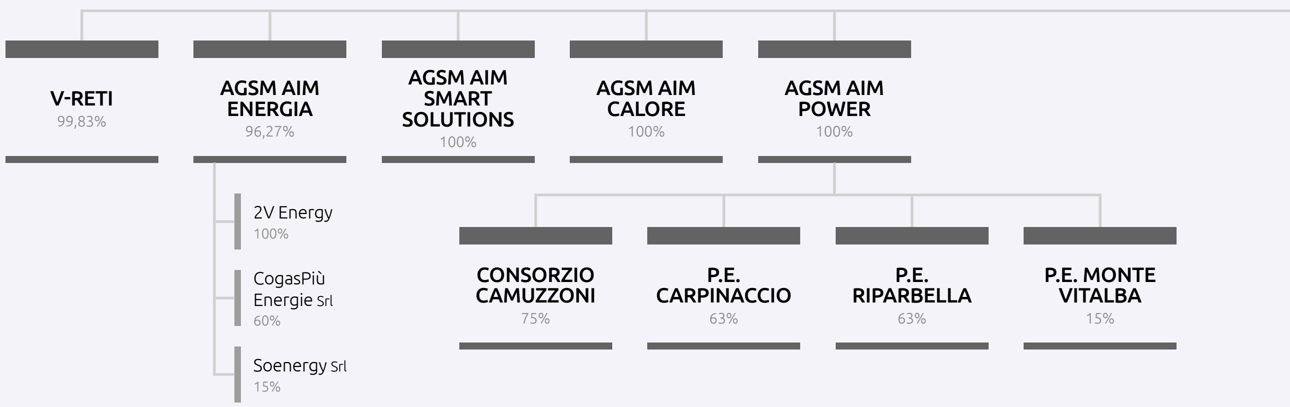
- The companies Astra Solar S.r.l., Diesse Energia S.r.l., Ecoenergia Vomano S.r.l., Sigma S.r.l., Sphere Energy 1 S.r.l., Sphere Energy 2 S.r.l., TS Energia Due S.r.l., Vinci Energia S.r.l. were merged by incorporation into EN.IN. ESCO S.r.l. which took the name AGSM AIM POWER S.r.l.;
- Servizi a Rete S.r.l. was demerged with effect from 1 January 2022 as regards the electricity and gas distribution and metering business in favour of Megareti S.p.A., which took on the new name V Reti S.p.A. and heads the operations of the Networks BU, while the public lighting and telecommunications business unit was demerged in favour of AGSM Lighting S.r.l., which took on the name AGSM AIM SMART SOLUTIONS S.r.l. and heads the operations of the Smart BU.
- this last company also acquired the parking management operations through the merger, with effect from 01.01.2022, of the company AIM Mobilità S.r.l.
- AIM Energy S.r.l. was merged by incorporation with effect from 01.01.2022 into AGSM ENERGIA S.p.A., which changed its name to AGSM AIM ENERGIA S.p.A. and heads the operations of the Market BU;

To complete the corporate simplification and rationalisation operations, with effect from 1 January 2022, AGSM AIM S.p.A. transferred the business units relating to operations it managed directly to the special-purpose companies, and specifically:

- the electricity production operations to AGSM AIM POWER S.r.l.;
- the business unit relating to the distribution of electricity in the Verona network to the company V Reti S.p.A.;
- the business unit relating to public lighting systems and parking management to AGSM AIM Smart Solutions S.r.l.;
- the business unit relating to cogeneration and district heating operations to the newly established company AGSM AIM Calore S.r.l.

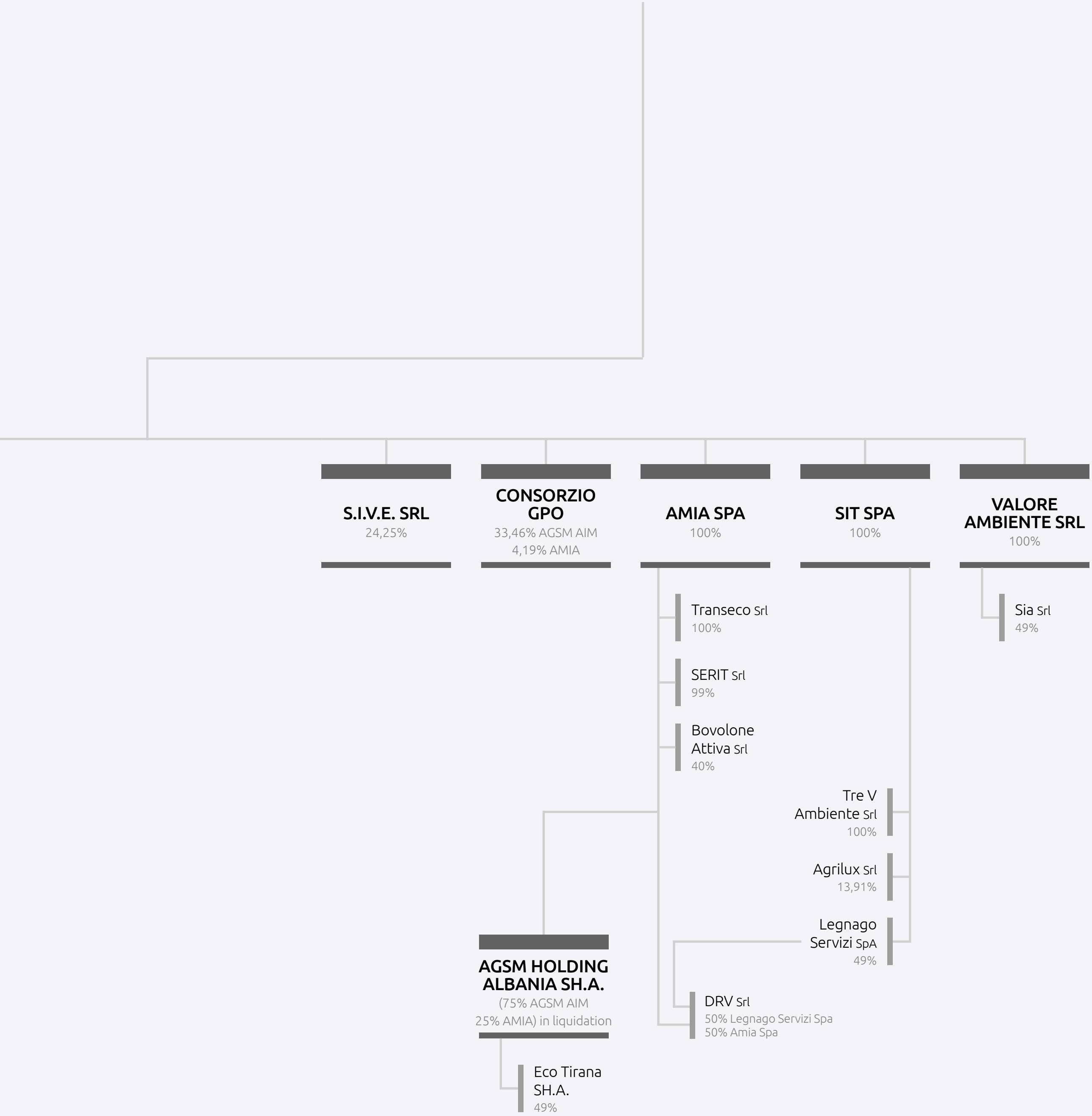


Company Sociogram from 01.01.2022



Legend:

agsm aim


S.I.V.E. SRL
24,25%
CONSORZIO GPO
33,46% AGSM AIM
4,19% AMIA
AMIA SPA
100%
SIT SPA
100%
VALORE AMBIENTE SRL
100%
Transeco Srl
100%
SERIT Srl
99%
Bovolone Attiva Srl
40%
Sia Srl
49%
Tre V Ambiente Srl
100%
Agrilux Srl
13,91%
Legnago Servizi SpA
49%
AGSM HOLDING ALBANIA SH.A.
(75% AGSM AIM
25% AMIA) in liquidation
DRV Srl
50% Legnago Servizi Spa
50% Amia Spa
Eco Tirana SH.A.
49%

General macroeconomic scenario

According to ISTAT data, 2021 was still marked by the pandemic, but with a strong economic recovery (+6.6% GDP). Consumer spending, measured at Euro 2,439 per month by the household survey, began to grow again (+4.7% in current terms compared to the previous year), but did not offset the drop in 2020, so was still down by 4.7% compared to 2019. The increase in infections and the consequent worsening of confidence mainly penalised spending on services. Based on the intentions identified in the surveys conducted between November and December, companies expect a slowdown in investments this year.

However, growth, supported by the expansion of household consumption, slowed at the end of the year: according to the Bank of Italy's models, in the fourth quarter GDP recorded growth of around half a percentage point. In particular, the increase in added value weakened in both industry and services. Italian exports continued to grow, supported by the recovery in international tourism. The current account surplus remained high despite the worsening of the energy balance; the net credit position on foreign countries widened.

After the summer, the recovery in the demand for labour resulted in an increase in hours worked, a reduction in the use of wage subsidy and income support schemes and a recovery in open-ended employment contracts. The removal of the freezing on dismissals and redundancies in all sectors did not have any significant repercussions. The stagnation of the unemployment rate reflected the gradual recovery in labour supply, which is approaching pre-pandemic levels. The trend in contract renewals does not predict any significant acceleration in salaries and wages for 2022.

The trend in the financial markets was affected by worries relating to the increase in infections at global level, the uncertainty about the severity of the Omicron variant with its effects on economic recovery and expectations regarding the direction of monetary policy. Market volatility and investor risk aversion increased. The rise led to a widening, for Italy, of the sovereign spread compared to German government bonds.

Growth in loans to non-financial companies remained slow, reflecting the low demand for new loans, partly due to large cash and cash equivalents set aside in the last two years. The expansion of loans to households continued at a rapid pace. Supply conditions remained relaxed. The default rates on bank assets, although slightly up, remained at very low levels and the share of performing loans for which banks recorded a significant increase in credit risk decreased. In the first nine months of last year, intermediaries' profitability improved, especially as a result of the reduction in write-downs on loans.

After the drop in 2020 (-0.2%), in 2021 consumer prices began to grow again as an annual average (+1.9%), recording the largest increase since 2012 (+3.0%). So reports ISTAT stating that the recovery in inflation in 2021 was essentially driven by the trend in energy prices (+14.1%), down on the other hand by 8.4% in 2020. Net of these assets, in 2021, the growth in consumer prices would have been the same as that recorded in the previous year (+0.7%).

ENERGY MARKETS

The year 2021 was characterised by a sharp turbulence in the energy markets, accompanied by an exponential increase in the costs of raw materials and particularly of natural gas.

A situation like the one that occurred in 2021 is unparalleled in the history of the energy market, not even the crisis that followed the events of Kippur in 1973 recorded such traumatic phenomena.

Natural gas is essentially the factor that also determines the electricity market in Italy, as it is the main source of production.

Specifically, Italy is dependent for its overall energy requirements on natural gas, which accounts for 42% of total energy requirements and over 50% of electricity production, the highest figures among the major European countries.

Italian energy mix
Comparison with major European countries

	ITALY	GERMANY	FRANCE	SPAIN
Natural gas	42%	26%	17%	23%
Oil	36%	35%	31%	44%
Coal	4%	15%	2%	1%
Nuclear	-	5%	36%	10%
Hydroelectric	7%	5%	6%	5%
Renewable sources	11%	18%	8%	15%

Its dependence on foreign supplies and especially on those from Russia is also significant, as illustrated in the table below.

Share of Italian gas imports

In percentages

Russia	43%
Algeria	19%
Quatar	10%
Norvegia	9%
USA	3%
Altro	16%

Domestic production has decreased over the years from 20 billion cubic metres to 3.3 in 2021, as shown in the table below.

Gas extraction in Italy from 1995 to 2021

Source: Ministry of Ecological Transition

1995	20 bn cubic metres
2008	9.07 bn cubic metres
2012	8.5 bn cubic metres
2016	6.02 bn cubic metres
2017	5.66 bn cubic metres
2018	5.55 bn cubic metres
2019	4.98 bn cubic metres
2020	4.42 bn cubic metres
2021	3.3 bn cubic metres

The situation described above has made the European gas system, and particularly the Italian one, very fragile and poorly resilient to possible market disruption factors.

The sharp decline in European production has deprived the gas system of the flexibility necessary to deal not only with market trends but also with seasonal fluctuations in demand, making the use of stock even more necessary in the winter months with the hope it will not be needed later on.

On the other hand, storage sites recorded a slowdown in injections in 2021 due to a cold spring, which diverted volumes intended to be stored to consumption and later due to the difficulty of operators to inject gas in the presence of extreme price volatility and, last but not least, due to the policies adopted by some non-European operators who occupied storage capacity leaving it unused. This led to replenishment levels standing at historical minimum values at the beginning of winter, a situation that lasted throughout the entire season.

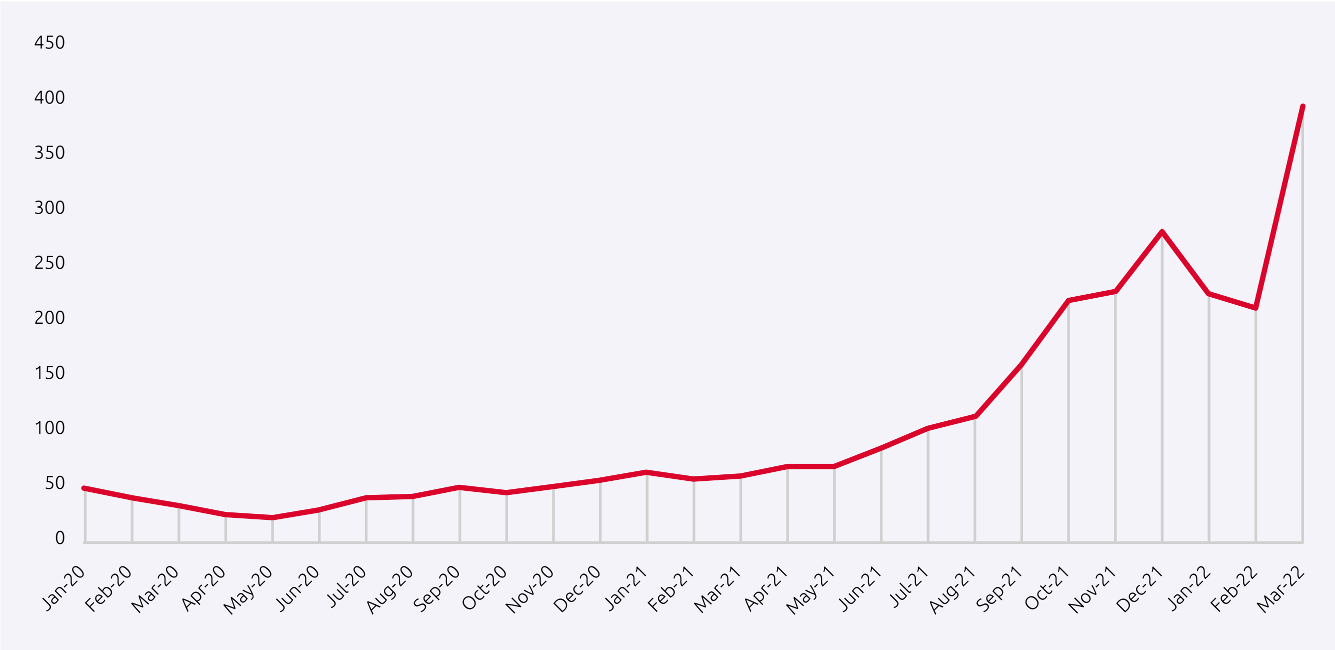
In terms of imports from Russia, already at the beginning of the summer and notably as from September, Russia significantly reduced exports to Europe, contrary to the usual seasonal increase in flows that fuelled the spot contract market, causing a "short" on offers.

The reference price for gas imports is the price that is formed on the spot markets of the European hubs. About 80% of the volumes, including on long-term contracts, are indexed to spot prices and only 20% to oil prices. In recent years, and in the presence of abundant supply, this indexing mechanism allowed keen competitiveness but showed ample limits in the situation recorded in 2021, of a lack of supply.

Due to the above rigidities, the market was unable to adjust the availability of gas and it was only the dramatic increase in prices, between late 2021 and 2022, that made alternative supplies possible through LNG, the only element of flexibility available in the short term.

As mentioned above, the gradual reduction in investments in research at European level in recent years, has precluded the possibility of activating significant alternative sources of supply to LNG in the short term, LNG being in competition moreover with Asian countries that have been willing to procure it at very high prices to support the ongoing economic and industrial recovery.

SNP Monthly Average



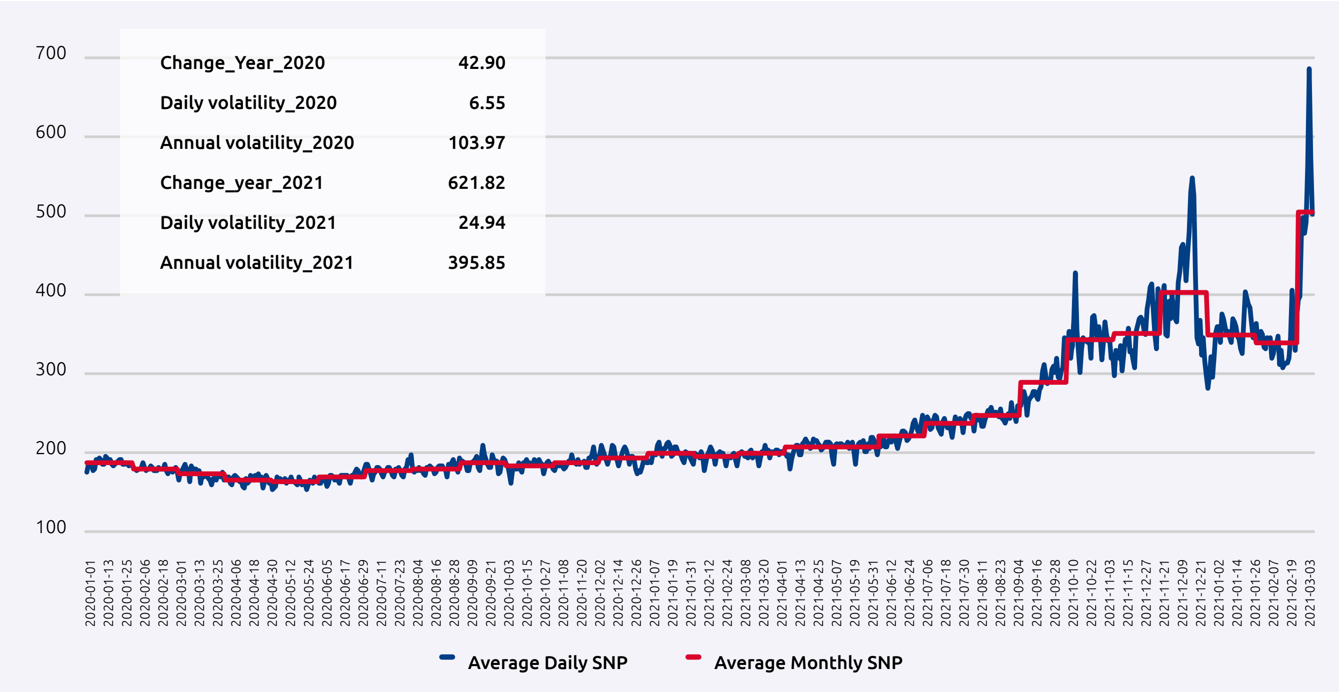
In short, the causes triggering the price increases can be identified, first and foremost, in the geopolitical tensions that began to produce their effects as early as mid-2021 with a gradual reduction in gas imports not covered by long-term contracts with Russia. Moreover, the largest Russian operator did not use the European storage where it had reserved spaces, generating further expectations of "short" for the winter season.

Secondly, the gradual overcoming of the health emergency and the recovery in consumption and industrial production following the pandemic, led to an increase in demand not only in Europe, but especially in Asia, increasing the gap between supply and demand.

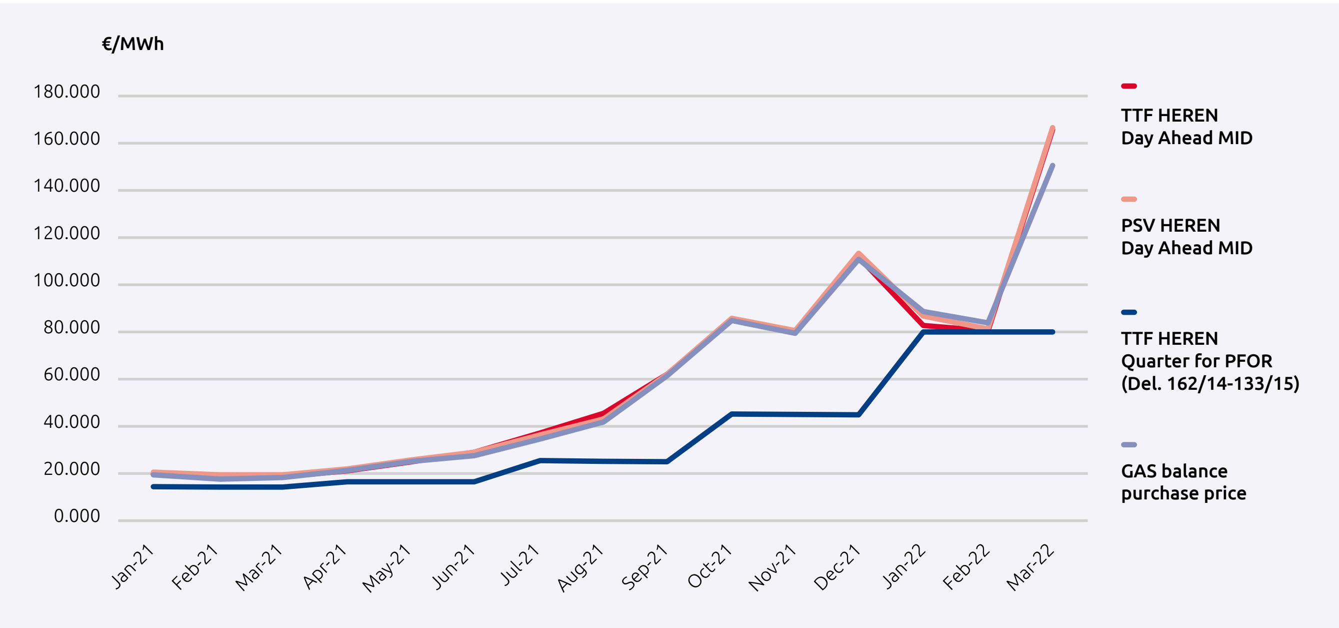
Weather events (such as a lack of wind for prolonged periods in Northern Europe) and infrastructure disruptions (faults on the energy transmission backbone between France and the UK) also occurred in the second half of the year, which caused shocks on the market, contributing to its high volatility.

This produced a strong momentum in price increases and purchase volatility, as shown below.

Comparison of Average Daily SNP and Average Monthly SNP



Spot GAS price VS ARERA formulas

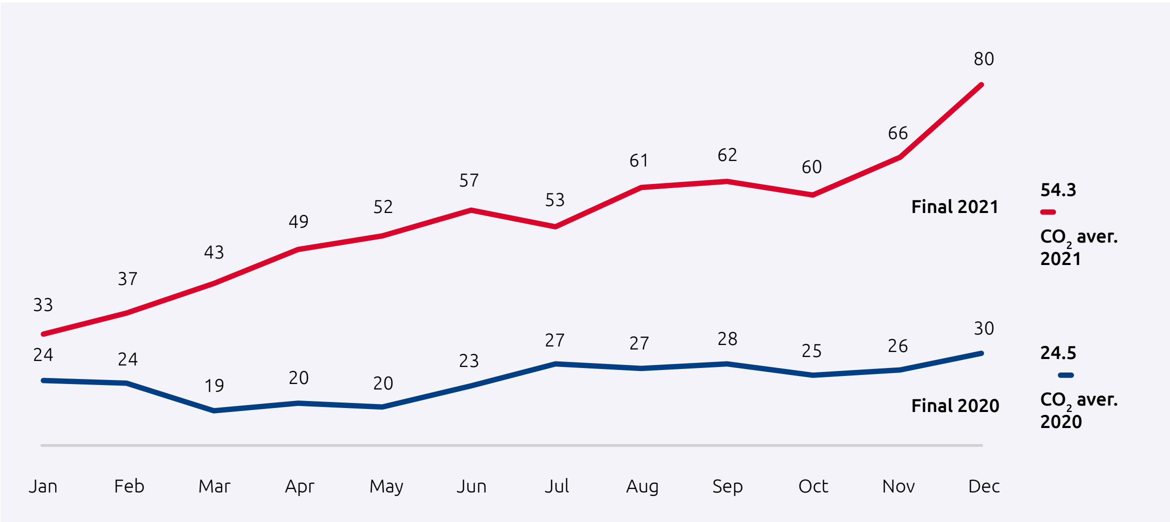


The consequences of this situation for companies in the energy sector can be attributed, in the electricity production sector from sources that do not use fossil fuels, to a significant increase in margins, whereas for companies operating in the sales sector, to a series of both financial and economic critical issues which, among other things, also led to some companies defaulting, that had historically operated in the sector and were not able to manage the exceptional situation.

In particular

- the recorded rate of increase of purchase prices was unable to promptly pass on to sale prices, particularly throughout the domestic and SME market where sale prices are related to ARERA tariffs. ARERA tariffs are updated quarterly based on the trend in market price and the trend forecast for the following quarter, forecasts which are made by Acquirente Unico.
- There is a time lag between the buying market and selling market. A balance of costs is usually recorded across a financial year. In 2021, due to the continued upward trend, it will be achieved in 2022.
- The absolute value of energy prices on the market led to an increase in unit imbalance charges, with an increase in the related costs, since, with the same amount of imbalance but with multiplied unit costs, the overall charge is multiplied.
- A further effect of the exceptional increase in prices is the need for working capital which with the same amounts increases in proportion to the increase in unit costs

CO_2 2021 VS 2020 price comparison

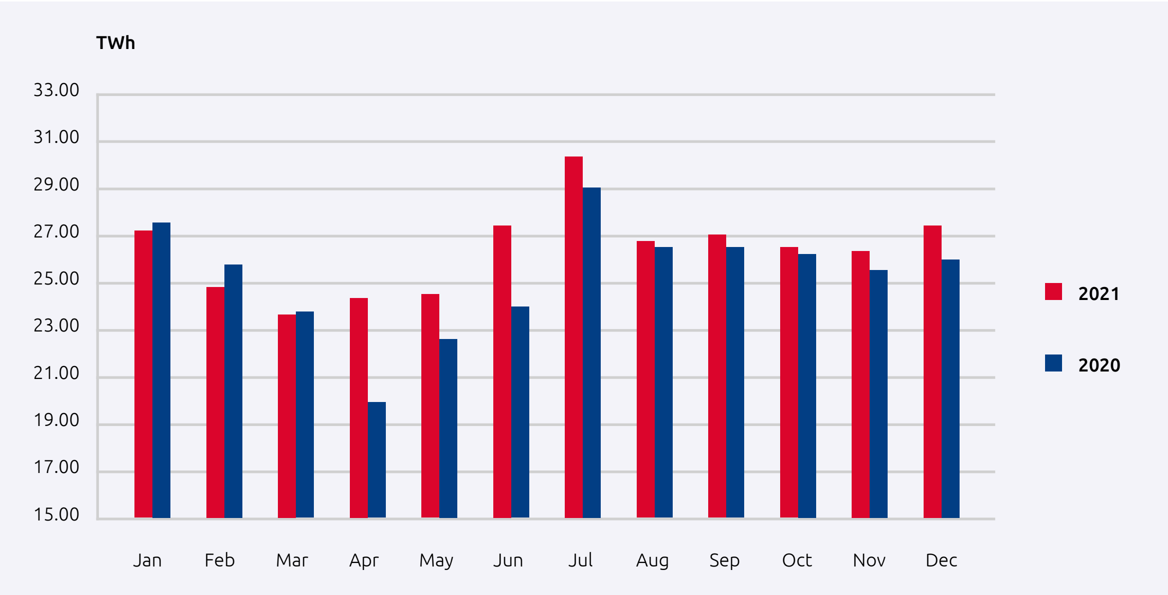


ELECTRICITY MARKET

The demand for electricity in Italy began to increase again in 2021 as a result of the industrial recovery following the COVID-19 pandemic.

According to initial calculations carried out by Terna, total electricity consumption in Italy in 2021 amounted to 316.32 TWh (+4.32% compared to 2020). The peak in power was recorded on Thursday 24 June with 55,293 MW, in 2020 it took place on Thursday 30 with 55,450 MW. The demand for electricity in Italy, obtained as production + foreign balance - pump consumption, in 2021 compared to the corresponding figures for 2020 is as follows:

Electricity demand in Italy



In all the months following April 2021, demand was higher than the corresponding figures for 2020.

In 2021, the demand for electricity was 56.7% met by production from non-renewable energy sources and the remaining share from renewable sources and the foreign balance.

In particular, production from renewable energy sources met the demand for electricity by 35.8% (compared to 37.6% in 2020). The reduction was mainly due to the drop in hydroelectric production.

In 2021 total net domestic production met 86.6% of the demand for electricity, 13.4% was met with the balance with foreign countries.

Total net production in 2021 was 278.109 TWh (+1.83% compared to 2020), the share of sales from renewable energy plants contributed with the following percentages: hydroelectric power 14.56%, biomass 5.73%, geothermal 1.74 %, wind power 6.48% and photovoltaic 7.88%.

In detail, compared to the previous year, net domestic production from thermoelectric sources increased (+2.97%), and dropped from geothermal (-2.1%) and hydroelectric sources (-3.49%). Wind power increased sharply (+10.8%), there was a moderate increase for photovoltaic sources (+2.1%) and a sharp increase in imports (+17%).

The average purchase price for electricity on the stock exchange (PUN), i.e. the Single National Price, was Euro 125.46/MWh, up by Euro 86.54/MWh compared to 2020 (+322 %), reaching its highest annual value since the establishment of the electricity exchange (1 April 2004).

The rise marked all months, but significantly those of the second half of the year. The factors that led to the sharp increase in the PUN were geopolitical tensions related to gas imports from Russia, together with the recovery in consumption on all continents with a strong demand for liquefied gas in Asia and Latin America.

The highest hourly price was Euro 533.19/MWh on Wednesday 22 December, while the lowest price was Euro 3.00/MWh, from 15:00 to 17:00 on Sunday 2 May:

	PUN (EURO/MWH)	PEAK (EURO/MWH)	NON PEAK (EURO/MWH)
Jan-21	60.71	72.42	54.72
Feb-21	56.57	67.44	50.54
Mar-21	60.39	64.57	57.92
Apr-21	69.02	73.18	66.61
May-21	69.91	75.27	67.16
June-21	84.80	90.80	81.32
July-21	102.66	111.31	97.90
Aug-21	112.40	118.44	109.07
Sept-21	158.59	169.95	152.01
Oct-21	217.63	242.93	204.69
Nov-21	225.95	265.03	203.33
Dec-21	281.24	326.13	254.77
average	124.99	139.79	116.67

With regard to the sale price of electricity for Northern Italy on the day-ahead market (DAM), it rose by Euro 87.41/MWh compared to 2020.

Moreover, 2021 was characterised by a significant increase in the volatility of market prices, especially in the second half of the year.

NATURAL GAS MARKET

In 2021 there was an increase in the demand for natural gas in Italy (up +8% on 2020), as the growth that had occurred until 2019 and was interrupted in 2020 due to the COVID-19 pandemic resumed, reaching an overall consumption of 76.23 billion cubic metres, a value 23% higher than the minimum reached in 2014. A large increase was recorded in all the months, except the summer ones, and affected all types of use; the thermoelectric sector (+6.4%) and the industrial sector (+6.7%) returned to demand levels of 2019. The largest increase occurred in the civil sector (+8.4%).

Consumption in the civil sector amounted to 33.37 billion cubic metres (30.98 billion cubic metres in 2020) and industrial sector consumption increased to 14 billion cubic metres compared to 13.2 billion in 2020, down on 2019.

On the supply side, there was a significant increase in gas imports via gas pipeline (+16%) and a reduction in imports via regasification terminals (-22%). Overall, imports rose to 71.6 billion cubic metres (+8.65%).

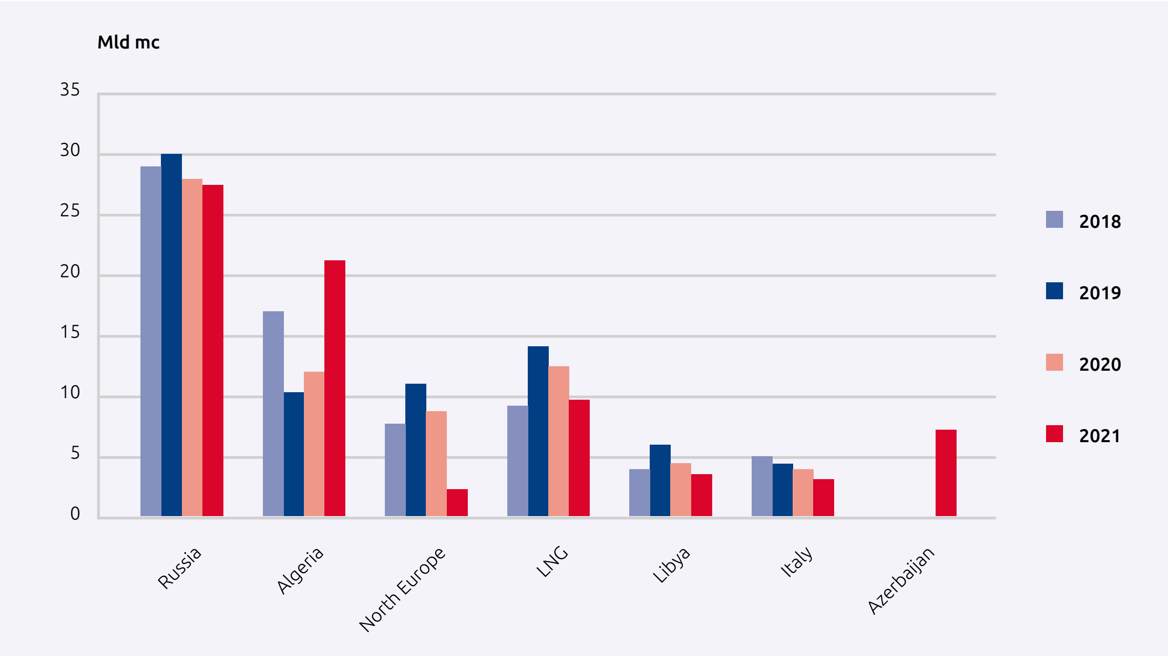
The amount of gas injected into the Italian storage systems fell for the third consecutive year to approximately 9.83 billion cubic metres (-8%), the same trend also for the amount of gas supplied, which fell to 11.93 billion cubic metres (-2%). The gas stock in Italian storage facilities as at 31/12/2021 was equal to 7.246 billion cubic metres (-7%), with a stock/assigned capacity ratio of 61%.

Domestic production was further reduced, reaching a new low of 3,127 billion cubic metres.

Trades on the spot gas markets managed by the Electricity Market Operator continued to increase and rose to record highs reaching a record level of 10.29 billion cubic metres (+15%), reaching around 16% of total gas demand. The increase was made possible by day-ahead markets at record highs.

Total gas supplies in 2021 (import and national production) totalled 74.7 billion cubic metres compared to 70 billion cubic metres in 2020 (+7%). Domestic production accounted for only 4.19%, with all imports except those from Algeria and Azerbaijan being down:

Italian GAS supplies



MAIN ECONOMIC AND FINANCIAL ASPECTS OF THE GROUP

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") in force at 31 December 2021. The following table shows the main income statement results achieved in 2021.

The financial statements as at 31 December 2021 are the first financial statements prepared in accordance with the international financial reporting standards endorsed by the European Union. Therefore, the 2021 and comparative year figures show the effects of FTA (First Time Adoption), i.e. the effect of the first-time adoption of the IFRS.
The accounting for business combination of the two Groups mentioned above was recognised in accordance with the provisions of IFRS 3 "business combinations", which requires the accounting recognition of the assets acquired and the liabilities assumed as a result of such transaction measured at their respective fair values. Therefore, the consolidated financial statements as at 31 December 2021 include the purchase price allocation (PPA) for an amount of Euro 107,118 thousand deriving from the price relating to the business combination for Euro 97,114 thousand to intangible assets (customer portfolio and concessions), for Euro 27,095 thousand to deferred taxes and for the residual amount of Euro 37,099 thousand to goodwill.

As required by the reference accounting standards, assets and goodwill were therefore subjected to impairment testing (IAS 36) by calculating the value in use, understood as the current value of the operating cash flows deriving from the business plan. In particular, with reference to the application of IAS 36, the recoverable value of the CGUs (Cash Generation Units) subject to allocation of the values resulting from the PPA was measured, comparing the carrying amount of the asset with the recoverable value of that asset.

The effective date of the merger was 1 January 2021. Therefore, the results for the year fully reflect the contribution deriving from the business combination, while those for the 2020 financial year, used for comparison, refer to the scope before the transaction and therefore only the AGSM Group.

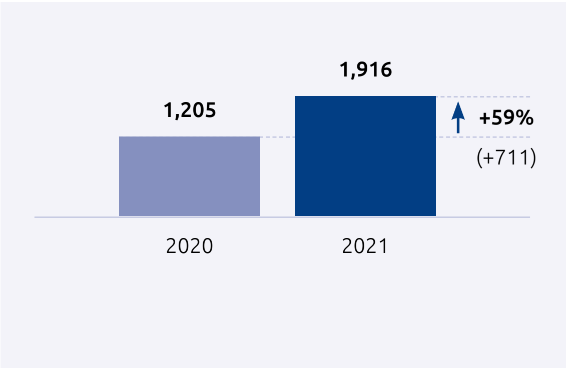
FINANCIAL POSITION

The Group significantly improved its economic performance in 2021, despite operating in a market environment still characterised by the health emergency and a situation on the energy markets which, in the second half of the year, showed exponential increases in both gas and electricity prices and significant volatility. The nature of the Group, present in the various sectors of the energy market, allowed it to compensate for the reductions in margins that have arisen in the sales segment, thanks to the activity of the electricity production sector.

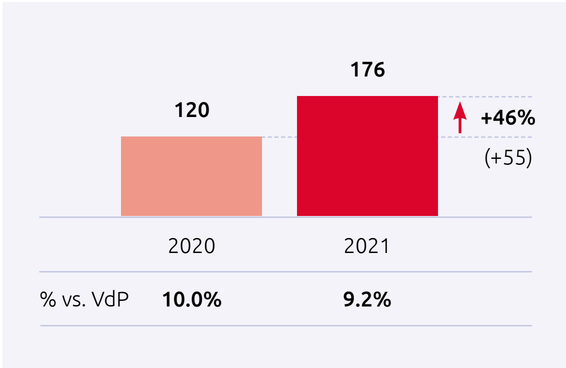
To provide a more meaningful comparison, the final results for 2020 are also shown in a pro-forma situation as the total value of the former AGSM Group and the former AIM Group.

The values in the graphs below are in millions of euro.

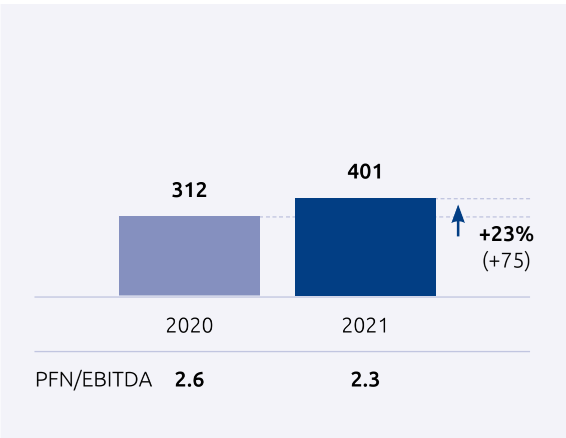
Value of production



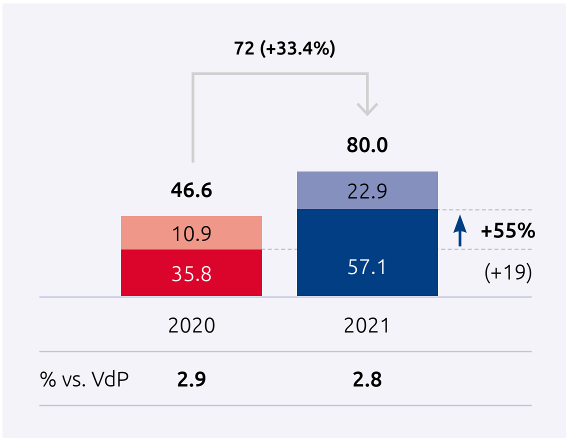
EBITDA



FPN



EBT and NET PROFIT



	2021	2020 RIESPOSTO	2020 GRUPPO AGSM	APPORTO FUSIONE	VARIAZIONE
Revenue	**1,916,063**	**1,204,923**	**932,769**	**272,154**	**711,140**
of which:					
Revenue from sales and services	1,814,020	1,117,050	885,704	231,346	696,970
Other revenue	102,043	87,873	47,065	40,808	14,170
Operating costs	**1,624,906**	**973,047**	**767,499**	**205,548**	**651,859**
Added value	**291,157**	**231,876**	**165,270**	**66,606**	**59,281**
Personnel costs	115,439	111,027	84,251	26,776	4,412
EBITDA	**175,718**	**120,849**	**81,019**	**39,830**	**54,869**
Amortisation, depreciation, and impairment	83,313	71,454	46,983	24,471	11,859
Other provisions	7,472	5,704	2,980	2,724	1,768
Net operating income	**84,933**	**43,692**	**31,057**	**12,635**	**41,242**
Financial position	**(4,896)**	**2,937**	**5,713**	**(2,776)**	**(7,833)**
Pre-tax profit (loss)	80,037	46,629	36,770	9,859	33,408
Income taxes	(22,911)	(10,875)	(8,586)	(2,289)	(12,037)
Profit (Loss) for the year	**57,126**	**35,754**	**28,184**	**7,570**	**21,372**
Minority interests	3,445	1,790	1,563	227	1,655
Profit (Loss) attributable to the Parent	**53,681**	**33,964**	**26,621**	**7,343**	**19,717**

As mentioned above, the Group's net income came to Euro 53,681 thousand, with a return on equity (ROE) of 8%.

- **Revenues** amounted to Euro 1,916,063, up by Euro 983,294 thousand (equal to 105%) as compared to 31 December 2020 and Euro 711,140 thousand on the restated value for 2020 (total for AGSM and AIM Groups).
- **Added value**, i.e. the difference between external revenues and costs, amounted to Euro 291,157 thousand, up by Euro 125,887 thousand on the previous year and Euro 59,281 thousand on the restated value for 2020;
- **EBITDA** was Euro 175,718 thousand, up by Euro 94,699 thousand and Euro 54,869 thousand compared to the total 2020 figure and a percentage on the value of production that remained at 9%;

- **Amortisation/depreciation and impairment** amounted to Euro 83,313 thousand;
- **Pre-tax profit** amounted to Euro 80,037 thousand, up by Euro 43,267 thousand on 2020 and Euro 21,372 thousand higher than the total 2020 value.

Below is a breakdown of the EBITDA for each individual Business Unit:

	2020	2021	2021 vs. 2020
Networks	50.5	61.5	+11.0
Market	35.3	22.4	(12.9)
Power	19.2	52.1	+32.9
Environment	8.9	9.6	+0.7
TLR & Cog.	7.9	26.4	+18.6
Smart Services	3.7	5.1	+1.5
Business EBITDA	**125.4**	**177.3**	**+51.8**
Corporate	(6.4)	(6.3)	+0.1
IFRS adjustments act.	1.2	4,8	+3.6
Group EBITDA	**120.2**	**175.7**	**+55.5**

Financial position

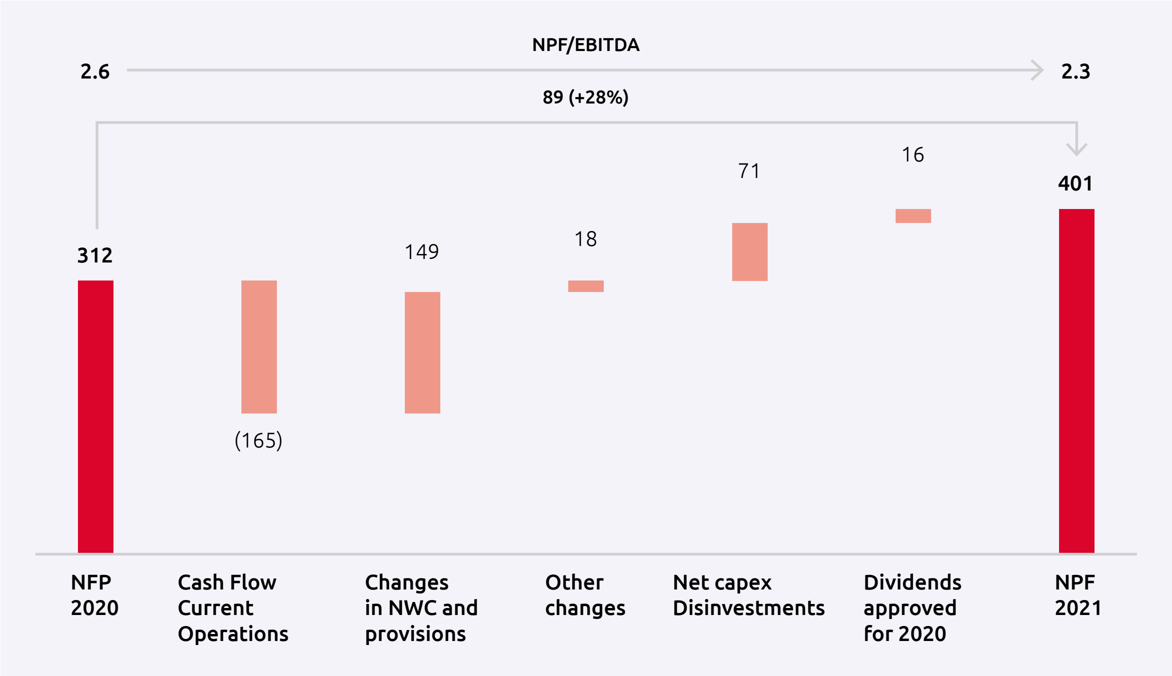
	2021	%	2020 RESTATED	%	2020 AGSM GROUP	%
INVESTED CAPITAL						
Net non-current assets						
Intangible assets	416,887		316,859		117,516	
Property, plant and equipment	458,630		455,319		338,781	
Goodwill	51,620		14,748		12,838	
Equity investments and other financial assets	48,566		37,010		30,882	
Deferred tax assets/liabilities	13,122		31,987		22,949	
Other non-current assets/liabilities	2,290		(22,579)		(9,261)	
Employee benefits	(30,854)		(30,319)		(23,331)	
Provision for risks and charges	(58,538)		(59,351)		(38,732)	
Total net non-current assets	**901,723**	**85%**	**743,674**	**89%**	**451,642**	**87%**
Net operating capital						
Trade receivables	573,949		286,163		204,953	
Inventories	14,096		16,929		13,403	
Other current assets	63,114		79,459		54,149	
Total short-term assets	**651,159**		**382,551**		**272,505**	
Trade payables	(373,137)		(216,449)		(158,574)	
Other current liabilities	(114,184)		(74,881)		(46,245)	
Total short-term liabilities	**(487,321)**		**(291,330)**		**(204,819)**	
Total net operating capital	**163,837**	**15%**	**91,222**	**11%**	**67,687**	**13%**
TOTAL INVESTED CAPITAL	**1,065,561**	**100%**	**834,896**	**100%**	**519,329**	**100%**
SOURCES OF HEDGING						
Equity						
Share capital	(95,588)		(129,793)		(58,500)	
Legal reserve	(13,139)		(13,055)		(11,700)	
Other reserves	(483,058)		(329,097)		(222,949)	
Profit (loss) for the year	(53,681)		(33,964)		(26,621)	
Minority interests	(18,667)		(16,879)		(15,650)	
Total equity	**(664,132)**	**62%**	(522,788)	**63%**	**(335,420)**	**65%**
Net Financial Position						
Short-term net financial position	(309,132)		(165,854)		(133,058)	
Medium/long-term net financial position	(92,296)		(146,254)		(50,851)	
Total net financial position	**(401,428)**	**38%**	**(312,108)**	**37%**	**(183,909)**	**35%**
TOTAL SOURCES	**(1,065,561)**	**100%**	**(834,896)**	**100%**	**(519,329)**	**100%**

In relation to the financial position presented overall the invested capital, equal to Euro 1,065,744, increased by Euro 230,848 thousand. The Euro 72,666 thousand increase in working capital (from Euro 91,222 thousand to Euro 163,888 thousand) is mainly attributable to greater absorption as a result of the significant increase in energy product prices, which corresponds to a time lag in the collection patterns of commercial activities.
The increase in non-current assets of Euro 158,182 thousand in total is attributable as to Euro 107,118 thousand to the allocation of the capital gain to the assets of the former AIM Group as a result of the application of IFRS 3 illustrated above, which is offset by a similar increase in equity.
The significant investments that during the reporting period amounted to Euro 83,593 thousand (Euro 71,121 thousand net of divestments) contributed to the increase in non-current assets, while the effect of the depreciation/amortisation process amounted to Euro 74,449 thousand.

62% of net invested capital is financed by shareholders' equity and the remainder by other sources and this composition proves to be consolidated over time.

At the end of the year, the total net financial position stood at Euro 401,428 thousand. This figure also includes the amounts due to Shareholders for dividends already approved at the end of the year and not yet paid.

	2021	2020 RESTATED	2020 AGSM GROUP	MERGER CONTRI-BUTION	CHANGE
Net financial debt					
Cash and cash equivalents	(30,556)	(75,326)	(22,944)	(52,382)	44,770
Other current financial assets	-	(214)	-	(214)	214
Cash and cash equivalents	**(30,556)**	**(75,540)**	**(22,944)**	**(52,596)**	**44,984**
Current account liabilities	194,237	87,033	70,410	16,623	107,204
Mortgage loans - current portion	100,800	126,569	69,168	57,401	(25,769)
Bonds - current portion	10,800	9,987	-	9,987	813
Payables for rights of use - current portion	14,719	1,932	756	1,176	12,787
Other current financial payables	-	205	-	205	(205)
Payables for dividends to municipalities	19,132	15,668	15,668	-	3,464
Current net financial debt	**339,689**	**241,394**	**156,002**	**85,392**	**98,295**
Mortgage loans - non-current portion	63,271	106,762	48,552	58,210	(43,491)
Bonds - non-current portion	20,023	30,823	729	30,094	(10,800)
Payables for rights of use - non-current portion	9,002	8,421	1,570	6,851	581
Other current financial payables		248		248	
Non-current net financial debt	**92,296**	**146,254**	**50,851**	**95,403**	**(53,958)**
TOTAL NET FINANCIAL DEBT	**401,428**	**312,108**	**183,909**	**128,199**	**89,320**



The Group continues to monitor the market in order to optimise the composition of its debt, with the aim of containing the risks related to interest rate trends by also using hedges with suitable financial instruments. The average cost of bank debt remains below 1.5%.

The Parent Company continued to obtain a credit rating that places it in the "security" area in 2021 as well.

Cash flow for the period

CASH FLOW ANALYSIS	2021	2020
Gross self-financing from operations	165,219	83,112
Cash flow from changes in NWC	(148,569)	7,736
Cash flows from other operations	(17,952)	(20,771)
Total operating cash flows	**(1,302)**	**70,076**
Cash flow from investment activities	(71,122)	(32,725)
Cash flow from financial activities	27,655	(23,982)
Contribution of the merger to the Group's cash and cash equivalents	**52,382**	**-**
Net cash flow	**7,612**	**13,370**
INITIAL CASH AND CASH EQUIVALENTS	**22,944**	**9,574**
CLOSING CASH AND CASH EQUIVALENTS	**30,556**	**22,944**

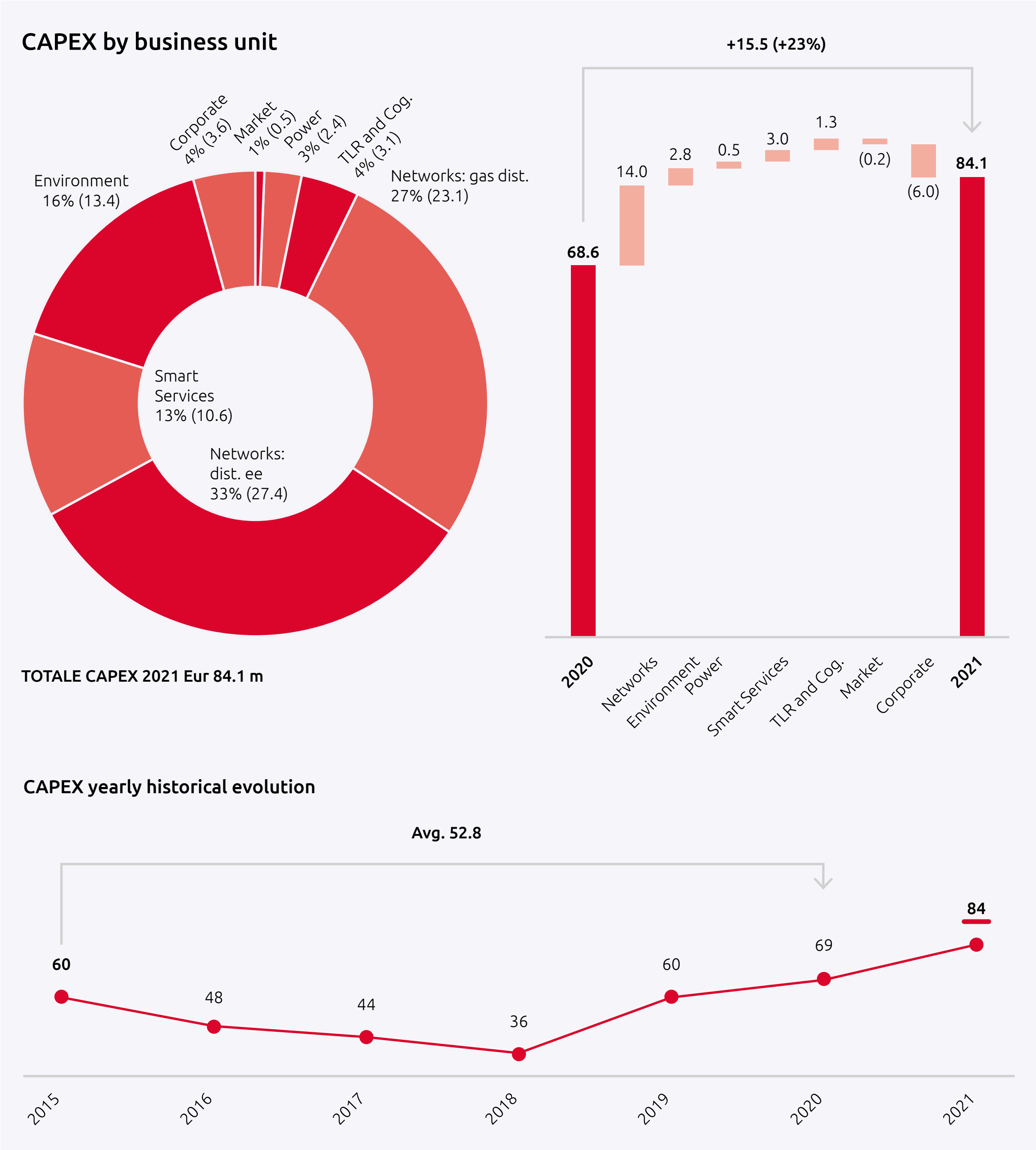
INVESTMENTS

Investments, a strategic priority of the AGSM AIM Group, amounted to Euro 83,593 thousand in 2021, up 21% compared to 2020. These important results were achieved despite some slowdowns related to authorisation issues, such as for the new wind power plant at Monte Giogo di Villore.

In particular, around Euro 50,000 thousand were invested in the upgrading, extension and digitisation of the networks, Euro 13,500 thousand in the environment sector, mainly intended for the renewal and increase of the vehicle fleet and over Euro 10,000 thousand in smart services, in particular for the renewal of public LED lighting, as well as for the telecommunications network and the electric charging infrastructure. Around Euro 5,500 thousand were invested for renewable generation and cogeneration plants. Lastly, as part of the integration, significant investments were also made in ICT and with reference to the corporate assets.

The following is a graphic breakdown of the investments by Business Unit.

2021 Group CAPEX [2021; Eur m, %]



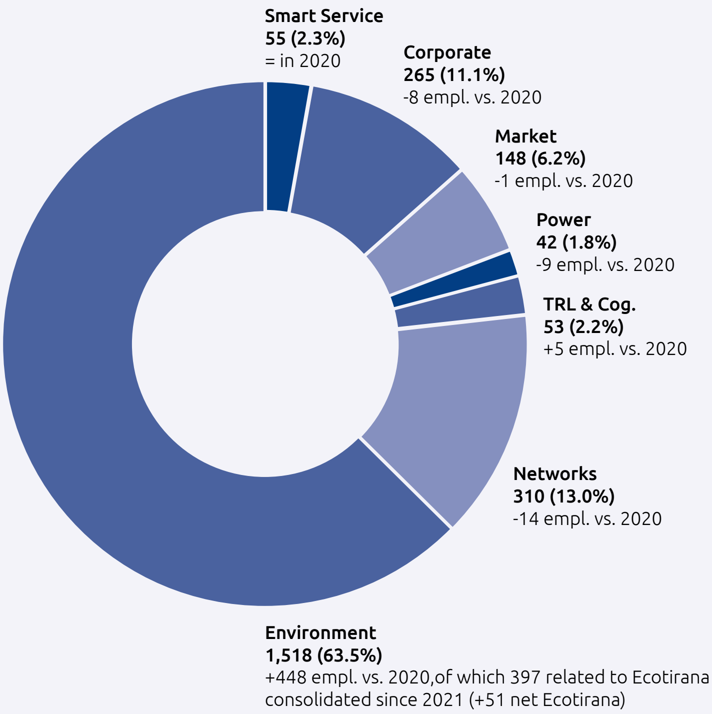
HUMAN RESOURCES

The financial year was characterised by the suspension, in a few months of the year, of non-urgent activities due to the health emergency. No company in the Group made use of the wage guarantee fund (CIG)with no suspension of, or reduction in, working activities. Despite this, both recruitment and training activities were carried out, though redesigned in terms of timing and priorities. Total headcount came to 2,391, of which 1,994 in Italy.

The graph below shows the workforce for the various business sectors.

2021 headcount [no. at 31/12; %]

Temporary workers net(no.)



MAIN ASPECTS BY BUSINESS SECTOR

Information about operating segments is prepared in accordance with the provisions of IFRS 8 ''Operating segments'' that require the presentation of this information in a manner consistent with the methods adopted by management to make operational decisions. Consequently, the identification of the operating segments and the information provided are determined based on the internal reporting system used by management for the purpose of allocating resources to the different segments and analysing the respective performance. IFRS 8 defines an operating segment as a component of an entity:

i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
iii) for which discrete financial information is available.

The operating sectors in which the company operates are:

- Generation: management of plants for producing electricity from different energy sources
- Heat: production of electricity and heat with cogeneration and thermal energy distribution systems;
- Networks: management of the gas and electricity distribution and metering service;
- Market: sale of electricity, gas and heat for district heating;
- Smart: public lighting, telecommunications, parking management and sustainable mobility
- Environment: sweeping, collection, treatment and disposal of waste;

These operating segments are presented in accordance with IFRS 8, which requires that segment reporting be based on the elements that management uses to make its own operating and strategic decisions. The following segment reporting does not contain the secondary segment reporting broken down by geographic area, insofar as the Group chiefly operates in one area (north-east Italy).

	GENERATION	HEAT	NETWORKS	MARKET	SMART SERVICES	ENVIRONMENT	CORPORATE AND ELIMINATIONS	GROUP
Value of production	**163.6**	**75.8**	**137.7**	**1,584.9**	**22.1**	**167.3**	**(235.2)**	**1,916.1**
Costs of production	**(111.4)**	**(49.3)**	**(76.2)**	**(1,562.5)**	**(16.9)**	**(157.7)**	**233.7**	**(1,740.3)**
EBITDA	**52.1**	**26.4**	**61.5**	**22.4**	**5.1**	**9.6**	**(1.5)**	**175.7**
EBITDA Margin	31.9%	34.9%	44.7%	1.4%	23.3%	5.8%	(132.8%)	9.2%
EBIT	**37.3**	**20.5**	**34.7**	**14.1**	**(0.5)**	**1.0**	**(22.1)**	**84.9**
EBIT Margin	22.8%	27.1%	25.2%	0.9%	N.C.	0.6%	(72.1%)	4.4%
EBT	**35.8**	**20.5**	**34.7**	**14.3**	**(0.5)**	**1.3**	**(26.0)**	**80.0**
EBT Margin	21.9%	27.1%	25.2%	0.9%	N.C.	0.8%	(71.6%)	4.2%
Tax for the year	(3.4)	-	(8.3)	(5.3)	(0,1)	(0.4)	(5.4)	(22.9)
Profit	**32.4**	**20.5**	**26.4**	**8.9**	**(0.7)**	**0.9**	**(31.4)**	**57.1**

POWER BUSINESS UNIT

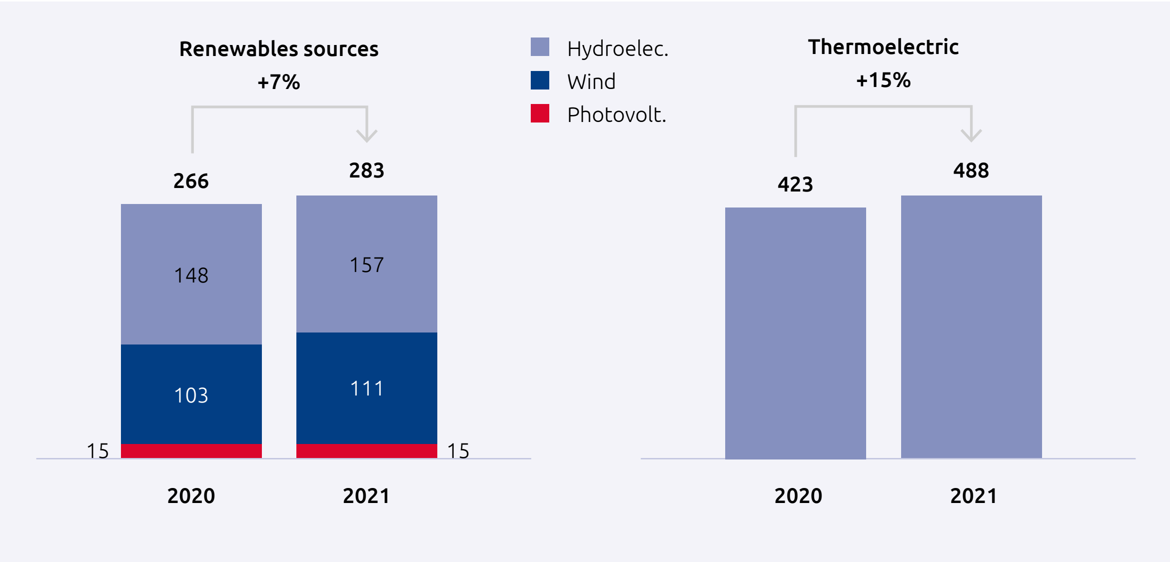
The power business unit, which has been overseen by AGSM AIM POWER S.r.l. since 1 January 2022, manages the plants for the production of electricity from various energy sources, thanks to a particularly diversified portfolio. More specifically, the business unit manages basin and run-of-the-river hydroelectric plants, wind and photovoltaic plants, thermoelectric and cogeneration plants. AGSM AIM Power will also manage the organic fraction's bio-treatment plant, currently under construction, from which biomethane will be produced.

Power

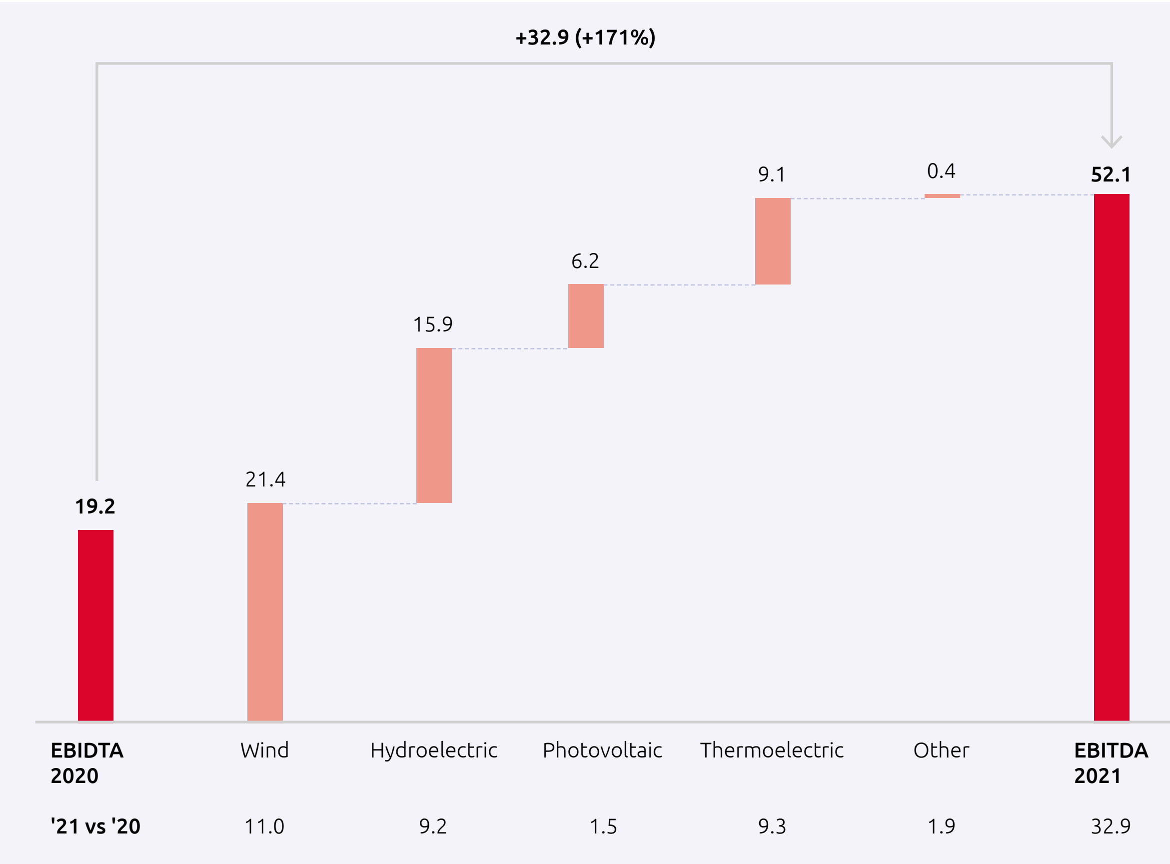
INCOME STATEMENT	2020	2021	2021-2020	2021-2020 %
Value of production	**65.2**	**163.6**	**98.4**	**> 100%**
Costs of production	**(46.0)**	**(111.4)**	**(65.5)**	**> 100%**
EBITDA	**19.2**	**52.1**	**32.9**	**> 100%**
EBITDA Margin	29.5%	31.9%		
EBIT	**3.3**	**37.3**	**33.9**	**> 100%**
EBIT Margin	5.1%	22.8%		
EBT	**2.2**	**35.8**	**33.6**	**> 100%**
EBT Margin	3.3%	21.9%		
Tax for the year	(0.5)	(3.4)	(2.9)	
Profit	**1.6**	**32.4**	**30.7**	**> 100%**
Profit/ VoP	2.5%	19.8%		

As at 31 December 2021, revenues for the period amounted to Euro 163.6 million, up sharply (over 100%) on the previous year. For this business unit too, the increase in revenues was driven by the favourable energy scenario, which translated into two primary factors that generate revenue: a larger quantity of volumes produced and an increase in sales prices, both in the renewable sources sector and in the thermoelectric sector.
Production volumes increased by 7% in the renewable sources sector, from 266 GWh in 2020 to 283 GWh in 2021, and by 15% in the thermoelectric sector, from 423 GWh in 2020 to 488 GWh in 2021.

Quantity (GWh)

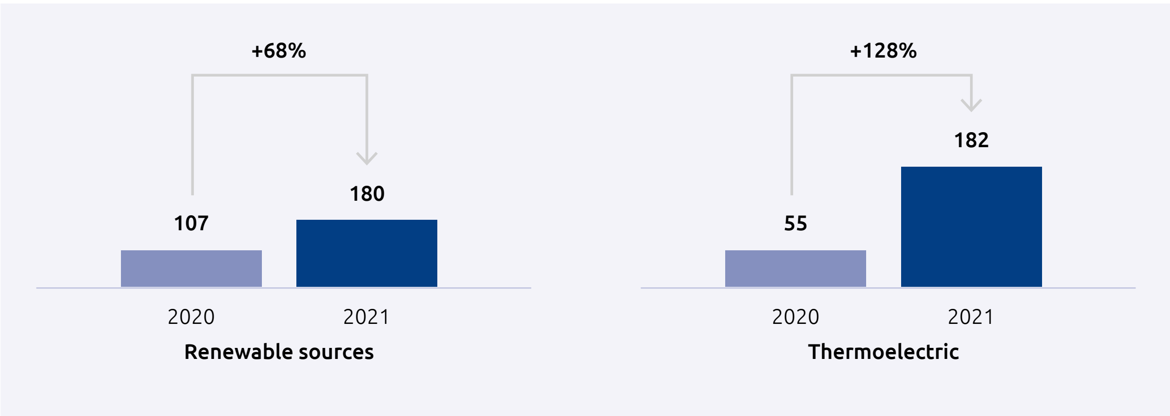


Ebitda



Sales prices increased by 68% in the renewable sources sector, from Euro 107/MWh in 2020 to Euro 180/MWh in 2021, and by well over 100% in the thermoelectric sector, from Euro 55/MWh in 2020 to Euro 182/MWh in 2021.

Price (€/MWh)



EBITDA amounted to Euro 52.1 million, up sharply (over 100%) on the previous year. In particular, worth noting is the strong impact on the operating margin of wind and hydroelectric plants (high unit incentives calculated on the 2020 Single National Price), amounting to Euro 21.4 million and Euro 16.9 million, respectively. Also worthy of note is the performance of the Mincio thermoelectric power plant thanks to the favourable scenario (positive effect of the spread between electricity prices and gas and CO2 costs).
EBITDA amounted to Euro 37.3 million, also up sharply (over 100%) on the previous year.
Investments in the financial year amounted to Euro 2.4 million and accounted for 3% of the Group's general investments.

HEAT BUSINESS UNIT

The Heat business unit is responsible for the production and distribution of heat to customers connected to the district heating network in the municipalities of Verona and Vicenza. More specifically, AGSM AIM Calore manages the cogeneration plants (Verona and Vicenza) and a geothermal well (Vicenza) that feed a network of over 250 km of pipes in Verona and over 20 km in Vicenza. Since January 2022 this activity refers to the newly incorporated company AGSM AIM CALORE S.r.l.

AGSM AIM Calore is planning significant investments with the aim of developing the district heating networks in the cities of Verona and Vicenza. It is also committed to developing the district heating network with an increase in thermal energy sold and achieving a position of leadership in the energy management of buildings in the Group's reference territories by proposing an integrated offer.

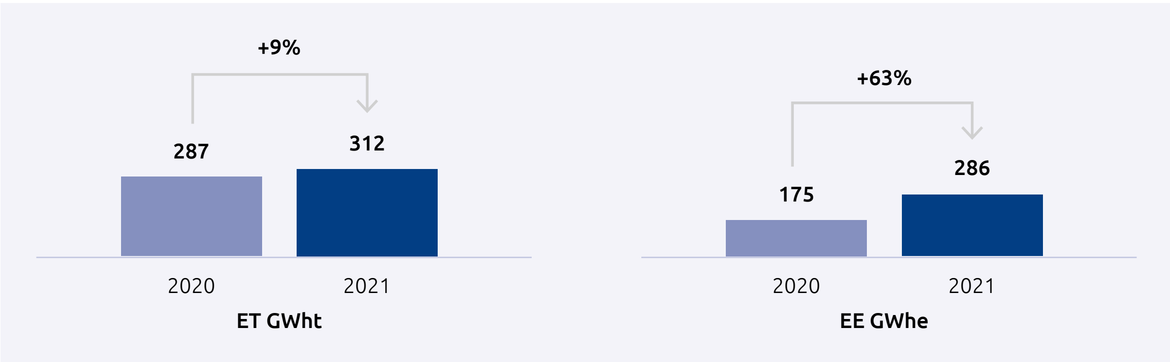
Heat

INCOME STATEMENT	2020	2021	2021-2020	2021-2020 %
Value of production	**33.0**	**75.8**	**42.8**	**> 100%**
Costs of production	**(25.1)**	**(49.3)**	**(24.3)**	**97%**
EBITDA	**7.9**	**26.4**	**18.6**	**> 100%**
EBITDA Margin	23.9%	34.9%		
EBIT	**1.7**	**20.5**	**18.8**	> 100%
EBIT Margin	5.0%	27.1%		
EBT	**1.7**	**20.5**	**18.8**	**> 100%**
EBT Margin	5.0%	27.1%		
Tax for the year	(0.5)	-	0.5	
Profit	**1.2**	**20.5**	**19.3**	**> 100%**
Profit/ VoP	3.6%	27.1%		

As at 31 December 2021, revenues for the period amounted to Euro 75.8 million, up sharply (over 100%) on the previous year. The increase in revenues was driven by the favourable energy scenario, which translated into two primary factors that generate revenue: a larger quantity of volumes produced and sold and an increase in sales prices, both for electricity from co-generation and for thermal electricity.

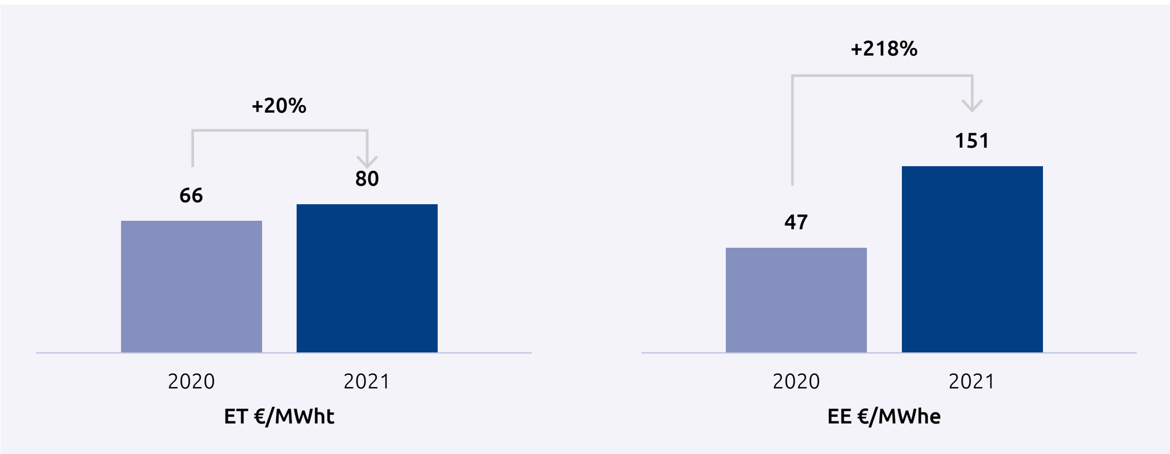
Production and sales volumes increased by 63% in electricity, from 175 GWhe in 2020 to 286 GWhe in 2021 and increased by 9% in thermal energy, from 287 GWht in 2020 to 312 GWht in 2021.

Quantity



In terms of sales prices, electricity increased by 218% from Euro 45/MWh in 2020 to Euro 151/MWh in 2021 and thermal energy increased by 20%, from Euro 66/MWht in 2020 to Euro 80/MWht in 2021.

Price



EBITDA amounted to Euro 26.4 million, up sharply (over 100%) on the previous year, despite higher costs for the procurement of raw materials (gas) and higher charges for CO2 certificates.
EBITDA amounted to Euro 20.5 million, also up sharply (over 100%) on the previous year.
Investments for the year amounted to Euro 3.1 million and accounted for 4% of the Group's general investments.

NETWORKS BUSINESS UNIT

The Networks business unit is mainly composed of the businesses managed by Servizi a Rete S.r.l. and Megareti S.p.A. (from 2022, V-Reti S.p.A.) and manages the gas and electricity distribution and metering service.

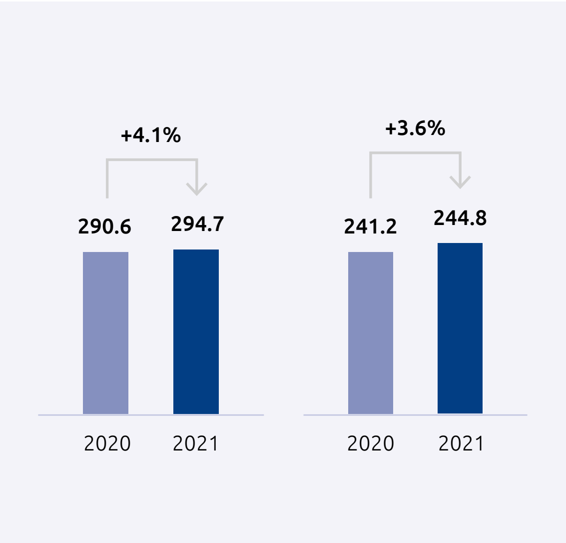
At the end of 2021 it sold the assets relating to the national grid to Terna.

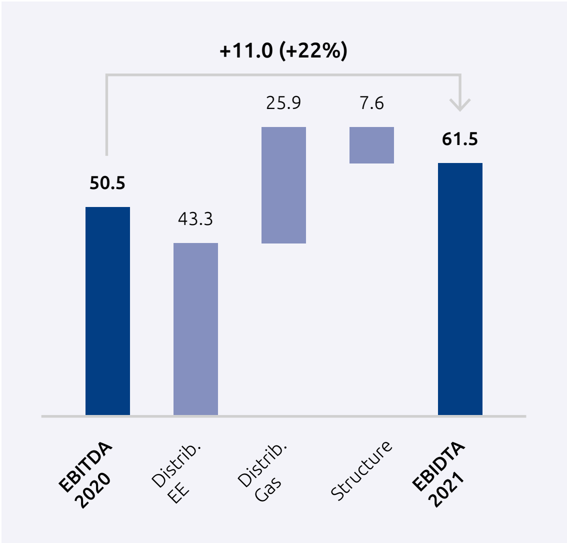
Networks

INCOME STATEMENT	2020	2021	2021-2020	2021-2020 %
Value of production	**133.0**	**137.7**	**4.7**	**4%**
Costs of production	**(82.5)**	**(76.2)**	**6.3**	**(8%)**
EBITDA	**50.5**	**61.5**	**11.0**	**22%**
EBITDA Margin	38.0%	44.7%		
EBIT	**24.7**	**35.8**	**10.6**	**43%**
EBIT Margin	18.5%	26.0%		
EBT	**24.2**	**35.2**	**10.4**	43%
EBT Margin	18.2%	25.5%		
Tax for the year	(6.4)	(8.3)	(2.0)	
Profit	**17.9**	**26.9**	**8.5**	**47%**
Profit/ VoP	13.5%	19.5%		

As at 31 December 2021 revenues for the period amounted to Euro 137.7 million, up slightly (+ 4%) on the previous year, as also slightly up were the volumes of electricity and gas distributed.

PDR Gas [K] *POD EE [K]* *Ebitda*





EBITDA amounted to Euro 61.5 million, up (+22%) on the previous year. The most significant impact on the increase in operating margins was due to the capital gain recorded on the sale of the assets of the national grid to Terna (Euro +9.1 million).
EBITDA amounted to Euro 35.3 million, up (+47%) on the previous year.
Investments during the year amounted to:

- Euro 27.4 million with regard to electricity distribution (33% of the Group's general investments), which mainly involved routine work, new connections and extension of the remote control system;
- Euro 23.1 million with regard to gas distribution (27% of the Group's general investments), which mainly involved the replacement of older pipelines, modernisation of networks and securing connections, and extension of the remote control system.

MARKET BUSINESS UNIT

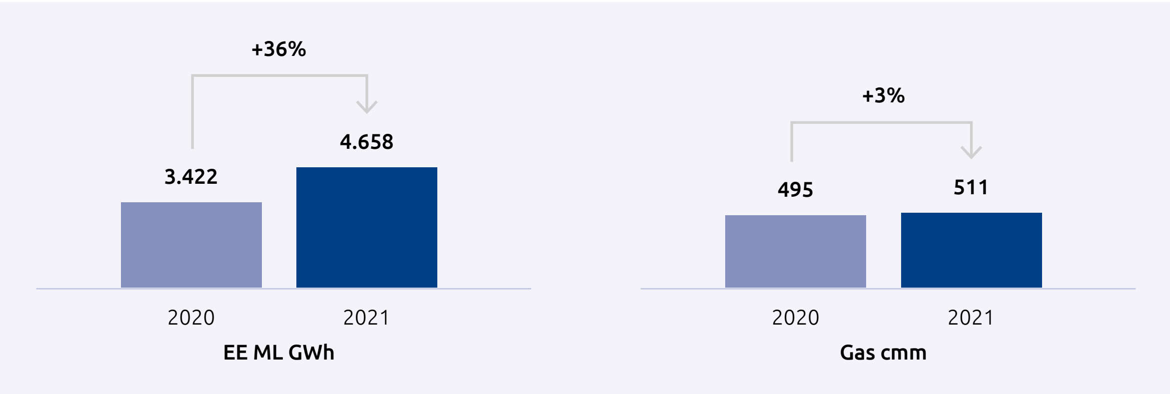
The Market business unit, which has been overseen by the company AGSM AIM ENERGIA S.p.A. since 1 January 2022 is the commercial B.U. which consists of the businesses managed for 2021 by AGSM Energia S.p.A. and AIM Energy S.r.l., 2V Energy S.p.A. and Cogas S.r.l. with reference to the sectors dealing with the sale of natural gas, electricity and district heating. With over 800,000 active supply points and a presence throughout Italy, it is aimed at households, businesses, entities and the public administration and wholesalers. The Group's Market segment is characterised by a strong customer focus and a commitment to supplying high value-added services.

Market

INCOME STATEMENT	2020	2021	2021-2020	2021-2020 %
Value of production	**924.2**	**1,584.9**	**660.7**	**71%**
Costs of production	**(888.9)**	**(1,562.5)**	**(673.6)**	**76%**
EBITDA	**35.3**	**22.4**	**(12.9)**	**(37%)**
EBITDA Margin	3.8%	1.4%		
EBIT	**29.4**	**14.1**	**(15.4)**	**(52%)**
EBIT Margin	3.2%	0.9%		
EBT	**29.9**	**14.3**	**(15.6)**	**(52%)**
EBT Margin	3.2%	0.9%		
Tax for the year	(8.5)	(5.3)	3,1	
Profit	**21.4**	**8.9**	**(12.5)**	**(58%)**
Profit/ VoP	2.3%	0.6%		

As at 31 December 2021 revenues for the period amounted to Euro 1,584.9 million, up (+71%) on the previous year, mainly due to higher sales volumes and the increase in gas and electricity prices on the free market.

Quantity



The reason for this is to be attributed mainly to the increase in the number of supplies as a result of its commercial activity: the customer portfolio on the free electricity market at the end of 2021 consisted of approximately 486,000 customers; the customer portfolio on the gas market at the end of 2021 consisted of around 318,000 customers.
EBITDA amounted to Euro 22.4 million, down (-37%) on the previous year. The reduction in margins

is primarily attributable to the volatility of the energy scenario (especially in the second half of the year) and especially in the electricity sector. Commodity prices for 2021 on the European energy markets grew significantly, reaching record highs or at least very close to a record high (on an annual basis, the generalised increase in commodity prices was in double digits: oil +70%, electricity +300%, gas +250% and coal +138%).
Investments for the year amounted to Euro 0.5 million and accounted for 1% of the Group's general investments.

SMART BUSINESS UNIT

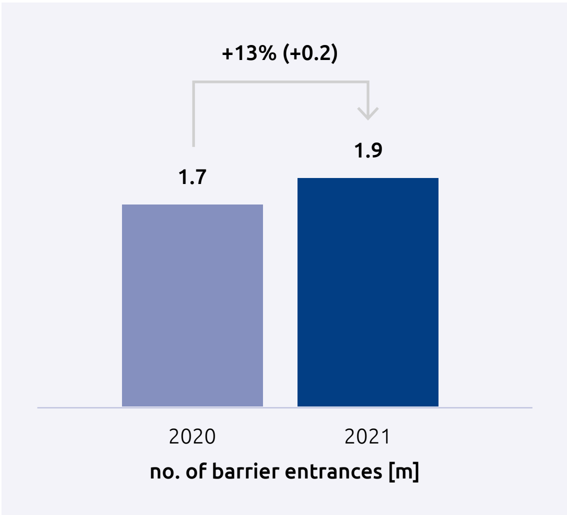
The Smart business unit which has been overseen by the company AGSM AIM Smart Solutions S.r.l. since 1 January 2022 is the result of the integration between AGSM Lighting S.r.l., AIM Mobilità S.r.l. and a business unit of Servizi a Rete S.r.l. Its areas of competence include public lighting, telecommunications, the management of ground-level and underground car parks, as well as free and paid parking areas in the cities of Verona and Vicenza. It also offers energy efficiency solutions for buildings.

Smart Services

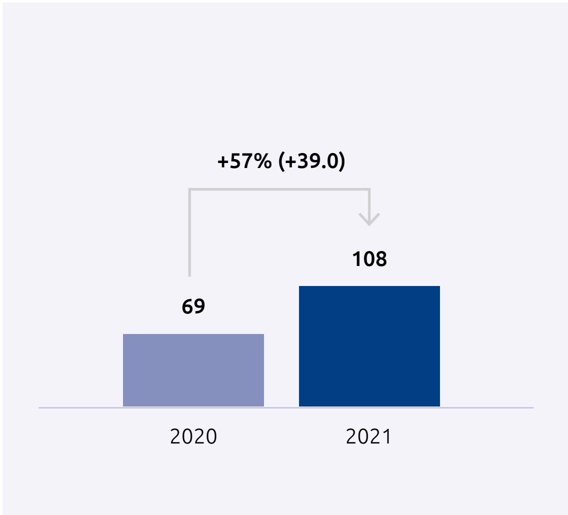
INCOME STATEMENT	2020	2021	2021-2020	2021-2020 %
Value of production	**22.2**	**22.1**	**(0.1)**	**(1%)**
Costs of production	**(18.6)**	**(16.9)**	**1.6**	**(9%)**
EBITDA	**3.7**	**5.1**	**1.5**	**41%**
EBITDA Margin	16.4%	23,3%		
EBIT	**(0.2)**	**(0.6)**	**(0.3)**	**(141%)**
EBIT Margin	n.c.	n.c.		
EBT	**(0.2)**	**(0.6)**	**(0.3)**	**(148%)**
EBT Margin	n.c.	n.c.		
Tax for the year	0,1	(0.1)	(0.2)	
Profit	**(0.1)**	**(0.7)**	**(0.5)**	**(88%)**
Profit/ VoP	n.c.	n.c.		

As at 31 December 2021, revenues for the period amounted to Euro 22.1 million, essentially steady compared to the previous year. Barrier car park tickets increased (1.9 million entries in 2021 as against 1.7 million in 2020) and also the charging stations managed (108 in 2021 as against 69 in 2020).

Barrier car park tickets



No. of charging stations



EBITDA amounted to Euro 5.1 million, up (+41%) on the previous year. Margins were positively affected by the improved efficiency in lighting points (85%), which had slowed down during 2020 as a result of the pandemic. Therefore, the operating margin generated by the Public Lighting division (+3.5 million) increased compared to the previous year. The parking division's margins also improved (+1.2 million), showing signs of recovery after a difficult year due to the Covid pandemic. The margins of the TLC division remained stable and positive (+2.0 million).
Investments for the year amounted to Euro 10.6 million and accounted for 13% of the Group's general investments.

ENVIRONMENT BUSINESS UNIT

The environment business unit is the only business that has not already been reorganised during the first year of the new Group. Reorganisation is planned in 2022 including as a result of the definition of the urban waste collection activity carried out by AMIA S.p.A.

It handles the collection, processing and recovery of waste. It is the business unit with the Group's most heterogeneous corporate structure, although AMIA Verona S.p.A. and Valore Ambiente S.r.l. can be identified as its pillars. The Environment sector is committed to the development and strengthening of material treatment plants with the aim of optimising the management of waste flows. 2021 saw the full consolidation for the first year of the activities of the investee EcoTirana, a company operating in the collection of urban waste in the Albanian capital, Tirana.

Environment

INCOME STATEMENT	2020	2021	2021-2020	2021-2020 %
Value of production	**159.6**	**167.3**	**7.7**	**5%**
Costs of production	**(150.7)**	**(157.7)**	**(6.9)**	**5%**
EBITDA	**8.9**	**9.6**	**0.7**	**8%**
EBITDA Margin	5.6%	5.8%		
EBIT	**(0.1)**	**1.0**	**1.2**	**n.c.**
EBIT Margin	n.c.	0.6%		
EBT	**1.2**	**1.3**	**0.1**	**8%**
EBT Margin	0.7%	0.8%		
Tax for the year	0.1	(0.4)	(0.5)	
Profit	**1.3**	**0.9**	**(0.4)**	**(36%)**
Profit/ VoP	0.8%	0.6%		

As at 31 December 2021, revenues for the period amounted to Euro 167.3 million, up slightly (+ 5%) on the previous year, mainly due to the change in the scope of consolidation which now includes the company EcoTirana (Euro +3.6 million of revenues) and the increase in services offered by SERIT (Euro +2.6 million of revenues). EBITDA amounted to Euro 9.6 million, up (+8%) on the previous year. This performance was positively influenced by the first consolidation of EcoTirana, as well as by the results achieved by the plant engineering companies SIA and Transeco, versus a deterioration recorded in SIT's result, partly due to the capital loss caused by a fire and the consequent decommissioning of the damaged plants.
With regard to the Companies dealing with waste collection and urban health (and which are the business unit's driving companies), there were improved results for Valore Ambiente versus worsening ones for AMIA and SERIT.

EBIT amounted to Euro 1.0 million, up on the previous year (negative by Euro 0.1 million).
Investments for the year amounted to Euro 13.4 million and accounted for 16% of the Group's general investments. As with all the Group's business units, the investment plan was delayed by the need to rationalise the Group's structure following the extraordinary business combination operation. Consequently, only the most urgent investments continued.

Summary of the parent company's income statement and balance sheet figures

The financial statements of AGSM AIM S.p.A. have been prepared in accordance with the International Financial Reporting Standards in force at 31 December 2021. The following table shows the main income statement results achieved in 2021 and balance sheet highlights as at 31 December 2021.
The 2021 figures are affected by FTA, i.e. first-time adoption of the IFRS.
The accounting for the business combination mentioned above, was recognised in accordance with the provisions of IFRS 3 "business combinations", which requires the accounting recognition of the assets acquired and the liabilities assumed as a result of such transaction measured at their respective fair values. The Parent Company's financial statements as at 31 December 2021 therefore include the allocation of the deficit amounting to Euro 163,907 thousand for Euro 5,819 thousand to intangible assets (concessions), for Euro 1,624 thousand to deferred taxes and Euro 159,711 thousand to equity investments of which Euro 110,305 thousand relating to the equity investment in Aim Energy, Euro 41,558 thousand for the equity investment in Servizi a Rete, Euro 2,492 thousand relating to the equity investment in AIM Mobilità and Euro 5,356 thousand relating to the equity investment in Valore Ambiente.

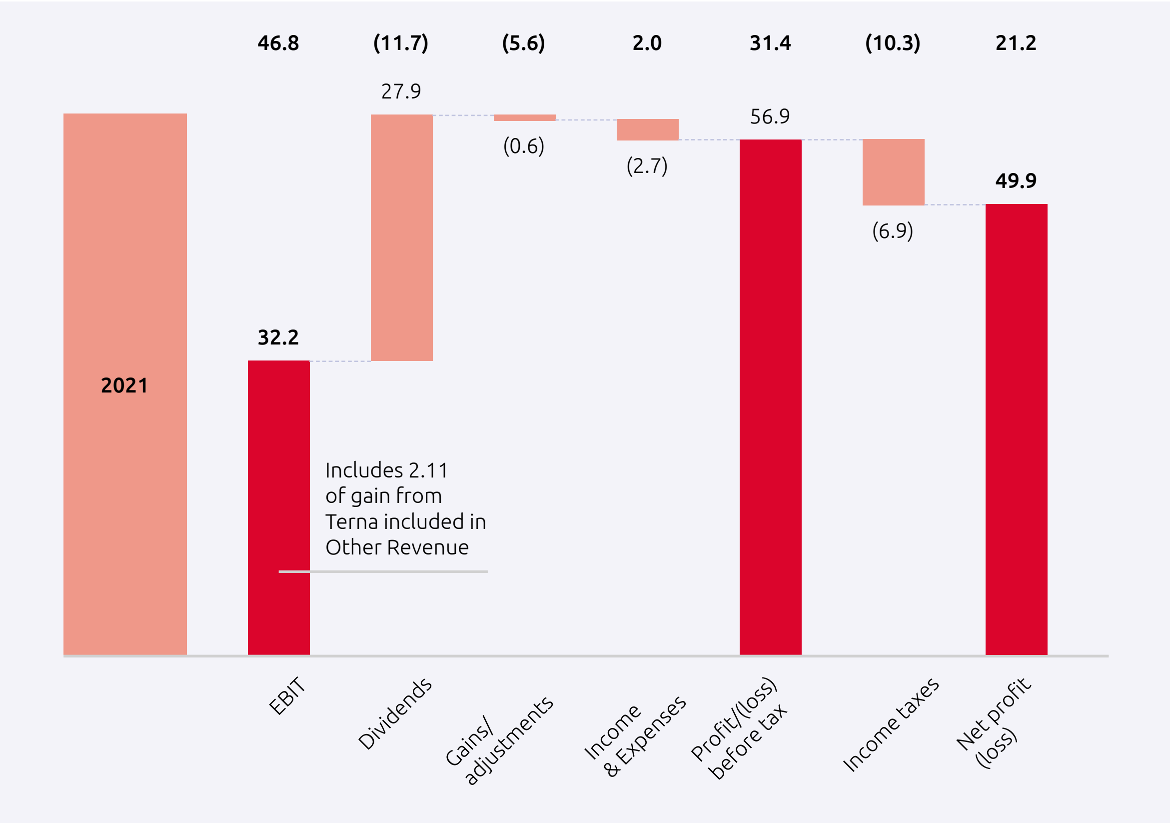
Therefore, in accordance with the IFRS, assets and goodwill were tested for impairment (IAS 36).

The effective date of the merger was 1 January 2021. Therefore, the results for the year fully reflect the contribution deriving from the business combination, while those for the 2020 financial year, used for comparison, refer to the scope before the transaction and therefore only to AGSM Verona S.p.A.
To provide a more meaningful comparison, the final results for 2020 are also shown in a pro-forma situation as the total value with the former AIM Vicenza S.p.A.

	2021	2020 RESTATED	2020 AGSM	MERGER CONTRIBUTION	CHANGE
Revenue	301,618	171,824	108,483	63,341	129,793
of which:					
- Revenue from sales and services	269,072	143,721	91,192	52,529	125,351
- Other revenue	32,545	28,104	17,292	10,812	4,442
Operating costs	**206,401**	**122,883**	**70,979**	**51,904**	**83,518**
Added value	**95,217**	**48,942**	**37,505**	**11,437**	**46,275**
Personnel costs	25,605	25,701	18,862	6,839	(95)
EBITDA	**69,612**	**23,241**	**18,643**	**4,598**	**46,371**
Amortisation, depreciation, and impairment	34,342	35,034	26,866	8,168	(692)
Other provisions	3,033	2,538	2,538	-	494
Net operating income	**32,237**	**(14,331)**	**(10,761)**	**(3,570)**	**46,568**
Financial position	24,615	40,207	36,460	3,747	(15,592)
Pre-tax profit (loss)	**56,852**	**25,877**	**25,700**	**177**	**30,976**
Income taxes	6,913	(3,292)	(2,061)	(1,231)	10,205
Profit (Loss) for the year	**49,939**	**29,169**	**27,761**	**1,408**	**20,770**

In 2021, the Parent Company significantly improved its economic performance. The situation of the energy market, which in the second half of the year showed exponential increases in both gas and electricity prices, favoured the economic performance of AGSM AIM S.p.A. as the most significant part of electricity generation and cogeneration is to be found in the parent company.

As a result of the corporate reorganisation and related contributions of business units, from 2022 this will be carried out by the wholly-owned subsidiary AGSM AIM Power S.r.l.


46.8
(11.7)
(5.6)
2.0
31.4
(10.3)
21.2
27.9
(0.6)
(2.7)
56.9
49.9
(6.9)
32.2
2021
Includes 2.11
of gain from
Terna included in
Other Revenue
EBIT
Dividends
Gains/
adjustments
Income
& Expenses
Profit/(loss)
before tax
Income taxes
Net profit
(loss)

	2021	%	2020 RESTATED	%	2020 AGSM	%
INVESTED CAPITAL						
Net non-current assets						
Intangible assets	97,479		69,990		6,307	
Property, plant and equipment	294,429		333,585		272,893	
Goodwill	1,273		1,273		1,273	
Equity investments and other financial assets	451,564		281,328		196,671	
Deferred tax assets/liabilities	16,490		13,870		11,110	
Other non-current assets/liabilities	(20,466)		(19,528)		(10,443)	
Employee benefits	(12,613)		(6,351)		(4,460)	
Provision for risks and charges	(23,159)		(22,234)		(20,614)	
Total net non-current assets	**804,998**	**94%**	**651,934**	**104%**	**452,738**	**99%**
Net operating capital						
Trade receivables	132,652		61,317		27,095	
Inventories	5,338		5,744		5,676	
Other current assets	21,182		11,537		9,412	
Total short-term assets	**159,172**		**78,597**		**42,182**	
Trade payables	(69,754)		(91,398)		(31,303)	
Other current liabilities	(38,539)		(14,537)		(8,271)	
Total short-term liabilities	**(108,293)**		**(105,936)**		**(39,575)**	
Total net operating capital	**50,879**	**6%**	**(27,339)**	**(4%)**	**2,607**	**1%**
TOTAL INVESTED CAPITAL	**855,878**	**100%**	**624,595**	**100%**	**455,345**	**100%**
SOURCES OF HEDGING						
Equity						
Share capital	(95,588)		(129,793)		(58,500)	
Legal reserve	(13,139)		(13,055)		(11,700)	
Other reserves	(436,700)		(232,759)		(176,233)	
Profit (loss) for the year	(49,939)		(28,770)		(27,362)	
Total equity	**(595,367)**	**70%**	**(404,377)**	**65%**	**(273,795)**	**60%**
Net Financial Position			-			
Short-term net financial position	(178,870)		(92,774)		(132,269)	
Medium/long-term net financial position	(81,641)		(127,444)		(49,281)	
Total net financial position	**(260,511)**	**30%**	**(220,218)**	**35%**	**(181,550)**	**40%**
TOTAL SOURCES	**(855,878)**	**100%**	**(624,595)**	**100%**	**(455,345)**	**100%**

	2021	2020 RESTATED	2020 AGSM	MERGER CONTRIBUTION	CHANGE
Net financial debt					
Cash and cash equivalents	(8,344)	(44,475)	(639)	(43,836)	36,131
Financial receivables from subsidiaries	(133,177)	(6,138)	(6,138)	-	(127,040)
Other current financial assets	-	(563)	-	(563)	563
Cash and cash equivalents	**(141,522)**	**(51,176)**	**(6,777)**	**(44,399)**	**(90,346)**
Current account liabilities	146,275	74,420	58,235	16,185	71,855
Mortgage loans - current portion	99,251	82,064	28,792	53,272	17,187
Bonds - current portion	**10,800**	**9,987**	**-**	**9,987**	**813**
Payables for rights of use - current portion	12,727	217	65	152	12,510
Other current financial payables	32,207	(38,341)	36,351	(74,692)	70,548
Payables for dividends to municipalities	19,132	15,668	15,668	-	3,464
Current net financial debt	**320,392**	**144,015**	**139,111**	**4,904**	**176,377**
Mortgage loans - non-current portion	**61,427**	**96,162**	**48,552**	**47,610**	**(34,736)**
Bonds - non-current portion	**20,023**	**30,823**	**729**	**30,094**	**(10,800)**
Payables for rights of use - non-current portion	**191**	**561**	**102**	**459**	**(370)**
Non-current net financial debt	**81,641**	**127,546**	**49,383**	**78,163**	**(45,906)**
TOTAL NET FINANCIAL DEBT	**260,511**	**220,386**	**181,718**	**38,668**	**40,125**

Significant events after the reporting period

EXTRAORDINARY TRANSACTIONS

As part of the aforementioned business combination and Group reorganisation, corporate reorganisation and simplification operations took place with effect from 1 January 2022.
In February 2022 the Boards of Directors and Boards of Statutory Auditors of the Companies heading the various Business Units were appointed.

THE PANDEMIC IN 2022

With reference to the measures adopted by the competent government bodies regarding the health emergency, given its continuation in 2022 following the new Omicron variant, the Group continued to maintain a structure suitable for preserving business continuity and performing work activities, with the primary aim of ensuring the protection of its employees, customers and suppliers and each person who interacts with the various companies of the Group in various roles. At present, the Group estimates that, as a result of the increasingly advanced vaccination campaign and the easing of the restrictive measures imposed on commercial and industrial businesses at the beginning of the year, although there may still be slowdowns and increases in costs related to the emergency in 2022 to protect the health of workers, customers and suppliers (with possible impacts on lending), they will have an increasingly reduced impact.

THE RUSSIAN-UKRAINE WAR

The overall market performance is still greatly marked by the increase in commodity prices at the end of 2021.

This was compounded by the outbreak of the conflict between Russia and Ukraine, which is causing further turbulence in the energy markets in terms of price increases and availability of raw materials, and sanctions against Russia, both slowdown factors of the global economy, with more significant repercussions for the Eurozone, heavily dependent on Russian energy supplies.

The results of the continuing conflict are difficult to predict at present, but it is believed that the increases in the price of natural gas and oil that have revived the inflationary trend may translate their effects on other consumer goods and may produce complex effects depending on the business area, more or less exposed to the volatility of commodities.

MANDATORY INFORMATION PURSUANT TO ARTICLE 2428 OF THE ITALIAN CIVIL CODE

Related-party transactions and operating performance of the Parent Company (Article 2428, paragraph 3, point 2)

The controlling entities are the Municipality of Verona and the Municipality of Vicenza which, at 31 December 2021, held the total shares for a value of 61.2% and 38.8% of the share capital, respectively.

The Group exercised the exemption granted in paragraph 25 of IAS 24. Therefore, it does not have to make the disclosures listed in paragraph 18 of IAS 24 in regard to related party transactions and outstanding balances, including commitments to the City of Vicenza and its subsidiaries.

For more information, note that:

- The payables to the Municipalities refer to dividends approved and not yet paid and sundry concession fees.
- Trade receivables from the Municipalities refer to the provision of services provided by the various business units, mainly urban health services, public lighting and energy supplies.

Management and coordination activity

With effect from 1 January 2021, the Group is headed by the industrial holding company AGSM AIM S.p.A., which carries out management and coordination activity as well as financial management of all Group companies.

Taking into account the description given in the previous paragraph, in 2021 AGSM AIM S.p.A. carried out management and coordination activities, pursuant to Articles 2497 et seq. of the Italian Civil Code, for all the following Group companies:

- AGSM AIM ENERGIA S.p.A. (former AGSM ENERGIA S.p.A.) 96% owned
- V-RETI S.p.A. (former MEGARETI S.p.A.) 99.83% owned

- AGSM AIM SMART SOLUTION S.r.l. (former AGSM LIGHTING S.r.l.), 100% owned
- AMIA VERONA S.p.A., 100% owned
- AGSM HOLDING ALBANIA Sha, 75% directly owned and 25% indirectly
- ECO TIRANA Sh.a., 49% indirectly owned
- AGSM AIM POWER S.r.l. (former EN.IN. ESCO S.r.l.) 100% owned
- Consorzio Industriale Canale G. Camuzzoni di Verona Scarl, 75% owned
- Parcoeolico Carpinaccio S.r.l., 63% owned
- Parcoeolico Riparbella S.r.l., 63% owned
- 2v Energy S.r.l., 100% indirectly owned
- TRANSECO S.r.l., 100% indirectly owned
- SER.I.T S.r.l., 99.74% indirectly owned
- AIM Energy S.r.l., 100% owned
- CogasPiù Energia S.r.l., 60% indirectly owned
- AIM Mobilità S.r.l., 100% owned
- Valore Ambiente S.r.l., 100% owned
- Società Intercomunale Ambiente S.r.l., 49% owned
- Servizi a Rete S.r.l., 100% owned
- Società Igiene Territorio S.p.A., 100% owned
- TREV Ambiente S.r.l., indirectly 100% owned
- BLUEOIL S.r.l., 62.45% indirectly owned
- Sigma S.r.l., 100% owned
- Astra Solar S.r.l., 100% owned
- Diesse Energia S.r.l., 100% owned
- Ecoenergia Vomano S.r.l., 100% owned
- Sphere Energy 1 S.r.l., 100% owned
- Sphere Energy 2 S.r.l., 100% owned
- TS Energia Due S.r.l., 100% owned
- Vinci Energia S.r.l., 100% owned

The management and coordination activity of the Parent Company has effect mainly through the appointment of the Sole Director or the Boards of Directors. Relations with the parent company are governed by a specific service contract, under which AGSM AIM S.p.A., through its own structures, provides the subsidiaries with support for the proper performance of their management and administrative activities. These circumstances, together with standard intragroup contractual regulations and the application of similar economic conditions to market conditions, means that the relationship between each individual Company, the parent company and the other subsidiaries is focused on fairness and transparency, compliance with group policies and the search for efficiency and cost-effectiveness. As a result of the management and coordination activity of each Company, management is carried out within an economic and financial budget shared by the Parent Company and in accordance with operational planning and control tools at Group level. The parent company AGSM AIM S.p.A., within the scope of the law and the provisions of the Articles of Association, also provides support to the company's business through financial support and coordination activities.

TREASURY SHARES OR SHARES OR QUOTAS OF PARENTS (ARTICLE 2428, PARAGRAPH 3, POINT 3-4)

The holding company AGSM AIM S.p.A. does not hold any treasury shares or shares or quotas of parents.

OUTLOOK (ARTICLE 2428, PARAGRAPH 3, POINT 6)

The outlook for the individual business units in 2022 can be summarised as follows:

Networks BU

The economic results, in addition to being burdened by the serious change introduced by the ARERA RTDG (Gas Distribution and Measurement Rates), resolution 571/19, which significantly reduces the recognised operating costs and imposes high X factors for the coming tariff years, will be further penalised by the confirmed reduction of the WACC (Weighted Average Cost of Capital). Thanks to the merger synergies, and the development of even more stringent rationalisation policies and stricter controls of production costs, economic results will remain stable and with good margins.

Market BU

The merger of AIM Energy S.r.l. into AGSM Energia S.p.A. took effect on 1 January 2022, as well as the change of name of AGSM Energia S.p.A. into AGSM AIM Energia S.p.A.
In this regard, 2022 will involve the redefinition of the Company's organisation in order to achieve synergies, increased efficiency and improve the quality of services.
Relations with customers will also continue to be redesigned, involving overall rebranding and repositioning of the Company in the market, also focusing on the convergence of commercial offers.
In line with the business plan and the development guidelines for the 2021 - 2024 period, the Company expects to launch the supply of services in the telecommunications sector in 2022.
AGSM AIM Energia S.p.A. intends to continue its development with the acquisition of new customers, in accordance with the approved business plan, based on the following lines of action:

- targeted organic expansion with growth of the customer base through commercial campaigns entrusted to direct and indirect sales networks, exploring new sales channels to supplement the current ones;
- continuous market scouting activities to identify opportunities for acquisition of company branches or shares or quotas of small/medium-sized companies operating in the energy marketing and energy efficiency sector;
- acquisition of Customers in the regulated market by participation in the so-called "incremental protection" tenders;
- consolidation and further development of the partner segment with the provision of new services;
- diversification of sales channels, with the aim of balancing and diversifying the type of customers acquired;
- continuation of innovation and process automation initiatives, providing new tools and services to partners, Customers and employees; tools to simplify, economise and improve the quality of relations between customers and suppliers.

The merger of the company 2V Energy S.r.l., the share capital of which is wholly owned by AGSM AIM Energia S.p.A., is also being assessed.

Environment BU

The Environment BU currently has the most heterogeneous corporate structure among the business units of the AGSM AIM Group. Having taken note of the complex processes that involved various environmental companies in 2021, it was decided to postpone the corporate reorganisation operations and only proceed with the consolidation of the corporate structure of the other business units.
For this reason, a series of actions will be implemented during 2022 to streamline the corporate structure of AGSM AIM's environmental investments. In particular, once the decision to transfer the urban health business unit into a newco controlled by the municipality, which will become an "in-house" company, the rationalisation of the shareholdings will follow some guidelines, which are set out below:

1) The chosen corporate model provides for a single reference company, which will head the other equity investments.
2) The company will have two divisions, collections/urban health and plant engineering.
3) Strategic partnerships must be developed in areas where currently there is not good coverage by the group, or where growth in margins is linked to economies of scale.
4) Whether or not to maintain a number of non-controlling interests will be assessed, in light of their degree of strategic importance in the future vision of the Environment BU.
5) If possible, control will be acquired of the equity investments deemed strategic in order to consolidate them.
6) The persistence of investments in companies with no prospects of profitability will be assessed.

It will also be necessary to reassess the relationships of the Environment BU with regulatory authorities and regulators, which are fundamental in the environmental sector for business development.
The detailed organisational structure will need to be defined on the basis of the new corporate structure. A phase of unifying the accounting information systems and procedures will be launched.

Smart BU

The merger of AIM Mobilità S.r.l. into AGSM Lighting S.r.l. took effect on 1 January 2022, as well as the change in its name to AGSM AIM Smart Solutions S.r.l. The Public Lighting business unit of Servizi a Rete S.r.l. was also merged into the new company.
In this regard, 2022 will involve the redefinition of the Company's organisation in order to achieve synergies, increased efficiency and improve the quality of services.
The outlook for the new company for 2022 is essentially that of a start-up that needs to consolidate its organisation and its new commercial offering.

Power and Heat BU

The merger of the photovoltaic companies into the company EN.IN. ESCO S.r.l. took effect on 1 January 2022, as well as the change in its name to AGSM AIM Power S.r.l., to which the energy production plants owned by the Parent Company until 31.12.2021 were transferred.

In this regard, 2022 will involve the redefinition of the Company's organisation in order to achieve synergies, increased efficiency and improve the quality of services.

The search for new opportunities in the power generation sector continues, both through the design of new plants and the acquisition of existing ones.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED (ARTICLE 2428, PARAGRAPH 2, POINT 6 BIS)

Risks and uncertainties arising from the health emergency caused by COVID-19

With reference to the health emergency caused by COVID-19, which is still underway, the Group suffered limited impacts overall in 2021, demonstrating significant resilience to the effects of the pandemic, thanks both to the diversification of its activities, consisting largely of services that are essential for the population, and the fact that some of them are regulated and therefore potentially not subject to volatility or at least very limited volatility and, finally, the various actions taken by the Group, in order to contain the impacts of the emergency.

If the uncertainty continues about recovery times, the AGSM AIM Group will continue to systematically monitor the evolution of the situation.The Group considers an adequate control environment, capable of contributing to improving the efficiency and effectiveness of company operations, to be a fundamental element of the culture of its organisation. The Group has therefore prepared and adopted specific procedures and measures to manage the risk factors that could influence results. As part of these procedures and measures, the Group has adopted appropriate risk management and monitoring policies to prevent potential negative effects and take the actions necessary to contain them.

Further details are provided below of the risks to which the Group is exposed and the methods used to manage them.

Economic and social-environmental context risk

The Group's activities are sensitive to economic cycles and general economic conditions in the country the Group operates in. A slowdown in the economy could lead, for example, to a drop in consumption and/or industrial production, which could have a negative effect on the demand for electricity and the other products offered by the Group, thus reducing its results and prospects and slowing down or complicating the implementation of planned development strategies. In addition, the operations of sites and infrastructure, their profitability, the implementation of programmes for the adaptation or conversion of certain plants rather than for growth in certain business areas, planned by the Group, could be hampered by possible actions brought forward by some stakeholders that are not in favour of the presence of sites due to a negative perception of the Group's activities in the areas served.

With regard to the Environment Business Unit and the Networks Business Unit and the Energy Business Unit, the issue of relations with certain stakeholders concerning the management and maintenance of

plant efficiency and the possible expansion of existing plants is confirmed. To monitor these issues, the Group engages in a constant dialogue with local communities and the relevant authorities, also by participating in public debates, special press conferences and communication and awareness campaigns.
In addition, it should be noted that the Group companies which are engaged in the public lighting business and in the management of waste collection, street cleaning and other essential services for the environment, hygiene and decorum of cities, pay particular attention to the quality of the services they provide, also with a view to continue being awarded contracts in the areas already served and to win contracts for the same services in new areas. In order to maintain and develop the market position of these services and consequently retain and expand the company's business, organisational structures have been defined that are dedicated to the constant monitoring of opportunities and the effective and efficient management of tenders.

Credit risk

Credit risk is the Group's exposure to potential losses deriving from the failure to fulfil the commercial and financial obligations taken on by the counterparties. There are no significant concentrations of credit risk, since this risk is mitigated by the fact that credit exposure is spread over a large number of customers. The financial assets referring to trade receivables are recognised on the statement of financial position net of the allowance for doubtful accounts calculated on the basis of the risk of counterparty default, which is determined in turn by considering available information on the solvency of the customer and considering historic data. Individually significant transactions, for which there is objective evidence of partial or total impossibility of recovery, are written down on an individual basis.

Liquidity risk

Liquidity risk is the risk that financial resources might be difficult to obtain. The two principal factors that determine the liquidity of the Group are, on the one hand, the resources generated or used by its operating and investing activities and, on the other hand, the maturity and renewal dates of debt. The Group has adopted a series of policies and processes to streamline the management of financial resources, thereby reducing liquidity risk:

- centralised management of cash inflows and outflows;
- maintenance of an adequate level of available liquidity;
- acquisition of adequate credit facilities;
- monitoring of prospective liquidity conditions, in relation to the business planning process.

Energy risks

Energy risk is represented by the price risk on the contracted energy commodities, i.e. electric power, natural gas, environmental emission certificates, etc. since both purchases and sales are directly affected by fluctuations in the prices of those commodities, i.e. through indexing formulas.

Strategic risks

The AGSM AIM Group has implemented a Business Plan that defines the strategic policies and industrial targets that generate the income statement, asset and liability, and financial position items to which it refers. These targets refer to::

- improving the efficiency of the Group organisation and processes;
- development (investments in regulated and quasi-regulated sectors, increase in the customer base, energy efficiency);
- new investment initiatives for innovation and decarbonisation (energy production from renewable sources, smart services, charging stations, building redevelopment);
- consolidation of regulated sectors (renewal of concessions: gas distribution, and environment sector);
- organic growth;
- external growth;
- sustainability.

Operational risks

Some of the activities managed are subject to authorisation and/or acquisition of permits, which require compliance with the regulations in force to protect the environment, health and safety. For the protection of the environment, the rules generally require the control of and the compliance with emission limits for pollutants. Failure to comply with the regulations in force entails criminal and/or civil penalties against those liable and, in some cases of violation of safety regulations, against companies, according to a European model of objective corporate liability, which has also transposed to the Italian legal system.

Interest rate risk

Interest rate risk relates to both medium-/long-term and short-term financial assets for which interest rate risk hedging is extremely complex. The Group has put in place a centralised treasury management system through cash pooling, making it possible to have adequate credit facilities to finance the activities of subsidiaries with contractually agreed spread conditions on interbank rates.

Risk of climate changes

The risks related to climate changes may result in both a general increase in temperatures and the occurrence of extreme weather events, that are often unpredictable.

The first factor would imply a reduction in energy consumption for heating purposes by end customers, with a consequent reduction in expected revenues from sales and generation of energy.

The second factor could negatively influence different aspects related to business activities. For example, periods of prolonged drought would result in a lower availability of water resources for hydroelectric generation purposes than expected values calculated on the basis of statistical estimates. Moreover, extreme weather events could compromise the integrity of the company's assets (e.g., power lines, generation and distribution systems) with consequent disruption for both end customers and the company itself. Finally, the level of accuracy of energy consumption forecasts, which are fundamental for the correct purchase and sale of commodities, could be negatively

influenced by events of an extreme or unpredictable nature.
Monitoring is achieved through company units dedicated to the constant update of demand forecasts in relation to the expected temperature trend, as well as to the consequent management and optimisation of heat production/supply; it should also be noted that new initiatives have been implemented to supply thermal input to district heating users at more favourable financial conditions than the use of gas, through the recycling of biogas from waste treatment plants.

Regulatory risk

The regulatory risk is correlated to the constant evolution of the regulations governing the duration of public service concessions and the regulation of the reference sectors. The Group, with the support of the compliance function and of external experts, constantly monitors the regulations.

Risks related to tenders for the award of new gas distribution concessions

As a result of the tenders (so-called ATEM) that will presumably be held from 2025, the Group companies may not be awarded one or more of the new concessions, or may be awarded the new concessions at less favourable conditions than the current ones, with possible negative effects on the financial position and results, without prejudice, in the event of non-award, to the collection of the reimbursement value in favour of the outgoing operator, generally determined at values not less than those in the asset register.

Information technology risks

The Group's activities are managed through information systems that support the main both operational, administrative and commercial business processes.
The inadequacy, fragmentation of the existing platforms or the failure to update these information systems in line with business needs, their possible unavailability and the inadequate management of aspects related to the integrity and confidentiality of information represent potential risk factors that the Group mitigates through specific controls governed by the ICT Organisational Structure, which has also adopted a specific procedure. On this point it should be noted that there is specific ICT insurance coverage in place aimed at mitigating potential damage deriving from a lack of continuity in the provision of the services.
The confidentiality and security of information are subject to specific controls by the Group, through internal policies, tools for the segregation of access to information, as well as through specific contractual agreements with third parties that may have to access sensitive information.

Report on risk management and internal control systems pursuant to Article 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98

In consequence of the issuance and listing in 2017 and 2018 of the two tranches of the bond by AIM Vicenza S.p.A. for a total of Euro 70 million (ISIN Code: XS1683476268) on the Main Securities Market, a regulated market operated by the Irish Stock Exchange Euronext Dublin, AGSM AIM S.p.A. (the "Company") is qualified as an "issuer of securities listed on a regulated market". Therefore, it has to comply with a series of obligations.
Specifically in regard to the report on corporate governance and ownership structure envisaged in Article 123-bis of Legislative Decree 58 of 24 February 1998 ("Consolidated Law on Finance"

or “ TUF”), since the Company does not have shares listed on a regulated market or a multilateral trading system, it has opted to include in the report only the information concerning the principal characteristics of the existing risk management and internal control systems connected with the financial reporting process, including the consolidated financial statements, pursuant to paragraph 2, sub-paragraph b) of Article 123-bis of the TUF.
In accordance with applicable laws and regulations and existing leading practices in this regard, and considering the sector in which AGSM AIM S.p.A. (the "Company") and its subsidiaries operate, the Company has implemented an internal control and risk management system. This system consists of the series of rules, procedures and organisational structures designed to identify, measure, manage and monitor its principal risks, assuring compliance with corporate strategies and achievement of the strategic objectives of the Company and the Group.
The internal control and risk management system must not be considered separately from the internal control system in relation to the separate and consolidated financial reporting process. In fact, both of them are essential elements of one and the same system (together, the “System”) designed to assure:

- the reliability of financial reporting, i.e. to assure that the reporting is fair and compliant with generally accepted accounting principles and applicable statutory and regulatory requirements;
- the accuracy of financial reporting, i.e. to assure that the reporting is neutral and precise;
- the trustworthiness of financial reporting, i.e. to assure that the reporting is clear and complete so that investors may make informed investment decisions;
- the timeliness of financial reporting, i.e. to assure that the reporting meets its fixed publication deadlines.

The intended purpose of the System – which centralises the principal activities (especially operating and financial activities) at the centralised administrative offices of the Parent Company – is to guarantee an adequate flow of information and exchange of data and information between the Company and its subsidiaries. All of this is aimed at realising precise control of the performance of the subsidiaries, investments and sources of funding. Through the centralisation of staff services at the Parent Company, the specific intention is to guarantee, inter alia, adequate control over the disclosure of operating and financial information, including but not only in compliance with the market abuse rules set out in Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014, as amended, and in the associated enabling and execution acts.
The System is subject to revision in response to the regulatory framework and operating segment in which the Group operates and modification of the corporate business areas to assure the effectiveness and coordination of the principal elements of the System in relation to the organisational and governance development of the Company and the Group.

DESCRIPTION OF THE PRINCIPAL CHARACTERISTICS OF THE EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

The System is broken down into the following phases:

- Identification of the financial reporting risks: the Company defines the scope of the Group to be included in assessment of the System according to its potential impact on financial disclosures and the financial disclosure risks in consequence of possible failure to achieve the control targets that the Company wishes to achieve to assure a true and fair presentation of its accounts.
- Assessment of financial reporting risks: the Company assesses previously identified financial reporting risks.
- Identification of the identified risks: the Company identifies the control systems which are effectively aimed at mitigating the previously identified financial disclosure risks.
- Assessment of controls based on the identified risks: the Company assesses the adequacy and functionality of the "monitoring" process, i.e. the procedures by which the established financial reporting risk controls are periodically assessed.

System Components
The following components must be considered integral parts of the overall System:

- the Code of Ethics, adopted by the Company management body containing the general principles and rules establishing the general framework of the organisation and as applicable to the business and market context;
- the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 (the "Model" and the "Decree") adopted by the Company's management body. The Model is designed to assure fair, transparent management of corporate activities, inter alia to protect all Company stakeholders, and to prevent commission of the offences envisaged by the Decree by individuals who hold representation, administration, or management positions at the Company.
- the QHSE (quality, health and safety, and environment) rules governing the activity of the Company and the Group;
- the previously adopted privacy and GDPR (General Data Protection Regulation) rules adopted by the Group.

In public-interest entities, the Board of Statutory Auditors is the same as the Internal Control and Auditing Committee. Pursuant to Article 19 of Legislative Decree 39/2010, it is responsible for:

- informing the management body of the results of the statutory audit and transmitting the additional report required under Article 11 of the European Regulation, complete with any comments;
- monitoring the financial reporting process and making recommendations or proposals to guarantee its integrity;
- checking the effectiveness of the internal quality and risk management control systems of the

company and, if applicable, of the internal audits of the financial reporting of the audited entity, but without violating its independence;

- monitoring the statutory audit of the separate financial statements and consolidated financial statements;
- checking and monitoring the independence of the statutory auditors or the audit firms pursuant to Articles 10, 10-bis, 10-quater, and 17 of Legislative Decree 39/2010;
- taking charge of the process to select the statutory auditors or audit firms and recommending the statutory auditors or audit firms to be designated pursuant to Article 16 of the European Regulation.

Independent auditors

The audit for the separate and consolidated financial statements of the Company is currently performed by BDO Italia S.p.A.

REGULATORY FRAMEWORK

As an entity operating in regulated sectors and carrying out regulated activities, the Group is subject to numerous statutory and regulatory provisions in Italy and also domestic and international technical rules that are applicable to companies operating in the same sector. The rules issued by the Italian Regulatory Authority for Electricity, Gas and Water ("Autorità di Regolazione per Energia Reti e Ambiente" – ARERA) for functional separation and accounting unbundling are particularly important.

Each Group entity subject to the Authority regulation prepares separate annual accounts for their individual activities and individual areas and then sends them via the indicated procedures by the stipulated deadline.

In accordance with statutory and regulatory requirements, the Group implemented all the plans envisaged for management of environmental risk.

SUSTAINABILITY AND OTHER INFORMATION

AGSM AIM and sustainability

In the context of important changes and great growth that characterised the AGSM AIM Group, the Group consolidated its process for corporate social responsibility by presenting the consolidated non-financial statement for 2021, in accordance with Legislative Decree 254/16 adopted in implementation of Directive 2013/34/EU; it was prepared with a separate document from this report. The Non-financial statement addresses the specific need for transparency towards all interested parties (stakeholders, suppliers, employees, customers, citizens, and the local administrations), and is a precious tool for reporting the economic, environmental, and social policies of the Group to the entire area it serves. The sustainability process is integrated with our Group strategy to encourage continuous improvements in terms of human, financial and business capital.

Information about Significant non-EU Companies

The parent company AGSM AIM S.p.A. does not control any company that might be considered a "Significant non-EU Company", as defined in Consob Resolution no. 16191/2007, as amended.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

FINANCIAL POSITION - ASSETS	NOTES	31/12/2021	31/12/2020	01/01/2020
NON-CURRENT ASSETS				
Intangible assets	7.1	416,886,818	117,515,872	115,556,091
Property, plant and equipment	7.2	458,630,383	338,781,475	341,025,244
Goodwill	7.3	51,620,344	12,837,983	13,014,142
Equity investments	7.4	13,520,637	10,108,377	19,761,182
Other non-current financial assets;	7.5	33,513,349	20,534,391	20,565,338
Deferred tax assets	7.6	50,024,803	27,516,527	26,203,021
Other non-current assets	7.7	46,677,781	5,266,569	4,238,071
Total non-current assets		**1,070,874,115**	**532,561,194**	**540,363,089**
CURRENT ASSETS				
Inventories	7.8	14,095,912	13,403,204	12,978,957
Trade receivables	7.9	573,948,945	204,952,939	248,379,250
Current financial assets	7.10	1,531,913	238,908	510,468
Current tax assets	7.11	6,570,013	6,881,435	-
Other current assets	7.12	56,544,471	47,267,814	37,531,414
Cash and cash equivalents	7.13	30,556,350	22,943,853	9,574,101
Total current assets		**683,247,603**	**295,688,154**	**308,974,190**
TOTAL ASSETS		**1,754,121,719**	**828,249,348**	**849,337,280**

FINANCIAL POSITION - LIABILITIES		31/12/2021	31/12/2020	01/01/2020
EQUITY				
Share capital	7.14	95,588,235	58,500,000	58,500,000
Legal reserve	7.14	13,138,532	11,700,000	11,700,000
Other reserves	7.14	483,057,532	222,949,054	235,538,085
Profit (loss) for the year	7.14	53,681,054	26,621,047	29,057,616
Group total equity	**7.14**	**645,465,353**	**319,770,101**	**334,795,701**
Minority interests	**7.14**	**18,667,051**	**15,649,618**	**11,815,783**
Total equity	**7.14**	**664,132,404**	**335,419,719**	**346,611,484**
NON-CURRENT LIABILITIES				
Non-current financial liabilities	7.15	92,428,771	50,851,058	79,214,950
Employee benefits	7.16	30,854,362	23,330,935	24,749,731
Provision for risks and charges	7.17	58,538,225	38,732,346	36,650,055
Deferred tax liabilities	7.18	36,902,562	4,567,122	5,041,679
Other non-current liabilities	7.19	44,255,078	14,527,420	14,822,436
Total non-current liabilities		**262,978,998**	**132,008,881**	**160,478,851**
CURRENT LIABILITIES				
Current financial liabilities	7.20	339,739,405	156,002,110	102,445,067
Trade payables	7.21	373,136,997	158,573,503	179,903,786
Current tax liabilities	7.22	16,735,952	1,522,010	-
Other current liabilities	7.23	97,397,962	44,723,125	59,898,091
Total current liabilities		**827,010,316**	**360,820,748**	**342,246,944**
TOTAL LIABILITIES		**1,754,121,719**	**828,249,348**	**849,337,280**

Consolidated Statement of Comprehensive Income

	NOTES	2021	2020
Revenue		**1,916,062,754**	**932,768,657**
Revenue from sales and services	8.1	1,814,019,610	885,703,979
Change in inventories	8.2	(2,377,586)	(1,290,338)
Other revenue	8.3	104,420,730	48,355,016
Operating costs		**1,624,905,785**	**767,498,613**
Raw materials and consumables	8.4	1,026,035,661	358,375,266
Services	8.5	549,729,882	383,295,037
Leases and rentals	8.6	9,693,322	3,697,367
Other operating costs	8.7	39,446,920	22,130,943
Added value		**291,156,969**	**165,270,044**
Personnel costs	8.8	115,438,892	84,250,641
EBITDA		**175,718,078**	**81,019,403**
Amortisation, depreciation, and provisions		**90,784,681**	**49,962,735**
Amortisation and depreciation	8.9	74,449,161	43,608,484
Write-down of receivables	8.9	7,801,398	3,224,204
Other provisions	8.9	7,471,587	2,980,047
Impairment of fixed assets	8.9	1,062,535	150,000
Net operating income		**84,933,396**	**31,056,668**
Financial position		**(4,896,151)**	**5,713,148**
Income from equity investments	8.10	73,291	6,840,681
Financial income	8.11	1,586,366	1,531,819
Financial expenses	8.12	(6,578,154)	(2,905,390)
Adjustments to financial assets	8.13	22,345	246,039
Pre-tax profit (loss)		**80,037,245**	**36,769,816**
Income taxes	8.14	(22,911,245)	(8,585,647)
Profit (Loss) for the year		**57,126,000**	**28,184,170**
Minority interests		**3,444,946**	**1,563,122**
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT (A)		**53,681,054**	**26,621,047**

OTHER COMPREHENSIVE INCOME THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD	2021	2020
Total actuarial gains (losses) net of the tax effect (B)	(3,158,479)	548,327
Tax effect on actuarial gains (losses) for employee benefits	758,035	131,599
Total actuarial gains (losses) net of the tax effect (B)	**(2,400,444)**	**416,729**
Change in the fair value of cash flow hedging derivatives	(5,944,917)	(568,285)
Tax effect on change in the fair value of cash flow hedging derivatives	1,426,780	136,388
Total other profits (losses) net of tax effect (C)	**(4,518,137)**	**(431,896)**
Total comprehensive profits (losses) net of tax effect (B) + (C)	**(6,918,581)**	**(15,168)**
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	**46,762,473**	**26,605,879**

Statement of cash flows

STATEMENT OF CASH FLOW	2021	2020
A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	57,126,000	26,864,110
Income taxes	22,911,240	8,502,329
Interest expense	6,496,571	2,702,108
Interest income	(1,588,978)	(1,167,987)
(Dividends)	(72,984)	(239,920)
Losses deriving from the sale of assets	2,041,264	2,296,759
(Gains) deriving from the sale of assets	(9,499,325)	(6,907,805)
PROFIT/(LOSS) FOR THE YEAR BEFORE INCOME TAXES, INTEREST, DIVIDENDS AND GAINS/LOSSES ON SALES	**77,413,788**	**32,049,595**
Adjustments for non-monetary elements that were not offset in the NWC		
Accruals to provisions	12,566,224	6,770,911
Amortisation and depreciation	74,449,161	44,537,374
Impairment	1,812,535	322,762
Revaluation of equity investments measured using the equity method	(1,022,345)	(568,801)
CASH FLOWS BEFORE CHANGES IN NWC	**165,219,362**	**83,111,841**
Changes in net working capital		
Decrease/(increase) in inventories	2,833,454	(424,243)
Decrease/(increase) in trade receivables	(287,592,720)	43,073,771
Increase/(decrease) in trade payables	150,334,544	(5,889,015)
Decrease/(increase) in accrued income and prepaid expenses	578,923	119,867
Increase/(decrease) in accrued expenses and deferred income	424,271	(989,520)
Other changes in net working capital	(15,147,949)	(28,155,312)
CASH FLOW AFTER CHANGES IN NWC	**16,649,885**	**90,847,388**
Other adjustments		
Interest received	1,588,978	1,167,987
(Interest paid)	(6,496,571)	(2,702,108)
(Income tax paid)	(10,173,539)	(12,449,180)
(Use of provisions)	(2,871,000)	(6,788,154)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**(1,302,248)**	**70,075,933**

RENDICONTO FINANZIARIO	2021	2020
B. CASH FLOW FROM INVESTMENT ACTIVITY:		
Intangible assets		
(Investments)	(34,676,000)	(9,707,753)
Disinvestments	1,186,000	-
Property, plant and equipment		
(Investments)	(47,696,000)	(25,264,014)
Disinvestments	11,285,516	974,567
Financial fixed assets		
Disinvestments	-	1,272,550
Current financial assets		
(Investments)	(1,221,299)	-
Change in scope of consolidation	52,381,766	-
CASH FLOW FROM INVESTMENT ACTIVITY (B)	**(18,740,017)**	**(32,724,650)**
C. CASH FLOWS FROM FINANCING ACTIVITY:		
Third party financing		
Changes in current account liabilities	107,203,802	4,779,833
Repayment of bonds	(9,986,913)	-
Raising of loans	44,500,000	42,218,356
Increase (decrease) in short-term payables for leases and factoring	1,173,463	(147,607)
Repayment of loans	(113,876,681)	(37,325,381)
Equity		
Dividends (and interim dividends) paid	(1,358,909)	(33,654,338)
CASH FLOW FROM FINANCING ACTIVITY (C)	**27,654,762**	**(24,129,137)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A± B ± C)	**7,612,497**	**13,222,146**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**22,943,853**	**9,574,101**
of which:		
bank and postal accounts	22,895,934	9,532,124
cash-in-hand and cash equivalents	47,919	41,977
	-	**-**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**30,556,350**	**22,943,853**
of which:		
bank and postal accounts	30,409,868	22,895,934
cash-in-hand and cash equivalents	109,679	47,919

Consolidated Statement of Changes in Equity

EQUITY	BALANCE AS AT 01/01/2020	OTHER CHANGES	EXTRAORDINARY TRANSACTION
Share capital	58,500,000	-	-
Share premium/contribution reserve	128,349,029	-	-
Revaluation reserves	10,485,441	1,137,178	7,163,066
Legal reserve	11,700,000	-	-
Extraordinary reserves	1,578,938	-	-
Capital grants provision	3,194,323	-	-
Reserves for transformation under Law 127/97	61,803,081	-	-
FTA IFRS Reserve	1,006,819		
Other reserves	2,400,000	-	-
Undivided profits from consolidation and consolidation reserve	27,054,577	27,920,399	-
Hedging reserve	(334,407)	-	-
Retained earnings (losses)	-	-	-
Profit (loss) for the year	29,057,577	(29,057,577)	-
Group total equity minority interests:	**334.795.378**	**-**	**7,163,066**
Minority interests in share capital and reserves	9,922,559	1,893,206	3,744,975
Minority interests	1,893,206	(1,893,206)	-
Total minority interests	**11,815,765**	**-**	**3,744,975**
Total equity	**346,611,143**	**-**	**10,908,041**

EQUITY	BALANCE AS AT 01/01/2021	OTHER CHANGES	EXTRAORDINARY TRANSACTION
Share capital	58,500,000	-	37,088,235
Share premium/contribution reserve	128,349,029	-	255,990,271
Revaluation reserves	9,331,141	-	-
Legal reserve	11,700,000	1,368,111	70,421
Extraordinary reserves	0	10,419,807	1,337,999
Capital grants provision	3,194,323	-	-
Reserves for transformation under Law 127/97	34,836,353	-	-
FTA IFRS Reserve	1,006,819		
Other reserves	9,270,398	110,387	-
Undivided profits from consolidation and consolidation reserve	36,795,498	14,722,742	(878,119)
Hedging reserve	(233,223)	-	-
Retained earnings (losses)	398,716	-	-
Profit (loss) for the year	26,621,047	(26,621,047)	-
Group total equity minority interests:	**319.770.101**	**-**	**293,608,807**
Minority interests in share capital and reserves	14,086,496	1,563,122	878,119
Minority interests	1,563,122	(1,563,122)	-
Total minority interests	**15,649,618**	**-**	**878,119**
Total equity	**335,419,719**	**-**	**294,486,926**

	ALLOCATION OF THE RESULT	DIVIDENDS PAID	PROFIT (LOSS) FOR THE YEAR	OTHER INCOME COMPONENTS	BALANCE AS AT 31/12/2020
	-	-	-	-	58,500,000
	-	-	-	-	128,349,029
	-	-	(9,454,544)	-	9,331,141
	-	-	-	-	11,700,000
	(1,578,938)	-	-	-	0
	-	-	-	-	3,194,323
	(26,966,728)	-	-	-	34,836,353
					1,006,819
	(252,333)	(815,504)	7,938,235	-	9,270,398
	(19,167,949)	(527,838)	1,516,309	-	36,795,498
	-	101,184	-	-	(233,223)
	-	398,716	-	-	398,716
	-	-	-	26,621,047	26,621,047
	(47,965,948)	**(843,442)**	**-**	**26,621,047**	**319,770,101**
	(1,476,477)	2,233	-	-	14,086,496
	-	-	-	1,563,122	1,563,122
	(1,476,477)	**2,233**	**-**	**1,563,122**	**15,649,618**
	(49,442,425)	**(841,209)**	**-**	**28,184,169**	**335,419,719**

	ALLOCATION OF THE RESULT	DIVIDENDS PAID	PROFIT (LOSS) FOR THE YEAR	OTHER INCOME COMPONENTS	BALANCE AS AT 31/12/2021
	-	-	-	-	95,588,235
	-	-	-	-	384,339,300
	-	(534,653)	-	-	8,796,488
	-	-	-	-	13,138,532
	-	-	-	-	11,757,806
	-	-	-	-	3,194,323
	-	-	-	-	34,836,353
					1,006,819
	-	1,463,629	(7,053,243)	-	3,791,171
	(15,463,918)	(150,163)	-	-	35,026,040
	-		143,738	-	(89,485)
	-	-	-	-	398,716
	-	-	-	53,681,054	53,681,054
	(15,463,918)	**778,813**	**(6,909,505)**	**53,681,054**	**645,465,352**
	(1,358,909)	62,354	(9,076)	-	15,222,106
	-	-	-	3,444,946	3,444,946
	(1,358,909)	**62,354**	**(9,076)**	**3,444,946**	**18,667,052**
	(16,822,827)	**841,166**	**(6,918,581)**	**57,126,000**	**664,132,404**

Restated Consolidated Statement of Financial Position

FINANCIAL POSITION - ASSETS	2021	31/12/2020 RESTATED	31/12/2020 AGSM GROUP	MERGER CONTRIBUTION	01/01/2020 AGSM GROUP
NON-CURRENT ASSETS					
Intangible assets	416,887	316,859	117,516	199,343	115,556
Property, plant and equipment	458,630	455,319	338,781	116,538	341,025
Goodwill	51,620	14,748	12,838	1,910	13,014
Equity investments	13,521	16,236	10,108	6,128	19,761
Other non-current financial assets	33,513	20,534	20,534	-	20,565
Deferred tax assets	50,025	43,782	27,517	16,265	26,203
Other non-current assets	46,678	17,238	5,267	11,971	4,238
Total non-current assets	**1,070,874**	**884,716**	**532,561**	**352,155**	**540,363**
CURRENT ASSETS					
Inventories	14,096	16,929	13,403	3,526	12,979
Trade receivables	573,949	286,163	204,953	81,210	248,379
Current financial assets	1,532	239	239	-	510
Current tax assets	6,570	6,881	6,881	-	-
Other current assets	56,544	72,578	47,268	25,310	37,531
Cash and cash equivalents	30,556	75,326	22,944	52,382	9,574
Total current assets	**683,248**	**458,116**	**295,688**	**162,428**	**308,974**
TOTAL ASSETS	1,754,122	1,342,832	828,249	514,583	849,337
FINANCIAL POSITION - LIABILITIES					
EQUITY					
Share capital	95,588	129,793	58,500	71,293	58,500
Legal reserve	13,139	13,055	11,700	1,355	11,700
Other reserves	483,058	329,097	222,949	106,148	235,538
Profit (loss) for the year	53,681	33,964	26,621	7,343	29,058
Group total equity	**645,465**	**505,909**	**319,770**	**186,139**	**334,796**
Minority interests	**18,667**	**16,879**	**15,650**	**1,229**	**11,816**
Total equity	**664,132**	**522,788**	**335,420**	**187,368**	**346,611**
NON-CURRENT LIABILITIES					
Non-current financial liabilities	**92,429**	**146,006**	**50,851**	**95,155**	**79,215**
Employee benefits	30,854	30,319	23,331	6,988	24,750
Provision for risks and charges	58,538	59,351	38,732	20,619	36,650
Deferred tax liabilities	36,903	11,794	4,567	7,227	5,042
Other non-current liabilities	44,255	39,816	14,527	25,289	14,822
Total non-current liabilities	**262,979**	**287,287**	**132,009**	**155,278**	**160,479**
CURRENT LIABILITIES					
Current financial liabilities	**339,739**	**244,290**	**156,002**	**88,288**	**102,445**
Trade payables	373,137	216,449	158,574	57,875	179,904
Current tax liabilities	16,736	1,555	1,522	33	-
Other current liabilities	97,398	70,464	44,723	25,741	59,898
Total current liabilities	**827,010**	**532,758**	**360,821**	**171,937**	**342,247**
TOTAL LIABILITIES	1,754,122	1,342,832	828,249	514,583	849,337

Restated Consolidated Statement of Comprehensive Income

	2021	2020 RESTATED	2020 AGSM GROUP	MERGER CONTRIBUTION	CHANGE
Revenue	**1,916,063**	**1,204,923**	**932,769**	**272,154**	**711,140**
Revenue from sales and services	1,814,020	1,117,050	885,704	231,346	696,970
Change in inventories	(2,378)	(1,588)	(1,290)	(298)	(789)
Other revenue	104,421	89,461	48,355	41,106	14,960
Operating costs	**1,624,906**	**973,047**	**767,499**	**205,548**	**651,859**
Raw materials and consumables	1,026,036	435,603	358,375	77,228	590,432
Services	549,730	488,772	383,295	105,477	60,958
Leases and rentals	9,693	7,723	3,697	4,026	1,970
Other operating costs	39,447	40,948	22,131	18,817	(1,501)
Added value	**291,157**	**231,876**	**165,270**	**66,606**	**59,281**
Personnel costs	115,439	111,027	84,251	26,776	4,412
EBITDA	**175,718**	**120,849**	**81,019**	**39,830**	**54,869**
Amortisation, depreciation, and provisions	**90,785**	**77,158**	**49,963**	**27,195**	**13,627**
Amortisation and depreciation	74,449	67,196	43,608	23,588	7,253
Write-down of receivables	7,801	3,224	3,224		4,577
Other provisions	7,472	5,704	2,980	2,724	1,768
Impairment of fixed assets	1,063	1,033	150	883	30
Net operating income	**84,933**	**43,692**	**31,057**	**12,635**	**41,242**
Financial position	**(4,896)**	**2,937**	**5,713**	**(2,776)**	**(7,833)**
Income from equity investments	73	8,222	6,841	1,381	(8,148)
Financial income	1,586	1,848	1,532	316	(261)
Financial expenses	(6,578)	(7,845)	(2,905)	(4,940)	1,267
Adjustments to financial assets	22	713	246	467	(691)
Pre-tax profit (loss)	**80,037**	**46,629**	**36,770**	**9,859**	**33,408**
Income taxes	(22,911)	(10,875)	(8,586)	(2,289)	(12,037)
Profit (Loss) for the year	**57,126**	**35,754**	**28,184**	**7,570**	**21,372**
Minority interests	**3,445**	**1,790**	**1,563**	**227**	**1,655**
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT (A)	**53,681**	**33,964**	**26,621**	**7,343**	**19,717**

OTHER COMPREHENSIVE INCOME THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD	2021	2020 RESTATED	2020 AGSM GROUP	MERGER CONTRIBUTION	CHANGE
Total actuarial gains (losses) net of the tax effect (B)	(3,158)	598	548	50	(3,757)
Tax effect on actuarial gains (losses) for employee benefits	758	(144)	(132)	(12)	902
Total actuarial gains (losses) net of the tax effect (B)	**(2,400)**	**455**	**417**	**38**	**(2,855)**
Change in the fair value of cash flow hedging derivatives	(5,945)	(568)	(568)	-	(5,347)
Tax effect on change in the fair value of cash flow hedging derivatives	1,427	136	136	-	1,291
Total other profits (losses) net of tax effect (C)	**(4,518)**	**(432)**	**(432)**	**-**	**(4,086)**
Total comprehensive profits (losses) net of tax effect (B) + (C)	**(6,919)**	**23**	**(15)**	**38**	**(6,941)**
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	**46,762**	**33,987**	**26,606**	**7,381**	**12,775**

ACCOUNTING STANDARDS AND BASIS OF PREPARATION

Basis of preparation

The Consolidated Financial Statements of the AGSM AIM Group at 31 December 2021 consist of the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements.
These financial statements for the first year have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IFRS also include all the revised international accounting standards ("IAS"/"IFRS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"). With regard to the obligation to prepare consolidated financial statements in an XHTML format, please note that pursuant to the exemption provided for by Article 83 of Regulation 11791/'99 (issuers of debt securities with a unit value of at least 100,000 euro). AGSM AIM S.p.A. is not obliged to fulfil said obligation. This is also confirmed under Irish law, as per the specific legal opinion obtained.

Going concern

The evolution of the current pandemic has required constant and systematic monitoring of the results of the business, with a particular focus on analysing any deviations from forecasts.
As indicated in the paragraph "Risks and uncertainties arising from the health emergency caused by COVID-19" in the Report on Operations, the new management analysed the management and financial indicators that did not reveal any risks linked to the ability of the AGSM AIM Group to operate on a going concern basis.
In consideration of the performance of the results for the year, which also include the impacts connected with the COVID-19 emergency, the management analysed the forecasts made with regard to possible future scenarios, excluding any impairment in the various cash generating units (CGUs) in which it is organised, also in view of the existing considerable margins.
Based on the performance of activities, the 2021-2024 Business Plan, the systematic updates to the above budgets and the ability to access credit, the Group's management believes that it is in a position to proceed with managing and developing activities without questioning the going concern.
Consequently, these consolidated financial statements have been prepared on a going concern basis as it is reasonable to expect that the Group will continue to operate in the near future and, in any case, for at least twelve months, as set out in IAS 1.25-26.

Financial statement formats

These financial statements have been prepared on a historical cost basis, except for some financial instruments that are measured at fair value. Information about the financial statement formats applied, compared to those set out in IAS 1, and the method used to present cash flows in the statement of cash flows, compared to the provisions of IAS 7, is provided below.

- In the statement of comprehensive income, costs are classified by nature based on a "graduated" classification. It is believed that this type of presentation, which is also used by the Group's principal competitors and is consistent with international practice, best represents the results of the business.
- The statement of comprehensive income comprises the profit or loss for the year and the income and expense, grouped by consistent categories, which, based on the IFRS, are allocated directly to equity.
- In the statement of financial position, current assets and current liabilities are presented separately from non-current assets and liabilities, respectively, in accordance with IAS 1.
- The columns of the statement of changes in equity reconcile the opening and closing balances of each equity caption.
- The statement of cash flows classifies cash flows by operating, investing and financing activities. Specifically, cash flows from operating activities are presented using the indirect method in accordance with IAS 7, whereby the profit or loss for the year is adjusted to reflect the effects of non-monetary transactions, prepayments and accrued income and accrued expenses or deferred income and revenue or cost items related to future cash flows from investing or financing activities.

In addition, it should be noted that in order to favour comparability of the consolidated financial statement values, in consideration of the merger of AIM Vicenza S.p.A. which became effective on 1 January 2021, the restated consolidated statements of financial position and comprehensive income have also been included, considering:

- the balances as at 31 December 2021, which naturally reflect the effects of the merger;
- the balances as at 31 December 2020 of the AGSM Group (subsidiary of the former AGSM Verona S.p.A.);
- the restated balances as at 31 December 2020, taking into account the contribution from the merger of the AIM Group."

Principles and scope of consolidation

The consolidated financial statements have been prepared on the basis of draft financial statements approved by the respective management bodies. The accounting standards described below have been consistently applied by all Group companies. The financial statements have been modified, as necessary, to make them compliant with the Group accounting standards, which are in turn compliant with the IFRS adopted by the European Union.
The subsidiaries have been consolidated on a line-by-line basis since their acquisition date, or from the date when the Group gained control of them, and they are no longer consolidated from the date when control is transferred outside the Group.
All intra-group balances and transactions, including any unrealised profits and losses deriving from

relationships between AIM Group companies, have been completely eliminated.
The acquisitions of subsidiaries are recognised according to the purchase method. This requires allocation of the cost for the business combination at the fair value of the assets, liabilities and contingent liabilities acquired at the acquisition date, and inclusion of the loss or profit of the acquired company from the acquisition date until the end of the year.
The minority interests in profit or loss and equity represent the portion of profit or loss and equity pertaining to the net assets not owned by the Group. They are shown in a separate account of the consolidated statement of comprehensive income and the consolidated statement of financial position, separately from the profits or losses and equity of the Group.
The associates are those in which the Group owns at least 20% of the voting rights or where it exercises a significant influence, which is not control or joint control, over financial and operating policies. Equity investments in associates were measured using the equity method. The Group's share of profit or loss is recognised in the consolidated financial statements from the date on which the significant influence began and until the date when it ends.
The reporting date of the consolidated financial statements coincides with the closing date of the separate financial statements of the parent company and the consolidated companies.

It should be noted that, in terms of the transactions that changed the scope of consolidation, during 2021 the business combination described above took effect.

As at 31 December 2021 the scope of consolidation using the line-by-line method and the respective activities managed by each company were the following:

- AGSM AIM ENERGIA S.p.A. (former AGSM ENERGIA S.p.A.) 94.85% owned
- V-RETI S.p.A. (former MEGARETI S.p.A.) 99.83% owned
- AGSM AIM SMART SOLUTION S.r.l. (former AGSM LIGHTING S.r.l.), 100% owned
- AMIA VERONA S.p.A., 100% owned
- AGSM HOLDING ALBANIA Sha, 75% directly owned and 25% indirectly
- ECO TIRANA Sh.a., 49% indirectly owned
- AGSM AIM POWER S.r.l. (former EN.IN. ESCO S.r.l.) 100% owned
- Consorzio Industriale Canale G. Camuzzoni di Verona Scarl, 75% owned
- Parcoeolico Carpinaccio S.r.l., 63% owned
- Parcoeolico Riparbella S.r.l., 63% owned
- 2v Energy S.r.l., 100% indirectly owned
- TRANSECO S.r.l., 100% indirectly owned
- SER.I.T S.r.l., 99.74% indirectly owned
- AIM Energy S.r.l., 100% owned
- CogasPiù Energia S.r.l., 60% indirectly owned
- AIM Mobilità S.r.l., 100% owned
- Valore Ambiente S.r.l., 100% owned
- Società Intercomunale Ambiente S.r.l., 49% owned
- Servizi a Rete S.r.l., 100% owned
- Società Igiene Territorio S.p.a., 100% owned

- TREV Ambiente S.r.l., indirectly 100% owned
- BLUEOIL S.r.l., 62.45% indirectly owned
- Sigma S.r.l., 100% owned
- Astra Solar S.r.l., 100% owned
- Diesse Energia S.r.l., 100% owned
- Ecoenergia Vomano S.r.l., 100% owned
- Sphere Energy 1 S.r.l., 100% owned
- Sphere Energy 2 S.r.l., 100% owned
- TS Energia Due S.r.l., 100% owned
- Vinci Energia S.r.l., 100% owned

Accounting standards

Introduction

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets held for sale, which are recognised at fair value. There are no held-to-maturity investments. Financial transactions are recognised at the trade date.
The accounting standards used to prepare the consolidated financial statements at 31 December 2021 have also been uniformly applied to all corresponding periods.
The 2020 figures are affected by FTA i.e. the first-time adoption of the IFRS. The first financial year prepared in accordance with the IFRS is 2021, with FTA on 01.01.20 for comparative purposes, as required by IFRS 1.
The amounts presented in the financial statements are shown in Euro, whilst in the notes they are shown in thousands of Euros, unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including direct charges necessary to bring the asset to use. Cost comprises the finance costs directly attributable to the acquisition, construction or production of the asset. Cost also includes the expected costs of dismantling and removing the asset and restoring it to its original condition if a contractual obligation exists.
The costs incurred for extraordinary maintenance and repairs are recognised directly when incurred. The costs to expand, renovate or improve the structural elements owned or used by third parties are capitalised solely to the extent that they meet the conditions for being classified separately as an asset or as part of an asset under the component approach.
The other costs that increase the value of assets are attributed to the non-current assets to which they refer, in accordance with IAS 16. They are depreciated according to the remaining useful life of the assets to which they refer. Expenses increasing the value of an asset are those that reasonably cause an increase in its future economic benefits, for example by extending its useful life, expanding production capacity, improving product quality and adopting production processes that substantially reduce production costs.
In accordance with Article 2426 Italian Civil Code, property, plant and equipment and assets under construction are recognised at their purchase and/or production cost, including directly attributable

charges, while reducing the cost by the commercial and cash discounts of a significant amount.
For plants constructed internally, the cost of the materials used, the cost of labour for the personnel used, the related social security costs, the accruals to employee severance indemnities and the portion of internal services that can be reasonably attributed to them have been accounted for.
The depreciation charged to the income statement have been calculated according to the use, purpose, and useful life of the assets over their residual useful life.
Assets under construction comprise the direct costs incurred until 31 December 2021. The related depreciation begins from the date of entry into operation of each asset.
The expenses that increase the value of the assets, and the maintenance that results in a significant and tangible increase in production capacity or that lengthens the useful life of the assets are capitalised and generally increase the carrying amount of the related asset and are depreciated over the asset's residual useful life. Ordinary maintenance costs are expensed directly in the statement of comprehensive income.
In regard to landfills, depreciation of the total cost incurred for their construction has been allocated in proportion to the volume occupied by the waste delivered to the landfill during the financial year with respect to its total authorised volume, or in proportion to the biogas produced if the receiving capacity has been exhausted.
Regardless of the depreciation that has already been recognised, if an item of property, plant and equipment is impaired, its carrying amount is reduced accordingly. If the reasons for the impairment cease to exist in subsequent years, the original value is reinstated and adjusted only for depreciation.

Leases

Right-of-use assets are recognised on the start date of the lease, i.e. the date on which the underlying asset is available for use.
Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any restatement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made on or before the commencement of the lease. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.
Lease liabilities are recognised at the present value of lease payments not yet paid at the reporting date. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the option will be exercised.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance that can be controlled and from which future economic benefits are expected. They are initially recognised at purchase and/or development cost, including direct expenses necessary to bring the asset to use. Interest expense, if any, accrued during and for the development of intangible assets, are considered part of the acquisition cost. In particular, the following intangible assets can be identified in the Group.

Intangible assets with a finite useful life are amortised over their useful life and are assessed whenever there are indications of impairment. Intangible assets that do not have a finite useful life are not amortised but tested annually instead for impairment.

a) Rights on assets under concession (IFRIC 12)

Under IFRIC 12, the infrastructure used in a public-to-private service concession arrangement will not be recognised as property, plant and equipment of the operator because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator. The operator must either recognise a financial asset to the extent that it has an unconditional contractual right to receive cash (or another financial asset from or at the direction of the grantor for the construction services) or recognise an intangible asset to the extent that it receives a right ('licence') to charge users of the public service. Based on the A.I.M. Group's service concession agreements, the infrastructure used is recognised using the "intangible asset model". The "Rights on assets under concession" represent the Group's right to use the assets under concession of the Integrated Water Services, the Integrated Gas Services, and the Integrated Energy Services (the so-called intangible asset model), considering the fees and the costs of implementation, with the obligation to return the asset at the end of the concession.

b) Software and other intangible assets

Software and other intangible assets are recognised at cost, as described earlier, net of accumulated amortisation and impairment losses, if any. Amortisation begins when the asset is available for use and it is charged systematically over the residual period of benefit, that is, over the estimated useful life.

Impairment losses

At each reporting date, the Group checks whether there are any indications of impairment of intangible assets and property, plant and equipment. Both internal and external sources of information are used for this purpose. Internal sources include obsolescence or physical damage, significant changes in the use of the asset and the economic performance of the asset compared to estimated performance. External sources include the market value of the asset, changes in technology, markets or laws, trend in market interest rates and the cost of capital used to evaluate investments.

When indicators of impairment exist, the carrying amount of the assets is reduced to the recoverable amount and any impairment loss is recognised in profit or loss. The recoverable amount of an asset is the higher of fair value less costs to sell and its value in use, the latter being the present value of future cash flows estimated for the asset in question. In calculating the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money, proportionate to the investment period, and the risks specific to the asset. For assets that do not generate largely independent cash flows, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the carrying amount of the cash-generating unit exceeds the recoverable amount, an impairment loss is recognised in profit or loss. The impairment loss is initially recognised as a deduction of the carrying amount of goodwill allocated to the cash-generating unit and then only applied to the other assets of the cash-generating unit in proportion to their carrying amount, up to the recoverable amount of the assets with a finite useful life. If the reasons that gave rise to an impairment loss no longer exist, the carrying amount of the asset is recognised again in profit or loss, up to the carrying amount that would have been recognised had no impairment loss been recognised and if normal amortisation/depreciation had been applied.

Trade receivables and other current and non-current assets

Trade receivables and other financial assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables and other financial assets are included in current assets, except for those with a contractual due date beyond twelve months after the reporting date, which are classified as non-current assets.
Impairment losses on receivables are recognised when there is objective evidence that the Group will no longer be able to recover the receivables due from the counterparty based on the contract terms.
Objective evidence includes events such as:
significant financial difficulties of the counterparty;
legal disputes with the counterparty over the receivables;
probability that the counterparty will declare insolvency or other financial restructuring procedure.

The impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows and is recognised in profit or loss. If, in subsequent years, the reasons for the impairment cease to exist, the carrying amount of the asset is reinstated up to the amount that would have been recognised had the amortised cost been applied.
The valuation of financial assets is carried out based on the valuation model of credit losses in application of the simplified model of expected losses envisaged by IFRS 9. The amount to be set aside was determined using information that could be supported and was available at the end of the reporting period.
Financial assets, relating to non-derivative financial instruments, with fixed or determinable payments and fixed maturity dates, which the Group intends and has the ability to hold until maturity, are classified as "held-to-maturity investments". Such assets are measured at amortised cost using the effective interest method, adjusted by impairment losses, if any. Whenever there are impairment losses, the same policies as described above for loans and receivables are applied.
Available-for-sale financial assets, including investments in other companies representing available-for-sale assets, are measured at fair value, if determinable. Changes in fair value are recognised directly in an equity reserve in other components of comprehensive income until they are disposed of or impaired, at which time they are reversed to profit or loss. Other unlisted investments classified as "available-for-sale financial assets" whose fair value cannot be measured reliably are measured at cost adjusted by any impairment losses, which are recognised in consolidated profit or loss, as required by the new standard IFRS 9.

Investments

Investments in associates and joint ventures are recognised using the equity method, except for Futura S.p.A., which is recognised at cost because A.I.M. Vicenza S.p.A. does not exercise a significant influence. Under this method, the investment in an associate or a joint venture is initially recognised at cost, and the carrying amount is increased or decreased to reflect the investor's share of the profit or loss of the investee after the date of acquisition. Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment and, as it is not separately recognised, it is not tested for impairment separately. Other investments are measured at cost.

Inventories

Raw materials, supplies and finished products are recognised at the lower of their purchase or manufacturing cost and their realisable value based on market trends, by applying the weighted average cost method.

The resulting amount is subsequently adjusted through the specific "provision for inventory obsolescence", to account for the goods whose realisable value is expected to be less than their cost.

Contract work in progress whose duration falls within the year is measured according to the costs incurred as documented in the progress reports.

Long-term contract work in progress is recognised based on the consideration paid.

White Certificates (Energy Efficiency Certificates – EEC)

The Group holds Energy Efficiency Certificates ("EEC") exclusively for its own use, i.e. to cover its own requirements ("Industrial Portfolio"), while it does not own units/certificates for trading purposes ("Trading Portfolio").

The EEC held for own use ("Industrial Portfolio") purchased to cover its own needs (determined according to its obligations that have accrued at the end of the year) are recognised as current assets at fair value according to their estimated realisable value.

Moreover, a "Provision for Liabilities" is recognised by measuring the EEC yet to be purchased (to meet annual obligations) as the difference between the value of the contribution and the market value of the EEC. The accruals are recognised under "Other operating costs".

Cash and cash equivalents

Cash and cash equivalents include the cash on hand and positive balances on current bank accounts not subject to restrictions or constraints. These items are shown at their face value.

Accruals and Deferrals

They are determined on an accrual basis and in application of the matching principle. The conditions that led to the original recognition of long-term items have been checked, while making any changes, as necessary.

Grants related to plants

The grants related to assets made by various entities have been counted since 2006 towards a reduction in the non-current assets when the same grant directly refers to a plant. Previously, the grants related to plants were recorded under deferred income and recognised in the income statement in the same ways used to calculate depreciation of the assets to which they referred. Therefore, net depreciation is calculated on the capital assets affected by the grant, while deferred income is still used for the grants already accounted for in the years before 2006, which are counted towards annual income according to an annual instalment corresponding to the amount of the depreciation for the associated assets.

Financial liabilities, trade payables and other liabilities

Financial liabilities (other than derivative financial instruments), trade payables and other liabilities are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost applying the effective interest rate method. If there is a change in the expected cash flows, which can be reliably determined, the liabilities are recalculated to reflect this change. Financial liabilities are classified as current liabilities, unless the Group has the unconditional right to defer payment for at least twelve months after the reporting date.

Financial liabilities are derecognised at the time of their settlement and when the Group has transferred all the risks and charges relating to the instrument.

Derivatives

Financial derivatives are assets and liabilities recognised at fair value. The Group uses financial derivatives to hedge interest rate risks.

In accordance with the provisions of IAS 39, financial derivatives qualify for hedge accounting only if:

- at the time that the hedge is established there is a formal designation and the hedging relationship is documented;
- the hedge is deemed highly effective;
- the effectiveness can be reliably measured;
- the hedge is highly effective during the different accounting periods for which it is designated.

When derivatives qualify for hedge accounting, the following accounting treatments are applied:

- if the derivatives hedge the risk of fluctuations in the fair value of the hedged assets or liabilities (fair value hedge; e.g., hedging fluctuations in the fair value of fixed-rate assets/liabilities), they are measured at fair value through profit or loss; accordingly, the hedged assets and liabilities are adjusted to reflect changes in fair value associated with the hedge risk;
- if the derivatives hedge the risk of fluctuations in the cash flows of the hedged assets or liabilities (cash flow hedge; e.g., hedging fluctuations in the cash flows of assets/liabilities caused by fluctuations in interest rates), changes in the fair value of derivatives are initially recognised in equity and subsequently transferred to profit or loss based on the economic effects of the hedged transactions.

If hedge accounting cannot be applied, the gains or losses resulting from the measurement at fair value of the derivatives are immediately recognised in profit or loss.

Employee benefits

Short-term benefits are represented by wages and salaries, social security, indemnities in lieu of holidays and incentives in the form of bonuses payable in the twelve months after the reporting date. Such benefits are recognised under personnel costs in the period in which their services are rendered.

Post-employment benefits are divided into two categories: defined contribution plans and defined benefit plans.

In defined contribution plans, contribution costs are charged to profit or loss when incurred, based on their nominal amount.
In defined benefit plans, which include employee severance indemnities governed by article 2120 of the Italian Civil Code ("TFR"), the amount of the benefit to be paid is quantifiable only after termination of employment, and associated with one or more factors such as age, the years of service and remuneration. The related cost is recognised in other comprehensive income (OCI) based on actuarial calculations. The liability recognised for defined benefit plans is the present value of the obligation at the reporting date. The defined benefit plan obligations are determined annually by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to high-quality corporate bonds issued in Euro which take into account the period of the related pension plan. For the Group, this category includes the employee severance indemnities accrued at 31 December 2006 (or at the date selected by the employee when the option to make contributions to supplementary pension funds is chosen), and the rate discounts given to employees and former employees until 30 June 2018, the date from which, as a result of a company agreement between the parties, the rate discounts on the bill were replaced by the payment of a one-off amount based on age.
Starting from 1 January 2007, Finance Law 2007 and the related implementing decrees introduced amendments concerning the TFR. The amendments include the decision of employees as to the destination of their accruing TFR. In particular, new flows of TFR can be allocated by the employee either to selected pension funds or maintained in the company. In the case of selected pension funds, the defined contribution will be paid to the fund and, starting from such date, the new amounts accrued become defined contribution plans not subject to actuarial measurement.
Defined benefit plans also include the rate discounts that the Company provides to employees and former employees, as well as their heirs. For these discounts, too, it is necessary to carry out assessments taking due account of the time when the related services will presumably be provided, with the consequent need to quantify them in terms of average present values. These benefits were paid to current and former employees until 30 June 2018, as described above.
Changes in actuarial gains and losses are recognised in OCI in accordance with IAS 19 Revised.

Provisions for risks and charges

Provisions for risks and charges are set up to cover losses or liabilities whose existence is certain or probable but that at the end of the reporting period are uncertain as to amount or as to the date on which they will arise. Provisions are recognised only when there is a current obligation (legal or constructive) for a future outflow of resources deriving from a past event and it is probable that the outflow will be necessary to fulfil the obligation. This amount represents the best estimate of the present value of expenditures required to settle the obligation. If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, the provisions to be accrued are equal to the present value of the expected outflow, using a rate that reflects market conditions, the change in the time value of money and the risks specific to the obligation. The increase in the provision due to changes in the time value of money is recognised as interest expense.

Revenue recognition

Revenue is initially recognised at the fair value of the consideration received, net of rebates and discounts. Revenue from sales of goods is recognised when the company has substantially transferred to the buyer all the risks and rewards of ownership of the goods. Revenue from services is recognised by reference to the value of the services rendered at the reporting date. Revenue from connections of users to the Integrated Water Service is recognised when the service is completed.

Cost of goods purchased and services performed

Purchases of goods and the performance of services are recognised in profit or loss on an accrual basis.

Income taxes

Current taxes are calculated based on the taxable income for the year, applying the current tax rates at the reporting date.
Deferred taxes are calculated for all differences emerging between the tax base of an asset or liability and the respective carrying amount. Deferred tax assets, not offset by deferred tax liabilities, are recognised to the extent that it is likely that future taxable income will be available against which they may be recovered. Deferred tax liabilities are determined using the tax rates that are expected to apply in the periods in which the differences will be realised or extinguished, based on the tax rates in force or substantially in force at the reporting date.
Current and deferred taxes are recognised in the statement of comprehensive income, except for those related to items taken directly to equity, in which case the related tax impact is also recognised directly in equity. Taxes are offset when they are levied by the same tax authority and there is a legal right to offset.

New accounting standards

The accounting standards adopted to prepare the financial statements are consistent with those used to prepare the financial statements at 31 December 2020, except for the adoption of the new standards, amendments and interpretations in force from 1 January 2021.

Standards, interpretations, amendments and improvements required for the 2021 financial statements

<u>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2</u>
The amendments include the temporary relaxing of the requirements with reference to the effects on financial statements when the interest rate offered on the interbank market (IBOR) is replaced by a substantially Risk Free Rate - RFR:
The amendments include the following practical expedients:

- A practical expedient that allows the consideration and treatment of contractual changes, or changes in cash flows that are directly required by the reform, as changes in a variable interest rate equivalent to a movement in an interest rate in the market;

- Allowing the changes required by the IBOR reform to be made to the documentation for the designation of the hedging relationship without the need for the hedging relationship to be discontinued;
- It provides temporary relief to entities from having to comply with separate identification requirements when an RFR is designated as a hedging of a risk component.

These changes have no impact on the Group's consolidated financial statements, but might have one on future years if the Group intended to use such practical expedients when they become applicable.

Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9
The date of entry into force of IFRS 9, initially scheduled for 1 January 2021, has been further deferred (with an amendment dated 25 June 2020) to 1 January 2023 to align it to the date of entry into force of IFRS 17 Insurance Contracts.
These changes have no impact on the Group's consolidated financial statements.

The Group, furthermore, has not adopted in advance any other standard, interpretation or amendment published but not yet in force.

New standards and amendments issued by the IASB that are not mandatory for the preparation of the 2021 IFRS financial statements

Amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021
On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements of IFRS 16 on the accounting effects of contractual changes for reductions in lease payments granted by lessors which are a direct result of the Covid-19 epidemic. The amendment introduces a practical expedient according to which a lessee may choose not to assess whether reductions in lease payments are contractual changes. A lessee who chooses to use this expedient shall account for these reductions as if they were not contractual changes within the scope of IFRS 16.
The amendments were meant to be applicable until 30 June 2021, but since the impact of the Covid-19 pandemic continues, on 31 March 2021 the IASB extended the period of application of the practical expedient until 30 June 2022.
The amendments apply to financial years beginning on or after 1 April 2021, but early application is permitted.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020
Issued on 14 May 2020, they will be mandatory for financial statements starting from 1 January 2022.

IFRS 17 Insurance Contracts
The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts under the IAS/IFRS. The objective of IFRS 17 is to ensure that an

entity provides relevant information that faithfully represents such contracts.
IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023.

Non-recurring significant transactions

During 2021, the AGSM AIM Group was involved in the business combination structured as follows.
On 29 June 2020, the management bodies of AGSM Verona S.p.A. and AIM Vicenza S.p.A., both among the leading operators in Italy in the electricity and gas sectors, approved the joint merger project. The companies participating in the merger were the incorporating company AGSM Verona S.p.A. with a sole shareholder, share capital of Euro 58,500,000, divided into 39 million ordinary shares with a nominal value of Euro 1.50 each; the incorporated company AIM Vicenza S.p.A. with a sole shareholder, share capital of Euro 71,293,000, divided into 1,425,860 shares with nominal value of Euro 50 each.
Following the business combination, which became effective as at 1 January 2021, newly issued shares of AGSM Verona S.p.A. were assigned to the shareholders of AIM Vicenza S.p.A., equivalent to a total stake of 38.8% in the share capital of AGSM Verona S.p.A. after the merger. The incorporating company posted a share capital increase of Euro 37,088,235 to service the merger, whereby the share capital of AGSM Verona S.p.A. was increased from Euro 58,000,500 to Euro 95,588,235.

The transaction which was aimed at developing synergies and integrations to improve the positioning in the business of the new entity through the optimisation of the individual companies in the sector, their brands and geographical coverage, was set up as a Business Combination, so IFRS3 "business combinations" was adopted for its recognition in the accounts. Below is a summary of the capital effects as at 1 January 2021 (effective date of the transaction) on the consolidated financial statements of AGSM AIM and in particular the effects of the purchase price allocation as the attribution of the price of the business combination on the fair value of the assets acquired.

FINANCIAL POSITION - ASSETS	COMBINATION VALUES	DEFICIT ALLOCATION	COMBINATION VALUES
NON-CURRENT ASSETS	**316,859**	**97,114**	**413,973**
Intangible assets	316,859	97,114	413,973
Property, plant and equipment	455,319	-	455,319
Goodwill	14,748	37,099	51,847
Equity investments	16,236	-	16,236
Other non-current financial assets	20,534	-	20,534
Deferred tax assets	43,782	-	43,782
Other non-current assets	17,238	-	17,238
Total non-current assets	**884,716**	**134,213**	**1,018,930**
CURRENT ASSETS			
Inventories	16,929	-	16,929
Trade receivables	286,163	-	286,163
Current financial assets	239	-	239
Current tax assets	6,881	-	6,881
Other current assets	72,578	-	72,578
Cash and cash equivalents	75,326	-	75,326
Total non-current assets	**458,116**	**-**	**458,116**
Assets held for sale			
TOTAL ASSETS	**1,342,832**	**134,213**	**1,477,046**

FINANCIAL POSITION - LIABILITIES			
EQUITY			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	146,006	-	146,006
Employee benefits	30,319	-	30,319
Provision for risks and charges	59,351	-	59,351
Deferred tax liabilities	11,794	27,095	38,889
Other non-current liabilities	39,816	-	39,816
Total non-current liabilities	**287,287**	**27,095**	**314,382**
CURRENT LIABILITIES			
Current financial liabilities	244,290	-	244,290
Trade payables	216,449	-	216,449
Current tax liabilities	1,555	-	1,555
Other current liabilities	70,464	-	70,464
Total current liabilities	**532,758**	**-**	**532,758**
Liabilities held for sale			
TOTAL LIABILITIES	**820,045**	**27,095**	**847,139**
DEFICIT		**107,118**	

The economic value of the entities merged into AGSM AIM (the price underlying the transaction) amounts to Euro 294,487 thousand and was calculated by referring to the fair value of the entities merged at 31 December 2019, determined according to the valuation methods accepted by the main company practices (CAPM).
The 24.7 million shares assigned to the shareholders of the merged entities, multiplied by the economic value of each share, represents the economic value of the merged entities amounting to Euro 294,487 thousand. As a result, the approved capital increase of Euro 37,088 thousand was carried out with share premium of Euro 257,398 thousand.

Considering that the net value of the assets/liabilities transferred to the financial statements of the AGSM AIM Group at the effective date of the merger (1 January 2021) is Euro 187,368 thousand, the comparison with the transaction price (i.e. the economic value of the merged entities) therefore generated a deficit of Euro 107,118 thousand. In particular, the overall deficit calculated in this way was allocated as follows:

- to intangible assets of Euro 97,114 thousand: these are concessions and customer value;
- to goodwill of Euro 37,099 thousand;
- to deferred tax liabilities of Euro 27,095 thousand, calculated on the above-mentioned intangible assets.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets

7.1 Intangible assets

Below is a breakdown of "Intangible assets" with the related changes.

INTANGIBLE ASSETS	2019	EXTRAORDINARY TRANSACTIONS	INCREASES	RECLAS-SIFICA-TIONS	DISPOSALS	AMORTI-SATION	IMPAIR-MENT	OTHER CHAN-GES	CHANGE IN SCOPE	2020
Development costs	115		63	448	(482)	-	(62)	-	-	82
Industrial patents and use of intellectual property rights	2,777	-	2,393	1	-	-	(1,528)	-	8	3,651
Concessions, licenses, trademarks, and similar rights	2,592	-	439	22	-	-	(755)	-	33	2,332
Assets under concession	106,187	-	6,363	(218)	(138)	-	(5,277)	247	-	107,164
Assets under construction and payments on account	399	-	132	(218)	-	-	-	-	-	312
Other intangible assets	3,485	-	318	40	112	491	(473)	-	-	3,974
Total	**115,556**	**-**	**9,708**	**75**	**(509)**	**491**	**(8,095)**	**247**	**42**	**117,516**

INTANGIBLE ASSETS	2020	EXTRAORDINARY TRANSACTIONS	INCREASES	RECLAS-SIFICA-TIONS	DISPOSALS	AMORTI-SATION	IMPAIR-MENT	ALTRI MOV.	CHANGE IN SCOPE	2021
Development costs	82	-	-	(7)	-	(52)	-	-	-	23
Industrial patents and use of intellectual property rights	3,651	734	3,047	783	(2)	(2,057)	-	-	91	6,247
Concessions, licenses, trademarks, and similar rights	2,332	23,197	24	6	-	(2,860)	-	-	8,505	31,204
Assets under concession	107,164	44,287	27,803	(419)	(707)	(19,542)	(493)	463	136,310	294,866
Assets under construction and payments on account	312	198	919	(333)	(4)	-	-	-	157	1,249
Other	3,974	1,088	2,883	(403)	(472)	(5,661)	-	-	81,888	83,297
Total	**117,516**	**69,503**	**34,676**	**(372)**	**(1,186)**	**(30,172)**	**(493)**	**463**	**226,951**	**416,887**

The changes shown in the extraordinary transactions column refer to the contribution of the merger to the parent company's financial statements, the column "change in scope" refers to the contribution of the merger to the group and also includes the fair values of the assets allocated with the purchase price allocation.

Intellectual property rights of Euro 6,247 thousand refer to software costs. The increase of Euro 3,047 thousand recorded in 2021 was mainly due to software costs incurred to implement management and invoicing systems. This item is amortised over 5 years.

Concessions of Euro 31,204 thousand mainly relate to the value of concessions granted by municipalities, including Vicenza and Treviso, for the distribution of water, heat and gas services.

Assets under concession of Euro 294,866 thousand refer to infrastructure used in public-to-private concession services agreements, accounted for in accordance with IFRIC 12. The amounts shown in the extraordinary transactions and changes in scope columns represent the contributions from the entry of the former AIM Group in the scope of consolidation. The increases for the year mainly relate to acquisitions in the gas sector. The value of the change in scope, equal to Euro 136,310, includes the effect deriving from the purchase price allocation as the attribution of the business combination price to the fair value of the acquired assets of Euro 21,420 thousand.

Assets under construction and payments on account amount to Euro 1,249 thousand and mainly refer to the uniformisation of software between Group companies following the mergers.

The item Other assets, equal to Euro 83,297 thousand, mainly includes costs for the acquisition of surface rights and for the establishment of easements on the land on which wind and photovoltaic power plants are located, the value of the intangible assets acquired through the merger measured at fair value as part of the purchase price allocation. The value of the change in scope, equal to Euro 81,888, includes the effect deriving from the purchase price allocation as the attribution of the business combination price to the fair value of the acquired assets of Euro 75,694 thousand.

Impairment test on rights on assets under concession (IAS 36)

The Group performed an impairment test to evaluate the existence of possible reductions in value of the amounts recognised as rights on assets under concession.

The test was performed by comparing the carrying amount of the asset or group of assets included in the cash generating unit (CGU) with the recoverable amount of that asset or group of assets, calculated as the higher of the fair value (net of any costs to sell) and the value of the net expected cash flows of the asset or group of assets included in the CGU (value in use). For the impairment test, the Group used the cash flows for the concession period obtained from the business plan prepared by the Group, and the residual value of the assets realised during the concession period that the Group expects to obtain at the end of the Concession.

7.2 Property, plant and equipment

A breakdown of the item "Property, plant and equipment" as at 31 December 2021 and 2020, is provided below with the relevant changes.

CHANGES IN HISTORICAL VALUE	2020	EXTRAORDINARY TRANSACTIONS	INCREASES	RECLAS-SIFICA-TIONS	DISPOSALS	IMPAIR-MENT	OTHER CHANGES	CHANGES IN SCOPE	2021
Land and buildings	138,776	47,851	2,635	20	(109)	-	-	2,987	192,159
Plant and machinery	666,376	61,648	27,878	8,796	(10,633)	(613)	-	76,416	829,868
Transferable works	53,023	-	281	-	-	-	-	-	53,304
Industrial and commercial equipment	26,515	7,089	2,503	(5,394)	(1,944)	-	(26)	15,296	44,039
Other assets	57,553	-	4,264	5,839	(2,328)	-	-	33,333	98,662
Right-of-use assets	9,002	-	3,094	918	-	-	-	-	13,014
Assets under construction	6,909	1,923	7,043	(3,953)	(215)	-	(31)	2,256	13,932
Total	**958,155**	**118,511**	**47,696**	**6,225**	**(15,229)**	**(613)**	**(57)**	**130,287**	**1,244,977**

The changes shown in the extraordinary transactions column refer to the contribution of the merger to the parent company's financial statements; the change in scope column refers to the contribution of the merger to the group..

The investments mainly included: electricity distribution activities, relating to the increase and renewal of HV/MV plants and the low and medium voltage distribution networks; electricity production mainly for interventions carried out on cogeneration plants and plants powered by renewable sources. Significant investments were made in the public lighting sector with the installation also of new low-consumption lighting equipment, in electrical metering relating to the continuation of the massive replacement campaign of the 1G electronic meters with the new 2G new generation meters, those relating to the environment (mainly motor vehicles and vehicles used for the collection of waste, waste containers, fixed and mobile equipment), to telecommunications (equipment, canalisations and optical fibre), to the district heating network, for the installation of electric charging stations for motor vehicles and on plants, buildings and appurtenances of the company's premises.

The changes during the year with respect to accumulated depreciation are shown below.

MOVEMENT OF ACCUMULATED DEPRECIATION	2020	EXTRAORDINARY TRANSACTIONS	RECLAS-SIFICA-TIONS	DISPOSALS	AMORTISATION	IMPAIR-MENT	OTHER CHANGES	CHANGE IN SCOPE	2021
Land and buildings	52,849	9,608	(178)	(31)	4,651	-	-	584	67,483
Plant and machinery	451,135	42,087	5,544	(7,822)	29,577	(493)	(183)	35,104	554,949
Transferable works	40,133	-	-	-	1,308	-	-	-	41,442
Industrial and commercial equipment	20,886	6,127	(4,747)	(1,779)	2,977	-	(280)	7,912	31,096
Other assets	47,592	-	4,912	(2,252)	4,190	-	(922)	29,139	82,660
Right-of-use assets	6,779	-	322	-	1,500	-	116	-	8,717
Total	**619,374**	**57,822**	**5,853**	**(11,884)**	**44,204**	**(493)**	**(1,268)**	**72,739**	**786,347**

An analysis is provided below of the size of the individual items belonging to property, plant and equipment.

NET CHANGES	2019	INCR.	RECLAS-SIFICA-TIONS	DISP.	REVAL.	DEPRECIATION	OTHER CHANGES	CHANGE IN SCOPE	2020	CHANGE IN SCOPE	2020
Land and buildings	85,178	1,202	131	(422)	3,594	(3,666)	(90)	-	85,927	-	85.927
Plant and machinery	217,374	15,097	3,157	(2,078)	7,160	(25,862)	394	-	215,241	-	215.241
Transferable works	14,061	112	3	-	-	(1,286)	-	-	12,890	-	12.890
Industrial and commercial equipment	5,280	1,469	38	(6)	-	(1,152)	-	-	5,629	-	5.629
Other assets	8,657	4,737	3	50	-	(3,613)	127	-	9,961	-	9.961
Right-of-use assets	2,380	-	-	-	-	(156)	-	-	2,224	-	2.224
Assets under construction	8,095	2,647	(3,407)	-	-	-	(426)	-	6,909	-	6.909
Total	**341,025**	**25,264**	**(75)**	**(2,456)**	**10,754**	**(35,735)**	**4**	**-**	**338,781**	**-**	**338.781**

NET CHANGES	2020	EXTRAORDINARY TRANSACTIONS	INCR.	RECLAS-SIFICA-TIONS	DISP.	DEPRECIATION	IMPAIR-MENT	OTHER CHANGES	CHANGE IN SCOPE	2021
Land and buildings	85,927	38,243	2,635	198	(78)	(4,651)	-	-	2,402	124,676
Plant and machinery	215,241	19,561	27,878	3,252	(2,811)	(29,577)	(120)	183	41,312	274,919
Transferable works	12,890	-	281	-	-	(1,308)	-	-	-	11,863
Industrial and commercial equipment	5,629	962	2,503	(648)	(165)	(2,977)	-	254	7,384	12,942
Other assets	9,961	-	4,264	927	(76)	(4,190)	-	922	4,194	16,002
Right-of-use assets	2,224	-	3,094	596	-	(1,500)	-	(116)	-	4,297
Assets under construction	6,909	1,923	7,043	(3,953)	(215)	-	-	(31)	2,256	13,932
Total	**338,781**	**60,690**	**47,696**	**372**	**(3,345)**	**(44,204)**	**(120)**	**1,212**	**57,548**	**458,630**

Land and buildings amounted to Euro 124,676 thousand net of accumulated depreciation of Euro 67,483 thousand. This item mainly refers to the corporate offices and appurtenances of the Parent Company, in addition to the land and industrial buildings of the other Group companies, to the land and buildings of the power generation plants (thermoelectric, hydroelectric, cogeneration and renewable), the buildings related to the Ca' del Bue plant, and the walls of primary and secondary electricity substations.

Plant and machinery amounted to Euro 274,919 thousand, net of accumulated depreciation of Euro 554,949 thousand. The item mainly includes machinery related to power plants and electricity production plants, transport lines and distribution networks of electricity and public lighting, district heating pipes, electricity metering equipment, the instrumentation contained in electricity substations, specific systems relating to waste disposal and the optical fibre installed in the city network. During the year, the item plant and machinery recorded new investments totalling Euro 27,878 thousand, of which the most significant were: Euro 12,950 thousand on high, medium and low voltage systems and networks, Euro 1,949 thousand on installation of electricity meters, Euro 3,446 thousand for environmental health, and Euro 7,042 thousand on projects for the redevelopment of public lighting systems and networks in the city of Verona and other municipalities, as well as for ordinary extensions and renewals of public lighting networks.

The reclassifications column mainly identifies the portion of assets under construction in 2020 which became operational in 2021.

Net disposals of plant and machinery amount to Euro 2,811 thousand and mainly relate to the sale to Terna of HT Lines and part of the two power stations belonging to the National Grid, to the disposal and replacement of medium and low voltage electricity lines and the disposal of electricity meters following the massive replacement campaign of 1G type meters with the more modern 2G type.

The transferable works, which total Euro 11,863 thousand net of accumulated depreciation of Euro 40,133 thousand, refer to the plants granted for temporary use to the Group to be assigned free of charge to the State upon expiry of the concession. Transferable works are: the hydroelectric plant of Belfiore (VR), the hydroelectric power plant of Ala (TN), the Speccheri dam (TN), the Busa (TN) lifting plants, the Toldo dam (TN), the Stedileri (TN) reservoir, the San Colombano power plant (TN) and the hydroelectric plants in use by Consorzio Canale Industriale G. Camuzzoni di Verona Scarl. These plants were depreciated based on the residual duration of the concessions.

Industrial and commercial equipment amounted to Euro 12,942 thousand net of accumulated depreciation of Euro 31,096 thousand and mainly includes waste containers in addition to other types of fixed and movable equipment, work machinery, equipment and sundry instrumentation.

Other assets amounted to Euro 16,002 thousand net of accumulated depreciation of Euro 82,660 thousand, including lorries and motor vehicles, mainly relating to the environmental health sector, office furnishings and equipment, personal computers, electronic and office machinery.

Right-of-use assets mainly include vehicles used in urban health services and car fleets, accounted for using the financial method in accordance with IFRS 16 - Leases.

Assets under construction equal to Euro 13,932 thousand mainly relate to high, medium and low voltage electricity distribution plants for Euro 3,457 thousand, to design, construction and preparatory repowering costs of the Cricoli and Borgo Trento cogeneration plants for Euro 1,220 thousand, to studies, design and work relating to renewals and new plants for renewable production for Euro

3,102 thousand, to the new revamping project for the Ca' del Bue plant for Euro 601 thousand and to activities and projects relating to the environmental sector for Euro 1,699 thousand.

It should be recalled that the Ca' del Bue waste-to-energy plant has a residual value of Euro 5,533 thousand, as a consequence of the write-downs and accelerated depreciation implemented in previous years. Contributions received after 1997 were recognised under deferred income and contribute proportionally to the adjustment of depreciation; the residual value of these contributions amounts to Euro 1,580 thousand.

7.3 Goodwill

The breakdown of "Goodwill" as at 31 December 2021 and the changes that have occurred compared to 31 December 2020 are shown below:

GOODWILL	2020	IMPAIRMENT	CHANGE IN SCOPE	2021
Goodwill	12,838	(227)	39,010	51,620
Total	**12,838**	**(227)**	**39,010**	**51,620**

La variazione della voce avviamento è dovuta per euro 37.099 mila di euro agli effetti dell'operazione di aggregazione la cui contabilizzazione è avvenuta secondo quanto disposto dal principio contabile internazionale IFRS 3 "aggregazioni aziendali". Tale contabilizzazione che è avvenuta residualmente secondo il processo di Purchase Price Allocation (PPA) per la parte non specificatamente attribuibile alle attività acquisite.
Il preesistente valore della voce in oggetto si riferisce ad avviamenti acquisiti a titolo oneroso riferiti ad acquisizioni di rami d'azienda e di partecipazioni.

Impairment test on goodwill

In accordance with IAS 36, since it is an asset with an indefinite useful life, goodwill is not amortised, but is impairment tested annually to identify the presence of any losses in value. At the end of the year, the Group conducted an impairment test on the value of goodwill by calculating the Discounted Cash Flows after identifying the cash generating units to which such cash flows are allocated. The indicated impairment loss was carried out on the basis of the results of the tests carried out.

7.4 Equity investments

The breakdown of "Equity investments" as at 31 December 2021 and the changes that have occurred compared to 31 December 2020 are shown below:

EQUITY INVESTMENTS	2020	OTHER CHANGES	(DISPOSALS)	REVALUATIONS (IMPAIRMENT)	CHANGE IN SCOPE	2021
Subsidiaries						
Torretta Rijeka d.o.o.	-	-	-	-	32	32
Total	**-**	**-**	**-**	**-**	**32**	**32**
Associates						
Consorzio GPO	8,868	-	-	212	-	9,080
Agrilux S.r.l.	-	-	-	292	2,176	2,468
Legnago Servizi S.p.A.	-	(490)	-	175	1,064	749
SI.VE. S.r.l.	-	-	-	11	328	339
Bovolone Attiva S.p.A.	128	-	-	54	-	183
D.R.V. S.r.l	141	-	-	-	-	141
Soenergy S.r.l.	-	-	-	(1,000)	1,000	-
Futura S.r.l.	-	-	(1,400)	-	1,400	-
Eco Tirana Sh.a.	578	-	-	-	(578)	-
Total	**9,715**	**(490)**	**(1,400)**	**(256)**	**5,390**	**12,960**
Other Companies						
ICQ Holding S.p.A.	229	-	-	-	-	229
Parco Eolico Monte Vitalba S.r.l.	161	-	-	-	-	161
Fondazione G. Rumor	-	-	-	-	87	87
Banca Etica	-	-	-	-	33	33
Other Companies	4	-	-	-	12	16
Ascopiave S.p.A.	-	-	-	-	3	3
Total	**394**	**-**	**-**	**-**	**135**	**529**

Equity investments in associates are measured using the equity method, according to which the original cost is periodically adjusted (positively or negatively) to reflect both the portion of profit or loss attributable, and other changes in the investee's equity in the periods after the acquisition date.

Consorzio GPO

The book value of the equity investment in Consorzio GPO was originally Euro 8,082 thousand and had been written down in 2014 to align it with the corresponding share of shareholders' equity. For 2021, the valuation at equity involves the recognition of a revaluation of Euro 212 thousand.

The composition of the Consortium Fund was unchanged compared to the previous financial year and was as follows:

- IREN Emilia S.p.A. equity investment of Euro 12,593 thousand, equal to 62.35%;
- AGSM Verona S.p.A. equity investment of Euro 6,759 thousand, equal to 33.46%;
- AMIA Verona S.p.A. equity investment of Euro 845 thousand, equal to 4.19%.

Agrilux S.r.l.

A company owned by SIT S.p.A. with registered office in Lozzo Atestino (PD). The company operates as part of the waste processing and treatment, with the production of electricity, of the organic fraction from solid urban waste and industrial waste.

Lese S.r.l.

A company owned by SIT S.p.A. with registered office in Legnago (VR). The company operates in the construction and management of waste treatment, recovery and disposal plants; in particular, it operates under concession for the construction and management of the integrated waste disposal plant located in Torretta, municipality of Legnago (VR), owned by the said municipality of Legnago.

Sive S.r.l.

Investee company of AGSM AIM S.p.A., which holds 24.25% of the share capital. The company's registered office is in Legnago (VR) and it operates the urban health service in some municipalities in the south of the Province of Verona.

Bovolone Attiva S.r.l.

The company, an investee of AMIA Verona S.p.A., runs a waste collection and urban health service in the Municipality of Bovolone.

DRV S.r.l.

The company, an investee of AMIA Verona S.p.A. and indirectly of Società Igiene e Territorio S.r.l., operates in the plastic recycling sector from sorted waste collection.

Soenergy S.r.l.

The company, an investee of AIM ENERGY S.r.l. which holds a 15% stake, is a national operator on the natural gas and electric power free market. The company is considered an associate following the Shareholders' Agreements between AIM ENERGY S.r.l. and SOELIA S.p.A. to define its governance and the operating aspects connected to the procurement of gas and electric power. At the time of preparation of these financial statements, the approved financial statements of the associate Soenergy S.r.l. were not available. Therefore, a further write-down of the equity investment was prudentially entered, writing-off its value, in consideration of the significant losses that the company has recorded over the last two years.

Equity investments in other companies are measured at cost.

Parco Eolico Monte Vitalba S.r.l.

The company Parco Eolico Monte Vitalba S.r.l. has a quota capital of Euro 10 thousand and quotaholders' equity at 31 December 2021 of Euro 615 thousand. The company operates in the wind power generation and sale sector, managing the wind farm located in the municipality of Chianni in the province of Pisa. The Group holds a 15% equity investment recognised at purchase cost of Euro 161 thousand. As at 31 December 2021 the Company closed with a profit of Euro 214 thousand.

ICQ Holding S.p.A.

The Group signed an agreement with ICQ Holding S.p.A. for the management of a trigeneration plant for the production of electricity, heat and cooling with a power of 1.3 MW paying a consideration of Euro 229 thousand. The inactivity of the plant continued in 2021 due to ongoing technical problems encountered regarding its commissioning. The initiative is fully covered by the provisions for risks allocated in previous years. It should also be noted that following the acquisition from ICQ Holding S.p.A. of EN.IN.ESCO S.r.l. by AGSM AIM S.p.A., some previous charges emerged that were incurred by the investee. Finally, the appeal filed by the Municipality of Belfiore for the revision of the judgement of the Court of Verona was pending before the Venice Court of Appeal, in which the agreement relating to royalties to be paid to the Municipality of Belfiore had been declared null.

The Group has reserved the right to take all actions to protect its interests regarding these issues.

7.5 Other non-current financial assets

A breakdown of the item "Other non-current financial assets" as at 31 December 2021 and 2020, is provided below.

OTHER NON-CURRENT FINANCIAL ASSETS	2021	2020	CHANGE	% CHANGE
Financial receivables from others	26,118	20,534	5,584	27%
Other securities	7,395	-	7,395	0%
Total	**33,513**	**20,534**	**12,979**	**63%**

Financial receivables from others refer to the present value of the receivable from the Municipality of Verona for the residual value of the water assets under concession, from the Municipalities of the Valle del Chiampo for the residual value of the gas network under concession and the receivable from the Municipality of Vicenza for advance concession fees.

7.6 Deferred tax assets

A breakdown of the item "Deferred tax assets" as at 31 December 2021 and 2020, is provided below.

DEFERRED TAX ASSETS	2021	2020	CHANGE	% CHANGE
Deferred tax assets	50,025	27,517	22,508	82%
Total	**50,025**	**27,517**	**22,508**	**82%**

Receivables for deferred tax assets recognise the receivable for deferred tax assets arising from the costs charged during the current and previous years, which will become tax deductible in subsequent years.
The recovery is due to costs charged in previous years that met the requirements for deductibility from taxable income in 2021, while the increases concern negative income components charged during the year but temporarily without the requirements for deductibility.

7.7 Other non-current assets

A breakdown of "Other non-current assets" as at 31 December 2021 and 2020, is provided below.

OTHER NON-CURRENT ASSETS	2021	2020	CHANGE	% CHANGE
Other non-current receivables	44,933	3,822	41,112	1076%
Non-current prepaid expenses	1,744	1,445	299	21%
Total	**46,678**	**5,267**	**41,411**	**786%**

The item Other non-current receivables refers to security deposits of Euro 27,901 thousand to guarantee withdrawal dispatching in favour of Terna to cover dispatching fees, and Euro 14,520 thousand for security deposits requested by the Electricity Market Operator to cover the purchase of electricity in view of the continuing increase in PUN (Single National Price) prices.
The item Non-current prepaid expenses includes prepaid expenses for long-term sponsorship contracts, advance fees and multi-year advance charges.

Current assets

7.8 Inventories

A breakdown of "Inventories" at 31 December 2021 and 2020 is provided below.

INVENTORIES	2021	2020	CHANGE	% CHANGE
Fuel in stock	60	47	12	26%
Raw materials, consumables and supplies	14,822	10,880	3,942	36%
Provision for warehouse write-downs	(3,141)	(1,500)	(1,641)	109%
Raw materials, consumables and supplies	11,741	9,428	2,313	25%
Semi-finished products and work in progress	12	66	(54)	(82%)
Contract work in progress	42	42	-	0%
Finished products and merchandise	2,294	3,861	(1,566)	(41%)
Advances	6	7	(1)	(13%)
Total	**14,095**	**13,403**	**692**	**5%**

The change in raw materials, supplies and consumables refers to the materials and fuel in stock intended for maintenance, operation of running plants and company vehicles and reflects the natural need for stocks. The aforementioned amount is net of an inventory write-down provision of Euro 3,141 thousand allocated to present the balances at their presumed realisable value, which increased as shown in the table during the year.

Inventories of finished products and merchandise refer to the value of gas in stock measured at the average purchase price intended to be sold by the end of gas year 2021/2022.

7.9 Trade receivables

A breakdown of "Trade receivables" as at 31 December 2021 and 2020, is provided below.

TRADE RECEIVABLES	2021	2020	CHANGE	% CHANGE
Trade receivables	559,535	195,198	364,337	187%
Receivables from parent company	7,451	6,965	485	7%
Receivables from subsidiaries of the parent company	6,891	2,737	4,155	152%
Receivables from associates	72	53	19	36%
Total	**573,949**	**204,953**	**368,996**	**180%**

Trade receivables

Trade receivables mainly relate to contracts for the supply, transport, wholesale of electricity, methane gas, district heating and the management of urban health services.

ALLOWANCE FOR DOUBTFUL ACCOUNTS	2020	EXTRAORD. TRANSACTIONS	ACCRUAL	(USES)	CHANGE IN SCOPE	CLOSING BALANCE
Allowance for doubtful accounts	19,647	690	8,064	(5,946)	9,336	31,791
Total	**19,647**	**690**	**8,064**	**(5,946)**	**9,336**	**31,791**

The allowance for doubtful accounts reflects the estimated losses on receivables and expected losses (ECL). It covers the estimate of the risk of losses that derives from past experiences with similar receivables, from the analysis of non-performing receivables (current and historical), losses and recoveries and, finally, from monitoring economic trends and forecasts both currently and prospectively of the Group's business. In 2021 it set aside Euro 8,064 thousand.

Receivables from parent company

Trade receivables from the Municipality of Verona relate to the supply of public lighting, telecommunications, urban health and maintenance services for green areas.

Receivables from subsidiaries of the parent company

The receivables in question, which amount to Euro 6,891 thousand, refer to commercial supplies to companies controlled by the Municipality of Verona, mainly from Acque Veronesi Scarl.

7.10 Current financial assets

A breakdown of the caption "Current financial assets" as at 31 December 2021 and 2020, is provided below.

CURRENT FINANCIAL ASSETS	2021	2020	CHANGE	% CHANGE
Financial derivatives not held as non-current assets	1,080	-	1,080	0%
Financial assets receivable	213	-	213	0%
Financial assets receivable from associates	150	150	-	0%
Financial receivables from subsidiaries - short-term portion	68	68	-	0%
Equity investments and securities	21	21	-	0%
Total	**1,532**	**239**	**1,293**	**541%**

The item financial derivatives recognised as assets refers to the value of the gas price risk hedging contracts, measured using the cash flow hedge method.

Financial assets due to associates include Euro 150 thousand for dividends to the associate DRV S.r.l. for 2019.

7.11 Current tax assets

A breakdown of the item "Current tax assets" as at 31 December 2021 and 2020, is provided below.

CURRENT TAX ASSETS	2021	2020	CHANGE	% CHANGE
IRES receivables	5,313	6,529	(1,216)	(19%)
IRAP receivables	1,257	353	904	256%
Total	**6,570**	**6,881**	**(311)**	**(5%)**

7.12 Other current assets

A breakdown of the item "Other current assets" as at 31 December 2021 and 2020, is provided below.

OTHER CURRENT ASSETS	2021	2020	CHANGE	% CHANGE
Receivables from CSEA	20,053	20,523	(470)	(2%)
Tax receivables	16,505	13,314	3,191	24%
White Certificates (Energy Efficiency Certificates)	4,187	2,214	1,974	89%
Incentive receivables	3,002	3,355	(352)	(10%
Current prepaid expenses	2,845	2,517	328	13%
Advances to suppliers	2,717	705	2,012	285%
Sundry receivables from associates	294	-	294	0%
Accrued income	116	-	116	0%
Sundry receivables from parent companies	100	208	(109)	(52%)
Other receivables	6,724	4,432	2,292	52%
Total	**56,544**	**47,268**	**11,015**	**23%**

The item receivables from Cassa per i Servizi Energetici e Ambientali mainly includes receivables arising from equalisation in the distribution and metering of electricity, components, premiums and indemnities relating to 2020 and also to previous years.

With regard to other current assets, the item receivables from the Electricity Market Operator for white certificates refers to the Energy Efficiency Certificates (EEC) in portfolio purchased or produced to achieve the energy efficiency targets, prudentially assessed at the value of the cancellation contribution.

Other receivables include, in particular, receivables from GSE and receivables from the Electricity Market Operator.

7.13 Cash and cash equivalents

A breakdown of "Cash and cash equivalents" as at 31 December 2021 and 2020, is provided below.

CASH AND CASH EQUIVALENTS	2021	2020	CHANGE	% CHANGE
Bank and postal accounts	30,410	22,896	7,514	33%
Cash-in-hand and cash equivalents	110	48	62	129%
Cheques	37	-	37	N/A
Total	**30,556**	**22,944**	**7,612**	**33%**

Equity

7.14 Equity

PATRIMONIO NETTO		OPENING BALANCE	ALLOCATION OF THE RESULT	INCREASES	DIVIDENDS PAID	OTHER CHANGES	CHANGE IN OTHER INCOME COMPONENTS	PROFIT (LOSS) FOR THE YEAR	CLOSING BALANCE
Share capital	a-b-c	58,500	-	37,088	-	-	-	-	95,588
Share premium/ contribution reserve	a-b-c	128,349	-	255,990	-	-	-	-	384,339
Revaluation reserves	a	9,331	-	-	-	(534)	-	-	8,797
Legal reserve	a-b-c	11,700	1,368	70	-	-	-	-	13,139
Statutory reserve	a-b-c	-	-	-	-	-	-	-	-
Extraordinary reserves	a-b-c	0	10,420	1,338	-	-	-	-	11,758
Capital grants fund	a-b-c	3,194	-	-	-	-	-	-	3,194
Reserves for transformation Law 127/97		34,836	-	-	-	-	-	-	34,836
FTA IFRS Reserve		1,006	-	-	-	-	-	-	1,006
Other reserves	a-b-c	9,271	110	-	-	1,463	(7,053)	-	3,791
Undivided profits from consolidation and consolidation reserve	a-b-c	36,795	14,723	(878)	(15,464)	(150)	-	-	35,026
Hedging reserve	a-b-c	(233)	-	-	-	-	144	-	(89)
Retained earnings (losses)		399	-	-	-	-	-	-	399
Profit (loss) for the year		26,621	(26,621)	-	-	-	-	53,681	53,681
Group total equity minority interests:		**319,770**	**-**	**293,609**	**(15,464)**	**779**	**(6,910)**	**53,681**	**645,465**
Minority interests in share capital and reserves		14,086	1,563	878	(1,359)	62	(9)	-	15,222
Minority interests		1,563	(1,563)	-	-	-	-	3,445	3,445
Total minority interests		**15,650**	**-**	**878**	**(1,359)**	**62**	**(9)**	**3,445**	**18,667**
Total equity		**335,420**	**-**	**294,487**	**(16,823)**	**841**	**(6,919)**	**57,126**	**664,132**

In accordance with Article 2427, point 7-bis of the Italian Civil Code, the legal reserve can only be used to cover losses and the revaluation reserve cannot be distributed as far as the part deriving from the allocation of revaluations of equity investments valued at equity is concerned, while all other reserves can be used to cover losses, increase the share capital and also for distributions to shareholders. In accordance with Article 2427, point 7-bis of the Italian Civil Code, the Legal reserve can only be used to cover losses; the Revaluation reserve for loss coverage and capital increase, while all other reserves can be used to cover losses, increase the share capital and also for distribution to shareholders.

The effects of the business combination on the Group's shareholders' equity are mainly attributable to the following items:

Share capital: increase of Euro 37,088 thousand following the increase approved for the issue of the shares to be assigned to the shareholder of the merged company.
Share premium reserve: increase of Euro 255,990 thousand following the share capital increase approved for the issue of the shares to be assigned to the shareholder of the merged company, taking into account the fair value of the shares issued.
The share capital of AGSM AIM S.p.A. equal to Euro 95,588 thousand is owned 61.2% by the Municipality of Verona and 38.8% by the Municipality of Vicenza and consists of 63,725,490 ordinary shares with a nominal value of Euro 1.5 each.
The Share premium/contribution reserve from shares/contributions amounts to Euro 384,339 thousand. It was set up in 1999 following the completion of the Special Enterprise's valuation process and decreased by Euro 2,921 thousand in 2001 in relation to the free capital increase, concurrently with the conversion into euro. In 2021 it increased following the increase approved for the issue of the shares to be assigned to the shareholders of the merged Companies.
The legal reserve of Euro 13,139 thousand has changed for the allocation of the 2020 profit.
The reserve for contributions of Euro 3,194 thousand includes the residual portions (not included in the abovementioned share premium/contribution reserve) of contributions for investments received up to 31 December 1997 and recognised under the equity components, in line with the accounting criteria adopted up to that date.
The reserve for adjusting values under Law 127/97 for Euro 34,836 thousand was recognised in 2000 following the adjustment of the values of the assets contributed by the Special Enterprise to the joint stock company on 1 January 2000, based on the valuations prepared by the Board of Directors with reference to the appraisal prepared pursuant to and for the purposes of Article 2343 of the Italian Civil Code.
The item "Other reserves" of Euro 3,135 thousand refers to the effects of previous revaluations of equity investments on equity and the recognition of actuarial gains and losses on valuations of the defined benefit plans.
The “Reserve for hedges on expected cash flows” includes the fair value, net of the tax effect, and its changes in the financial instruments held by the Company to hedge the interest rate risk on certain loans.
The profit for the year 2020, which amounted to Euro 26,621 thousand, was allocated to the extraordinary reserve (Euro 10,420 thousand), to the legal reserve (Euro 1,368 thousand), to other reserves (Euro 110 thousand) and to distribution of dividends (Euro 15,464 thousand).

Profit for the year

Consolidated profit for the year amounted to Euro 57,126 thousand and includes the profit for the period of the AGSM AIM Group.

Minority interests

Minority interests amounted to Euro 18,667 thousand, of which Euro 3,445 thousand for profits.

Statement for reconciliation between equity and profit (loss) of AGSM AIM S.p.A. with the corresponding consolidated figures

STATEMENT FOR RECONCILIATION BETWEEN PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS				
	2021		2020	
STATEMENT OF RECONCILIATION	PROFIT (LOSS)	EQUITY	PROFIT (LOSS)	EQUITY
Statutory values of AGSM AIM Spa	49,939	595,367	27,761	268,037
Elimination of the effects of transactions between consolidated companies	22	(108)	22	(95)
Dividends received from consolidated companies	(27,875)	-	(31,238)	-
Value of consolidated equity investments		(421,064)		(172,910)
Equity and profit (loss) of consolidated companies	38,792	350,371	30,807	211,744
Group Accounting Standards Adjustment	-	-	-	-
Amortisation of Deficits	(6,950)	119,112	-	12,726
Effect of other adjustments	(248)	1,788	(731)	268
Group consolidated financial statements balances	**53,681**	**645,465**	**26,621**	**319,770**
Consolidated financial statements balances portion attributable to minority interests	**3,445**	**18,667**	**1,563**	**15,650**
Total consolidated financial statements balances	**57,126**	**664,132**	**28,184**	**335,420**

Non-current liabilities

7.15 Non-current financial liabilities

A breakdown of the item "Non-current financial liabilities" at 31 December 2021 and 2020 is provided below.

NON-CURRENT FINANCIAL LIABILITIES	2021	2020	CHANGE	% CHANGE
Bank loans	63,271	48,552	14,719	30%
Bonds	20,023	729	19,294	2647%
Payables to shareholders for loans	133	-	133	0%
Loans and borrowings from other financial backers	9,002	1,570	7,432	473%
Total	**92,429**	**50,851**	**41,578**	**82%**

Bonds consist of the non-current portion of the bond issued by the merged company AIM Vicenza S.p.A., with a multi-year maturity of nominal Euro 20,023 thousand.

The non-convertible, non-subordinated and unsecured bond with an original value of Euro 70,500 thousand was placed on the international capital market. The first issue of Euro 50,000 thousand was listed on 20 September 2017, while on 17 September 2018 an additional tranche of Euro 20,500 thousand was issued on the Main Securities Market, a regulated market managed by the Irish Stock Exchange Euronext Dublin - (ISIN Code: XS1683476268). Euro 120 thousand relating to the amortised cost of the bond was deducted from the above nominal amount.

Total long-term bank loans of Euro 63,271 thousand refer to the principal of the residual mortgage loan at year end. The total amount of bank loans, including the short-term portion owed for the principal, as reported under current liabilities, is Euro 164,072 thousand.

The loans granted by banks require compliance with specific covenants, which include inter alia: (i) providing specific financial and other types of information, including the separate financial statements; (ii) notification obligations in the event of administrative or legal changes that might have a significantly negative effect on the assets, liabilities, financial position, earnings or legal status of the Company; and (iii) notification to the bank of any new medium/long-term loans requested from others. All covenants were satisfied at 31 December 2021.

The costs incurred by the Company to obtain bank loans are initially recognised as a decrease in financial liabilities and subsequently taken to profit or loss using the amortised cost method in accordance with IFRS 9.

The item "Loans and borrowings from other financial backers" includes the long term quota of lease payables for property, plant and equipment recorded in the financial statements in accordance with the finance lease accounting method and re-calculated according to IFRS 16.

7.16 Employee benefits

A breakdown of "Employee benefits" as at 31 December 2021 and 2020, is provided below.

EMPLOYEE BENEFITS	2020	AC-CRUALS	(USES)	EXTRAORDINARY TRANSACTION	OTHER CHANGES	CHANGE IN SCOPE	OTHER INCOME COMPONENTS	CLOSING BALAN-CE
TFR	17,011	1,908	(2,479)	1,891	(1,285)	5,097	328	22,636
Provision for rate discounts	6,320	46	(392)	-	-	-	2,239	8,218
Total	**23,331**	**1,954**	**(2,871)**	**1,891**	**(1,285)**	**5,097**	**2,567**	**30,854**

In compliance with IAS 19, the employee severance indemnities (TFR) and discounts from tariff rates applied to former employees have been considered as defined benefit obligations and consequently, the related liability is measured using actuarial techniques. In accordance with IAS 19R, actuarial valuations are carried out based on the accrued benefit method using the Projected Unit Credit Method.

7.17 Provision for risks and charges

A breakdown of the "Provision for risks and charges" as at 31 December 2021 and 2020, is provided below.

PROVISION FOR RISKS AND CHARGES	2020	ACCRUALS	(USES)	EXTRAORDINARY TRANSACTION	OTHER CHANGES	CHANGE IN SCOPE	2021
Provision for employee pensions and similar obligations	379	83	-	-	-	52	514
Provision for future charges	26,909	3,327	(1,826)	1,362	208	13,500	43,480
Provision for sundry risks	11,445	4,113	(6,717)	258	-	5,445	14,544
Total	**38,732**	**7,523**	**(8,543)**	**1,620**	**208**	**18,998**	**58,538**

The provision for future charges includes estimated charges that the Group will incur in future years, mainly:

- Euro 16,409 thousand for cyclical maintenance, decommissioning, demolition and environmental restoration costs of production plants; during the year provisions were made for Euro 1,836 thousand and uses of Euro 37 thousand mainly related to planned projects;
- Euro 9,579 thousand for the request received from the Municipality of Verona for a concession fee for the distribution of gas from 2013. The Group, which considers this charge is not due, filed an appeal with the Veneto Regional Administrative Court in February 2018 and, pending information on the outcome, in response to the requests received from the Municipality of Verona during the year, which are believed to have numerous unlawful aspects, further appealed to the Veneto Regional Administrative Court for additional reasons. In view of the in-depth examination carried out by the Group, and with the support of the legal opinions/legal notes requested and provided in relation to the request for payment of the concession fees in question, no additional sums were set aside in the year in question, considering the existing provision adequate, in the event of the charge being due, and also in light of the methods of determining the maximum amount due to the Municipality, if any, following the outcome of the ATEM tender, equal to 10% of the restriction on distribution revenues;
- Euro 7,802 thousand for the post-closure works to be carried out at the Grumolo delle Abbadesse landfill;

- Euro 2,780 thousand for expected charges following early termination of the public lighting concession with the City of Vicenza which expired on 31 August 2021; this provision was increased by Euro 664 thousand during the year;
- Euro 1,835 thousand for charges related to the final works still to be completed as at 31 December 2021 relating to the Grumulo delle Abbadesse landfill;
- during the year, use was made of the provision set aside for the massive replacement plan of meters for Euro 450 thousand and releases of non-existent provisions for Euro 1,056 thousand.

The item "Provision for sundry risks" includes a prudential estimate of the amounts due that could be mainly recognised to suppliers, service providers and other third parties as a result of pending disputes or the probable negative outcome of industrial initiatives. The provision, as a result of the decision of the Council of State published on 17/03/2021, which rejected ARERA's appeal no. 10078 of 2018, confirming the annulment of the sanctioning decision concerning functional separation imposed by the Authority on AGSM AIM S.p.A. with resolution 42/2017/S/COM, was issued for Euro 5,300 thousand, equal to the provisions set aside in this regard.

7.18 Deferred tax liabilities

A breakdown of the item "Deferred tax liabilities" as at 31 December 2021 and 2020, is provided below.

DEFERRED TAX LIABILITIES	2020	ACCRUALS	(USES)	EXTRAORDINARY TRANSACTION	OTHER CHANGES	CHANGE IN SCOPE	OTHER INCOME COMPONENTS	2021
Provision for deferred taxes	4,567	1,316	(2,045)	4,042	(62)	30,333	247	36,903
Total	**4,567**	**1,316**	**(2,045)**	**4,042**	**(62)**	**30,333**	**247**	**36,903**

The provision for deferred taxes, includes the payable for deferred tax liabilities on positive income components which, by virtue of the application of tax provisions, recognised in 2021 or in previous years, do not show the characteristics for contributing to the taxable income for the current year. Deferred taxes originated mainly from amortisation/depreciation entered in the tax return. Uses are mainly attributable to the reversal of tax amortisation/depreciation carried out in previous years. The change in scope also includes the tax effect of the fair values allocated as part of the purchase price allocation.

7.19 Other non-current liabilities

A breakdown of "Other non-current liabilities" as at 31 December 2021 and 2020, is provided below.

OTHER NON-CURRENT LIABILITIES	2021	2020	CHANGE	% CHANGE
Deferred income	31,352	8,833	22,519	255%
Provision for derivative financial instruments liabilities	7,672	647	7,025	1085%
Advances	4,620	4,449	171	4%
Other non-current payables	610	598	13	2%
Total	**44,255**	**14,527**	**29,728**	**205%**

Deferred income is mainly composed of prepaid capital grants related to plants recognised to profit or loss on the basis of the useful life of the assets to which they refer, from the moment they enter into operation. Changes during the year relate to contributions issued.

The item "Provisions for financial instruments liabilities" includes the negative fair value of derivatives at the measurement date.

The item "Advances" refers to services not provided with respect to advanced collections.

Current liabilities

7.20 Current financial liabilities

A breakdown of the item "Current financial liabilities" as at 31 December 2021 and 2020, is provided below.

CURRENT FINANCIAL LIABILITIES	2021	2020	CHANGE	% CHANGE
Bank borrowings	295,037	139,578	155,459	111%
Financial payables to parent companies	25,182	15,668	9,514	61%
Bonds	10,800	-	10,800	0%
Loans and borrowings from other financial backers	8,719	756	7,963	1053%
Total	**339,739**	**156,002**	**183,737**	**118%**

The item "Bonds" includes the current portion of the bond commented on among the non-current financial liabilities and the so-called "Rivoli Bond", a non-convertible bond issued by the Group in 2015. This loan will be repaid in 2022.

Bank debt increased during the year. Current account liabilities amounted to Euro 193,901 thousand, while loans with short-term maturities amounted to Euro 100,800. During the year new short-term loans were disbursed for a total of Euro 44,500 thousand. The portion of mortgage loans repaid in 2021 was Euro 105,783 thousand.

Financial payables to parent companies refer to the payable to the Municipality of Verona for dividends approved in 2020 and 2021.

"Loans and borrowings from other financial backers" includes the payable to the Municipality of Vicenza of Euro 6,000 relating to the distribution of the dividend approved in 2021, and also includes the short-term portion of lease liabilities on property, plant and equipment recognised in the financial statements in accordance with the financial method for accounting for leases restated according to the principles set out in IFRS 16.

7.21 Trade payables

A breakdown of "Trade payables" as at 31 December 2021 and 2020, is provided below.

TRADE PAYABLES	2021	2020	CHANGE	% CHANGE
Trade payables	370,235	156,906	213,328	136%
Payables to parent companies	1,401	868	533	61%
Advances	1,009	639	370	58%
Payables to associates	175	8	166	1965%
Payables to subsidiaries of the parent companies	318	152	166	109%
Total	**373,137**	**158,574**	**214,563**	**135%**

Payables to suppliers, net of the credit notes to be received, include both payables for invoices received, but not yet past due, and payables accrued in relation to the relevant purchases and services received in the following year.

7.22 Current tax liabilities

A breakdown of the item "Current tax liabilities" as at 31 December 2021 and 2020, is provided below.

CURRENT TAX LIABILITIES	2021	2020	CHANGE	% CHANGE
Current tax payables	16,736	1,522	15,214	1000%
Total	**16,736**	**1,522**	**15,214**	**1000%**

Current tax liabilities refer to current IRES (corporate income tax) and IRAP (regional tax on productive activity) taxes for the year.

7.23 Other current liabilities

A breakdown of "Other current liabilities" as at 31 December 2021 and 2020, is provided below.

OTHER CURRENT LIABILITIES	2021	2020	CHANGE	% CHANGE
Tax payables	32,825	7,224	25,601	354%
Security deposits	16,672	8,989	7,683	85%
Payables to CSEA	11,257	7,453	3,804	51%
Payables to employees	11,004	7,911	3,093	39%
Payables to social security and welfare institutions	6,208	4,868	1,340	28%
Deferred income	3,489	1,141	2,348	206%
Accrued expenses	777	182	595	328%
Sundry payables to parent companies	144	200	(56)	(28%)
Other current payables	15,020	6,756	8,264	123%
Total	**97,398**	**44,724**	**52,728**	**118%**

The item "Tax payables" mainly includes the Group's VAT payable to the Tax Authorities and the excise duty payable.

The item "Security deposits", which amounts to Euro 16,672 thousand, includes the payables for security deposits received from customers at the time of signing service supply contracts.

The item "Payables to CSEA" mainly refers to electricity equalisation adjustments for 2021 not yet paid at the end of the year amounting to Euro 3,248 thousand, to Euro 4,034 thousand of tariff components for the sixth two-month period of 2021 and to Euro 2,194 thousand of equalisation amounts for 2021 of the gas distribution service costs and revenues.

The item "Payables to employees" includes the consideration due to employees for the productivity bonus and holidays accrued and not taken as at 31 December 2021.

The "Social security charges payable", includes the payables to INPS, "Gestione Separata" (separate pension fund), INPDAP and various supplementary pension institutions.

"Deferred income" is mainly composed of the short-term portion of deferred income relating to gas and electricity connection contributions.

The item "Other current payables" mainly comprises payables for interest on security deposits of Euro 838 thousand and payables to the Italian Revenue Agency for the amount received through electricity bills for the collection of the TV license fee (Canone Rai) amounting to Euro 1,345 thousand, and payables to the Municipality of Vicenza relating to amounts received on behalf of the Municipality for TARI (waste collection tax) and OSAP (tax for the occupation of public spaces and areas).

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

Revenues

8.1 Revenue from sales and services

Below is a breakdown by business category of the item "Revenue from sales and services" for the financial years ended 31 December 2021 and 2020 with an indication of the change.

REVENUE FROM SALES AND SERVICES	2021	2020	CHANGE	% CHANGE
Electricity	1,361,767	587,733	774,034	132%
Methane gas	243,480	156,848	86,632	55%
Revenue from urban health services	108,654	80,145	28,508	36%
Services to third parties	46,293	28,635	17,658	62%
Heat	27,606	19,814	7,791	39%
Public lighting	9,696	7,031	2,665	38%
Revenues from car parks and parking services	5,266	-	5,266	0%
Revenue from the sale of recycled input materials	4,970	3,783	1,188	31%
Solid urban waste treatment	4,085	-	4,085	0%
Revenue from telecommunications	2,204	1,433	771	54%
Intercompany services	-	282	(282)	(100%)
Total	**1,814,020**	**885,704**	**928,316**	**105%**

For information on the dynamics that affected revenue with respect to all the Group's business units, and for a comparison of the figure with respect to the previous year, net of the effect of the change in scope, reference should be made to the Report on Operations.
Revenues from electricity, amounting to Euro 1,361,767, relate to the production, distribution and sale of electricity to end customers and wholesalers.
Total revenue from methane gas, amounting to Euro 243,480 thousand, relate to the distribution and sale to end customers and wholesale customers.
Revenues from urban health services totalling Euro 108,564 thousand relates to the collection and transport of urban waste mainly in the provinces of Verona and Vicenza.
Services to third parties consisted mainly of services carried out as part of the sorting and transport of

urban waste for Euro 15,615 thousand, of pass-through revenues to offset EUAs (European Emission Allowances) for Euro 10,084 thousand, of the fee for the lease of plants and service contracts to the related company Acque Veronesi Scarl for Euro 5,531 thousand, of contributions for electricity, gas and heat connections for Euro 2,340 thousand, and sundry services by distributors for Euro 997 thousand.
Revenues from the sale of heat, amounting to Euro 27,606 thousand, refer to the sale of heat for district heating in the urban networks of Verona and Vicenza.
Revenues from public lighting refer to services carried out in the Municipalities where the concession for the management of the service was obtained, and in particular, to the project financing contract for the management of public lighting entered into with the Municipality of Verona, including the supply of electricity, with a duration until 2037.
Revenues from car parks and parking services for Euro 5,266 thousand relate to the agreement with the Municipality of Vicenza for the management of parking and car parks.
Revenues from the treatment of solid urban waste, amounting to Euro 4,085 thousand, relate to customers, public entities or companies operating in the management of waste services in the Province of Vicenza.
Revenues from telecommunications services refer to the rent of the fibre optic network and connectivity services, partly implemented to the municipalities of Verona and Vicenza.

Revenue by geographic area

The revenues mentioned above were achieved in Italy, with a marked prevalence in the city areas of Verona, Vicenza and its provinces, whilst with regard to urban health services they were partly made in Albania, in its capital Tirana.

8.2 Change in inventories

This item has a negative balance and mainly refers to inventories concerning gas storage.

8.3 Other revenue

A breakdown of "Other revenue" is provided below for the financial years ended 31 December 2021 and 2020.

OTHER REVENUE	2021	2020	CHANGE	% CHANGE
Contributions for renewable sources	21,237	17,989	3,248	18%
Adjustments	13,050	7,968	5,082	64%
Other contributions	7,226	1,607	5,619	350%
Gains	9,499	307	9,192	2994%
Electricity market income	5,866	3,473	2,393	69%
Release of ARERA penalty provision	5,300	-	5,300	-
Indemnity and reimbursement of damages	2,570	287	2,283	797%
Real estate income	1,423	502	921	183%
Revenues from sundry services	1,333	877	455	52%
Income from White Certificates (Energy Efficiency Certificates)	716	381	335	88%
Other revenue	4,479	2,767	1,712	62%
Other revenue	72,699	36,158	36,541	101%
Increases in fixed assets	31,722	12,294	19,428	158%
Changes in contract work in progress	-	(97)	97	(100%)
Total	**104,421**	**48,355**	**56,066**	**116%**

Contributions for renewable sources include Euro 16,782 thousand for incentives on production from renewable sources, as required by Ministerial Decree of 6 July 2012, Euro 4,455 thousand for grants for current expenses in the exploitation of photovoltaic renewable energy sources.
This item includes amounts reported in 2021 of estimated or unforeseeable income components in previous years.
The release of the provision for risks of Euro 5,300 thousand relating to the penalty imposed by ARERA, was already discussed in the section on "Provisions for Risks and charges".
The item "Other contributions" mainly relates to ordinary and specific equalisation for the electricity service, in addition to the portion of capital grants from users.
The item "Gains" includes Euro 9,144 thousand for the gain on the sale of assets relating to the sale of the portion of the National Grid (RTN) owned by V-Reti S.p.A. to Terna S.p.a. at the end of December.
"Other revenue" mainly relates to revenues and reimbursements of costs for the operation in common of the Mincio Thermoelectric Power Plant, chargebacks to end customers and sundry reimbursements.
The increases in fixed assets include the costs relating to the consumables used, the personnel employed for the construction of company plants and for the additional maintenance carried out for the technological upgrade of the production plants.

Operating costs

8.4 Costs for raw materials and consumables

A breakdown by business category of "Costs for raw materials and consumables" is provided below for the financial years ended 31 December 2021 and 2020.

COSTS FOR RAW MATERIALS AND CONSUMABLES	2021	2020	CHANGE	% CHANGE
Electricity	693,990	223,603	470,387	210%
Gas	296,701	115,309	181,392	157%
Purchase of materials	26,094	13,807	12,287	89%
Purchase of fuel	4,786	4,015	771	19%
Purchase of heat	464	217	247	114%
Others	2,772	3,232	(460)	(14%)
Change in inventories	1,228	(1,809)	3,038	(168%)
Total	**1,026,036**	**358,374**	**667,661**	**186%**

Reference should be made to the Report on Operations for an analysis of the numerous factors that affected this item, which can be compared with a consistent comparative figure.

Purchases of electricity, which amount to Euro 693,990 thousand, refer to the energy purchased by sourcing for sale to end and wholesale customers.

Purchases of gas, which amount to Euro 296,701 thousand, refer to the gas purchased by sourcing for sale to end and wholesale customers and for the needs of the electricity production plants.

The item "Purchase of materials" mainly refers to purchases of inventory materials by the companies of the AGSM AIM Group during the year.

The item "Purchase of fuel" for Euro 4,786 thousand refers to the supply of fuel mainly for vehicles used for waste collection.

8.5 Services

A breakdown of "Services" is provided below for the financial years ended 31 December 2021 and 2020.

SERVICES	2021	2020	CHANGE	% CHANGE
Energy transport and system charges	421,116	295,657	125,459	42%
Gas transport	16,020	18,288	(2,268)	(12%)
Waste disposal costs	14,353	15,161	(808)	(5%)
Costs for works, maintenance	13,413	8,854	4,559	51%
Professional services	9,849	4,564	5,285	116%
Outsourcing services	7,421	7,946	(525)	(7%)
Commissions	7,257	3,220	4,037	125%
Transport costs	5,344	2,511	2,833	113%
Insurance	4,974	3,954	1,019	26%
Intercompany services	4,452	150	4,302	2859%
Bank services	3,056	1,520	1,536	101%
Security, cleaning and porterage	2,990	1,774	1,216	69%
Personnel costs	2,790	1,502	1,289	86%
Advertising and sponsorships	2,690	1,270	1,420	112%
Hardware and software maintenance fees	2,291	1,939	352	18%
Maintenance of green areas and gardening service	1,455	1,499	(43)	(3%)
Telephony expenses	1,283	534	749	140%
Directors' remuneration	1,211	441	770	175%
Temporary employment	919	156	763	490%
Delivery and bill collection charges	784	665	119	18%
Service agreement charges	722	699	23	3%
Board of Statutory Auditors fees	587	415	172	41%
Internal consumption	491	166	325	196%
IT services	453	1,090	(637)	(58%)
Meter reading	443	336	107	32%
Others	23,856	8,984	14,872	178%
Total	**549,730**	**383,295**	**166,435**	**43%**

The item "Transport and system charges" includes the pass-through items related to the transport of electricity and gas. This item was greatly affected by the price dynamics of the energy market. For more information, reference should be made to the report on operations.

The item "Waste disposal costs" refers to the charges incurred by the Group in connection with environmental health activities.

The item "Costs for works, maintenance" mainly refers to services for maintenance of production plants and networks for Euro 7,728 thousand and processing related to waste collection and treatment for the residual amount of Euro 5,685 thousand.

The item "Outsourcing services" includes costs relating to call centre activities, enveloping and collection of invoices and external processing relating to waste collection and treatment.

The item "Other services" includes pass-through chargebacks to offset EUAs amounting to Euro 10,084 thousand.

8.6 Leases and rentals

A breakdown of "Leases and rentals" is provided below for the financial years ended 31 December 2021 and 2020.

LEASES AND RENTALS	2021	2020	CHANGE	% CHANGE
Concession fees	3,471	-	3,471	N/A
Cost for use of third-party networks	1,396	1,403	(8)	(1%)
Rents and leases	1,284	904	380	42%
Rentals	834	890	(56)	(6%)
Lease payments	31	326	(295)	(91%)
Total	**9,693**	**3,697**	**5,996**	**162%**

The item "Concession fees" includes the fee for the management of parking services in the Municipality of Vicenza for Euro 2,104 thousand and the fee to the Municipality of Treviso for the concession of the gas distribution service for Euro 1,367 thousand.

The item "Cost for use of third-party networks" refers to rents paid for the use of gas distribution networks outside the municipal territory of Verona, located in Val d'Illasi (former Covigas), in the municipality of Goito and in the municipalities of Valle del Chiampo and the portion of the national transmission grid owned by Dolomiti Energia S.p.A.

The residual items include rental and lease costs, as well as costs for the rental of the company car fleet, concession costs and lease payments.

8.7 Other operating costs

A breakdown of "Other operating costs" is provided below for the financial years ended 31 December 2021 and 2020.

OTHER OPERATING COSTS	2021	2020	CHANGE	% CHANGE
Purchase of certificates	18,195	6,455	11,740	182%
Adjustments and contingencies	6,527	3,939	2,588	66%
Crossing fees	3,295	2,932	362	12%
Losses on sales	2,041	2,297	(255)	(11%)
Other taxes and duties	1,832	879	953	108%
IMU (municipal property tax) and TASI (municipal tax)	1,701	1,333	368	28%
Donations	1,297	2,189	(893)	(41%)
Authority Contribution	452	438	15	3%
Indemnities	277	90	187	209%
Excise duties	40	346	(305)	(88%)
Other general expenses	3,789	1,232	2,557	208%
Total	**39,446**	**22,130**	**17,316**	**78%**

The item "Purchase of certificates" includes Euro 17,862 thousand for the purchase of EUAs necessary to fulfil its offset obligation for the Group's plants subject to the "Emission Trading" Directive.

The item "Adjustments and contingencies" of Euro 6,527 includes adjustments by Terna S.p.A. referring to previous years mainly relating to load profiling and imbalance costs, the pass-through cost component relating to balance adjustments on gas volumes, as well as the difference between the estimated costs relating to previous years and actual costs.

The item "Losses on sales" refers to the write-off of obsolete assets that are no longer usable.

"Donations" include Euro 1,297 thousand of contributions made during 2021 for initiatives in favour of culture and entertainment.

8.8 Personnel costs

This item consists of the entire outlay for employees, including the cost of unused holiday leave, and statutory provisions for collective bargaining agreements. The table below gives a breakdown of the figure for the financial years ended 31 December 2021 and 2020:

PERSONNEL COSTS	2021	2020	CHANGE	% CHANGE
Remuneration	83,594	60,763	22,831	38%
Social security contributions	25,758	19,192	6,566	34%
Employee Severance Indemnity (TFR) provision	5,095	3,558	1,537	43%
Employee pensions and similar obligations	2	-	2	N/A
Other sundry costs	990	737	253	34%
Total	**115,439**	**84,251**	**31,188**	**37%**

The table below shows the number of employees broken down by category.

HUMAN RESOURCES	2020	RECRUITMENT	TERMINATIONS	CHANGE IN SCOPE	2021	AVERAGE
senior managers	17	3	(1)	7	26	16
middle managers	49	2	(3)	15	63	52
white collar workers	498	29	(48)	262	741	745
blue collar workers	891	102	(90)	658	1,561	1,568
Total	**1,455**	**136**	**(142)**	**942**	**2,391**	**2,381**

8.9 Amortisation, depreciation, accruals and impairment

A breakdown of "Amortisation, depreciation, accruals and impairment" is provided below for the financial years ended 31 December 2021 and 2020.

AMORTISATION, DEPRECIATION, ACCRUALS AND IMPAIRMENT	2021	2020	CHANGE	% CHANGE
Intangible assets	24,847	8,471	16,376	193%
Property, plant and equipment	49,602	35,138	14,464	41%
Total amortisation/depreciation	**74,449**	**43,608**	**30,841**	**71%**
Impairment of non-current assets	1,063	150	913	608%
Write-down of receivables	7,801	3,224	4,577	142%
Total impairments	**8,864**	**3,374**	**5,490**	**163%**
Provisions for liabilities	4,062	577	3,484	604%
Other provisions	3,410	2,403	1,007	42%
Total provisions	**7,472**	**2,980**	**4,492**	**151%**
Total	**90,785**	**49,963**	**40,822**	**82%**

Depreciation and impairment of non-current assets

Depreciation reflects the normal depreciation of non-current assets over their useful life.

Impairment of receivables and cash and cash equivalents

Impairment of receivables refers to the accrual for the year to the allowance for doubtful accounts to express the receivables at their presumed realisable value.

Provisions for liabilities and Other accruals

The provisions for risks mainly include provisions for disputes with personnel and contingent liabilities linked to industrial initiatives.

The other provisions mainly include future charges for cyclical maintenance of the plants.

Financial income and expenses

8.10 Income from equity investments

A breakdown of "Income from equity investments" is provided below for the financial years ended 31 December 2021 and 2020.

INCOME FROM EQUITY INVESTMENTS	2021	2020	CHANGE	% CHANGE
In associates	71	6,839	(6,768)	(99%)
In other companies	2	2	-	9%
Total	**73**	**6,841**	**(6,767)**	**(99%)**

The item "Income from equity investments in associates" includes dividends received from the associate Consorzio GPO for Euro 71 thousand. Last year included, for Euro 6,543 thousand, the gain on the allocation value of the equity investment in the associate Acque Veronesi Scarl to the Municipality of Verona.

8.11 Financial income

A breakdown of "Financial Income" is provided below for the financial years ended 31 December 2021 and 2020.

FINANCIAL INCOME	2021	2020	CHANGE	% CHANGE
Income from subsidiaries	**2**	**-**	**2**	**N/A**
Income from other companies	**8**	**-**	**8**	**N/A**
Default interest income	1,037	1,102	(65)	(6%)
Interest income on bank and postal savings accounts	3	2	1	42%
Other interest income	536	428	108	25%
Other financial income	**1,576**	**1,532**	**44**	**3%**
Total	**1,586**	**1,532**	**54**	**4%**

Financial income mainly includes default interest on customers and interest income on current accounts.

8.12 Financial expenses

A breakdown of "Financial expenses" is provided below for the financial years ended 31 December 2021 and 2020.

FINANCIAL EXPENSES	2021	2020	CHANGE	% CHANGE
Expenses payable to associates	67	-	67	N/A
Expenses payable to parent companies	7	-	7	N/A
Expenses payable to subsidiaries by parent companies	**7**	**-**	**7**	**N/A**
Interest on mortgage loans	2,739	1,682	1,057	63%
Bank expenses and charges	856	479	377	79%
Interest expenses on current accounts	576	324	252	78%
Other interest expenses	2,326	420	1,906	454%
Other financial costs	**6,497**	**2,905**	**3,592**	**124%**
Total	**6,578**	**2,905**	**3,673**	**126%**

The item "Financial expenses" includes interest accrued on amounts due to banks for mortgages and other medium/long-term loans and on drawdowns of current account credit facilities.

"Other interest expenses" includes Euro 58 thousand for financial expenses attributable to employees' defined benefit plans.

8.13 Adjustments to financial assets

A breakdown of "Adjustments to financial assets" is provided below for the financial years ended 31 December 2021 and 2020.

ADJUSTMENTS TO FINANCIAL ASSETS	2021	2020	CHANGE	% CHANGE
Revaluations				**N/A**
equity investments	1,022	569	454	80%
Total revaluations	**1,022**	**569**	**454**	**80%**
Impairment				**N/A**
equity investments	(1,000)	(323)	(677)	210%
Total impairments	**(1,000)**	**(323)**	**(677)**	**210%**
Total	**22**	**246**	**(224)**	**(91%)**

Revaluations refer to the adjustment to the equity value of the investments held in associates.

During the year, the entire equity investment in the subsidiary Soenergy S.r.l. was written down.

Income taxes

8.14 Income taxes

A breakdown of "Income taxes" is provided below for the financial years ended 31 December 2021 and 2020.

INCOME TAXES	2021	2020	CHANGE	% CHANGE
Current Taxes	29,938	12,271	17,667	144%
Deferred taxes	(6,409)	(1,623)	(4,786)	295%
Prior year taxes	109	(658)	766	(117%)
Transfer of losses in tax consolidation	(727)	(1,404)	678	(48%)
Total	**22,911**	**8,586**	**14,326**	**167%**

Current taxes are broken down into IRES of Euro 25,043 thousand and IRAP of Euro 4,876 thousand.

Overall profits and losses

Total profits/losses are income components directly allocated to equity. These amount to Euro (2,440) thousand for actuarial losses on employees' defined benefit plans and to Euro (4,518 thousand) for changes in the fair value of hedging derivatives.

OTHER INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS

IFRS-first time adoption

The AGSM AIM Group adopts the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) starting from the financial statements for the year ending 31 December 2021 (First IAS/IFRS financial statements).

The Group moved to adopting the IAS/IFRS following the merger on 1 January 2021 into AGSM Verona S.p.A. of AIM Vicenza S.p.A., a company that was already an IFRS adopter, since it is the issuer of financial instruments admitted to trading on regulated markets in a Member State of the European Union.

This note contains the information required by IFRS 1 "First-time adoption of IFRS" in relation to the impact of the transition to IFRS on the consolidated comprehensive income statement, the statement of financial position and shareholders' equity of the Group at the date of transition from 1 January 2020 and the comparative income statement and balance sheet figures for 2020.

The following was prepared:

- a reconciliation between the statement of financial position of the Group prepared in accordance with Italian GAAP and the statement of financial position of the Group drawn up under IFRS as at 1 January 2020 (the date of transition) and 31 December 2020;
- a reconciliation between the comprehensive income statement of the Group prepared for the year ended on 31 December 2020 in compliance with Italian GAAP and the comprehensive income statement of the Group drawn up under IFRS;
- a reconciliation between net equity of the Group, prepared in accordance with Italian GAAP and the equity of the Group drawn up under IFRS as at 1 January 2020 and 31 December 2020;
- notes to the adjustments included in the above reconciliations

The statement of financial position at the date of transition to the IFRS was prepared based on the following criteria:

- all assets and liabilities to be recognised under IFRS were recognised;
- no assets or liabilities whose recognition under IFRS is not allowed were recognised;
- all recognised assets and liabilities were measured in accordance with the IFRS.

Optional exemptions to the full retrospective application of IFRS: no exemption

Mandatory exemptions to the full retrospective application of IFRS: no exemption

IFRS 1 provides for a number of mandatory exemptions to the retrospective application of IFRS during the transition stage.

Under IFRS 1, the estimates used to prepare IFRS financial statements at the date of transition must be consistent with those that had been used to determine Italian GAAP financial statements at that date (after adjustments to reflect any differences in accounting policies).

The other mandatory exemptions provided for by IFRS 1 have not been adopted since they relate to cases not applicable to the Group.

Reconciliation of equity and notes thereto

The table below shows the reconciliation of the Group's net equity at 1 January 2020 and 31 December 2020 and its net profit for 2020, calculated in accordance with Italian GAAP, and the Group's equity at 1 January 2020 and 31 December 2020 and its net profit for 2020 calculated under IFRS.

(EURO/000)	NOTES	EQUITY AT 1 JANUARY 2020	DIVIDENDS	OTHER CHANGES	NET PROFIT FOR THE YEAR 2020	OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	EQUITY AT 31 DECEMBER 2020
CONSOLIDATED FINANCIAL STATEMENTS - ITALIAN GAAP		**345,605**	**(49,442)**	**10,483**	**26,864**	**-**	**333,510**
Employee severance indemnities (TFR)	1)	(5,981)	-	-	265	(417)	(6,133)
Concessions	2)	(3,508)	-	-	353	-	(3,155)
Revenue	3)	521	-	-	(2)	-	519
Leases	4)	-	-	-	(9)	-	(9)
Receivables	5)	(1,256)	-	-	(223)	-	(1,479)
Goodwill	6)	11,232	-	-	935	-	12,167
CONSOLIDATED FINANCIAL STATEMENTS - IFRS ENDORSED BY THE EU		**346,611**	**(49,442)**	**10,483**	**28,184**	**(417)**	**335,420**

A description of the adjustments to equity at 1 January 2020 and 31 December 2020 and the net profit for the year ended 31 December 2020 following the adoption of IFRS is provided below. Where applicable, the tax effect of each adjustment is also given.

1) Employee benefits

Under Italian GAAP, post-employment benefits are recognised on an accrual basis over the term of the employment, in accordance with legislation and employment contracts. Employee severance indemnities (TFR) are recognised at a value equal to that accrued by each employee at the reporting date. This provision therefore corresponds to the amount that should be paid to employees, in the event that all of them terminated their employment contract at that date.

IAS 19 breaks down post-employment benefits into “defined benefit” and “defined contribution” plans.

Pursuant to IAS 19, and taking into account developments in Italian social security legislation, employee severance indemnities were valued as a defined benefit plan until 31 December 2006. Following the 2007 pension reform, which provided for the allocation of TFR accrued by companies with at least 50 employees to the INPS treasury fund, the provision for employee severance indemnities accrued on 1 January 2007 was considered a defined contribution plan

The actuarial calculation method takes into account the allocation of the portions accrued since 2007 to the supplementary funds, the INPS treasury fund, rather than to the company itself, depending on the company's size.

The subsidies on the electricity and gas tariffs paid to certain categories of former employee pensioners are included in the definition of a plan with accrued benefits. They are therefore subject to actuarial valuation based on demographic and statistical assumptions that highlight the discounted and probable liability of future disbursements at the date of transition.

At the date of transition, the carrying amount of employee benefit liabilities was reclassified, and also the related cost. Actuarial gains and losses are recognised in other comprehensive income, the service cost under "Personnel costs" and interest expense under "Financial expenses".

The impact of this adjustment on equity led to a reduction of Euro 5,981 thousand at 1 January 2020 and a reduction of Euro 6,133 euro in equity at 31 December 2020.

2) Concessions

Under Italian GAAP, the Group recognised the investments in infrastructure relating to existing agreements for public utility services under concession between property, plant and equipment, other intangible assets and concessions, while the infrastructure within the scope of application of the interpretation is recognised among intangible assets as concession assets since the operator does not control the infrastructure but acquires the right to make users pay for its use, while any discounted amounts to be collected on the residual value at the end of the concession are to be placed under financial assets

For the gas distribution concession service, at the date of transition, the Group applied IFRIC 12 retroactively to owned plants and the amount of the concession that will be received at the end of the concession. In the reclassified IFRS financial statements, the residual value of property, plant and equipment and intangible assets serving the concessions was reclassified to assets under concession for intangible assets, while the discounted value of the receivable to be collected at the end of the concession was reclassified among the financial receivables.

For the integrated water cycle concession service, at the date of transition, the Group applied IFRIC 12 retroactively for the owned plants and for the amount of their residual value that will be received at the end of the concession. In the reclassified IFRS financial statements, the residual value of property, plant and equipment and intangible assets serving the concession was reclassified to assets under concession among intangible assets, while the discounted value which will be collected at the end of the concession was reclassified among the financial receivables.

- Recognition of concession rights for construction and/or improvement services (Euro 106,187 thousand at 1 January 2020 and Euro 107,164 thousand at 31 December 2020);
- Recognition of financial receivables equal to the discounted residual value of the assets under concession to be received at the end of the concession for Euro 20,082 at 1 January 2020 and Euro 20,434 at 31 December 2020.
- Elimination of those items of "property, plant and equipment" and of "other intangible assets" previously recognised under owned assets closely related to the infrastructure under concession

which, therefore, under IFRIC 12, qualify as assets under the control of the grantor for Euro 115,115 thousand at 1 January 2020 and Euro 116,653 thousand at 31 December 2020 ("property, plant and equipment") and Euro 14,662 thousand at 1 January 2020 and Euro 14,100 thousand at 31 December 2020 ("Intangible assets").

The application of this standard led to a Euro 3,508 thousand decrease in equity at 1 January 2020 and a reduction of Euro 3,155 thousand at 31 December 2020.

3) Revenue

Under IAS/IFRS, the Group represents long-term items at discounted value. Long-term deferred income corresponding to revenues recognised over the term of service have been recognised at discounted value. The impact on equity led to an increase of Euro 521 thousand at 1 January 2020 and Euro 519 thousand at 31 December 2020.

4) Leases

From the lessee's point of view, IFRS 16 requires the recognition of the following for all contracts that contain a lease (without distinguishing between operating leases and finance leases):

a liability in the financial position, represented by the current value of future lease payments, against the recognition among assets of the "right-of-use of the leased asset";

ii) the recognition in the income statement of the amortisations of the leased assets separately from the interest related to the associated liabilities. Leases of 12 months or less and leases of low-value assets may be excluded from the application of IFRS 16. In order for transition to the standard, the Group, which previously applied IAS 17 to finance leases, identified long-term car fleet rental contracts. The application was made according to modified retrospective approach no. 1. It should be noted that the Group adopted the option, granted in paragraph 6 of the standard, not to apply the provisions of paragraphs 22-49 of the standard to the following categories: a) short-term leases;

The analyses conducted identified an impact of right-of-use assets and a corresponding payable of Euro 497 thousand at 1 January 2020. The impact on equity at 31 December 2020 decreased by Euro 9 thousand at 31 December 2020

5) Receivables

The allowance for doubtful accounts relating to trade receivables was recalculated by applying the simplified method envisaged by IFRS 9, for the purposes of measuring the item with the losses model. The impact of this measurement was a reduction in equity of Euro 1,256 at 1 January 2020 and Euro 1,479 thousand at 31 December 2020.

6) Goodwill

In accordance with Italian GAAP, the Group recognised goodwill acquired for consideration from acquisitions of business units and equity investments under Intangible assets.

In application of IFRS 3 "Business Combinations", the Group recalculated the value of business combinations retrospectively by attributing the gain arising from the cost of acquisitions and net book assets partly to intangible assets partly to goodwill. With regard to recalculated goodwill, since it is an asset with an indefinite useful life, it is not amortised in accordance with IAS 38 but is tested for impairment. Therefore, the prior amortisation recognised in the financial statements according to the OIC (Italian Accounting Body) was reversed and the goodwill impairment test was performed in accordance with IAS 36. The impact of the adoption of this standard on goodwill and equity at 1 January 2020 was equal to an increase in shareholders' equity of Euro 11,232 thousand and the impact on the same items at 31 December 2020 was Euro 12,167 thousand.

Reconciliation between the consolidated statement of financial position of the Group prepared in accordance with Italian GAAP and the consolidated statement of financial position of the Group drawn up under IFRS as at 1 January 2020

	1 JANUARY 2020	IFRS ADJUSTMENTS						1 JANUARY 2020
		1	2	3	4	5	6	
(EURO/000)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 IN ACCORDANCE WITH ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	GOODWILL	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 AFTER THE IFRS ADJUSTMENTS
NON-CURRENT ASSETS								
Intangible assets	24,031	-	91,525	-	-	-	-	115,556
Property, plant and equipment	455,643	-	(115,115)	-	497	-	-	341,025
Goodwill	1,782	-	-	-	-	-	11,232	13,014
Equity investments	19,761	-	-	-	-	-	-	19,761
Other non-current financial assets	484	-	20,082	-	-	-	-	20,565
Deferred tax assets	24,314	1,889	-	-	-	-	-	26,203
Other non-current assets	4,238	-	-	-	-	-	-	4,238
Total non-current assets	**530,253**	**1,889**	**(3,508)**	**-**	**497**	**-**	**11,232**	**540,363**
CURRENT ASSETS								
Inventories	12,979	-	-	-	-	-	-	12,979
Trade receivables	249,636	-	-	-	-	(1,256)	-	248,379
Current financial assets	510	-	-	-	-	-	-	510
Current tax assets	-	-	-	-	-	-	-	-
Other current assets	37,531	-	-	-	-	-	-	37,531
Cash and cash equivalents	9,574	-	-	-	-	-	-	9,574
Total non-current assets	**310,231**	**-**	**-**	**-**	**-**	**(1,256)**	**-**	**308,974**
Assets held for sale	-	-	-	-	-	-	-	-
TOTAL ASSETS	**840,484**	**1,889**	**(3,508)**	**-**	**497**	**(1,256)**	**11,232**	**849,337**

	1 JANUARY 2020	IFRS ADJUSTMENTS						1 JANUARY 2020
		1	2	3	4	5	6	
(EURO/000)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 IN ACCORDANCE WITH ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	GOODWILL	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 AFTER THE IFRS ADJUSTMENTS
EQUITY								
Share capital	58,500	-	-	-	-	-	-	58,500
Legal reserve	11,700	-	-	-	-	-	-	11,700
Other reserves	234,531	(5,981)	(3,508)	521	-	(1,256)	11,232	235,538
Profit (loss) for the year	29,058	-	-	-	-	-	-	29,058
Group total equity	**333,789**	**(5,981)**	**(3,508)**	**521**	**-**	**(1,256)**	**11,232**	**334,796**
Minority interests	11,816	-	-	-	-	-	-	11,816
Total equity	**345,605**	**(5,981)**	**(3,508)**	**521**	**-**	**(1,256)**	**11,232**	**346,611**
NON-CURRENT LIABILITIES								
Non-current financial liabilities	78,865	-	-	-	349	-	-	79,215
Employee benefits	16,879	7,870	-	-	-	-	-	24,750
Provision for risks and charges	36,650	-	-	-	-	-	-	36,650
Deferred tax liabilities	4,877	-	-	164	-	-	-	5,042
Other non-current liabilities	15,507	-	-	(685)	-	-	-	14,822
Total non-current liabilities	**152,780**	**7,870**	**-**	**(521)**	**349**	**-**	**-**	**160,479**
CURRENT LIABILITIES								
Current financial liabilities	102,297	-	-	-	148	-	-	102,445
Trade payables	179,904	-	-	-	-	-	-	179,904
Current tax liabilities	-	-	-	-	-	-	-	-
Other current liabilities	59,898	-	-	-	-	-	-	59,898
Total current liabilities	**342,099**	**-**	**-**	**-**	**148**	**-**	**-**	**342,247**
Liabilities held for sale	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	**840,484**	**1,889**	**(3,508)**	**-**	**497**	**(1,256)**	**11,232**	**849,337**

Reconciliation between the consolidated statement of financial position of the Group prepared in accordance with Italian GAAP and the consolidated statement of financial position of the Group drawn up under IFRS as at 31 December 2020

	31 DECEMBER 2020	IFRS ADJUSTMENTS						31 DECEMBER 2020
		1	2	3	4	5	6	
(EURO/000)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 IN ACCORDANCE WITH ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCES-SIONS	REVENUE	LEASES	RECEIV-ABLES	GOODWILL	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AFTER THE IFRS ADJUSTMENTS
NON-CURRENT ASSETS								
Intangible assets	24,452	-	93,064	-	-	-	-	117,516
Property, plant and equipment	455,094	-	(116,653)	-	341	-	-	338,781
Goodwill	671	-	-	-	-	-	12,167	12,838
Equity investments	10,108	-	-	-	-	-	-	10,108
Other non-current financial assets;	100	-	20,434	-	-	-	-	20,534
Deferred tax assets	25,580	1,937	-	-	-	-	-	27,517
Other non-current assets	5,267	-	-	-	-	-	-	5,267
Total non-current assets	**521,272**	**1,937**	**(3,155)**	**-**	**341**	**-**	**12,167**	**532,561**
CURRENT ASSETS								
Inventories	13,403	-	-	-	-	-	-	13,403
Trade receivables	206,432	-	-	-	-	(1,479)	-	204,953
Current financial assets	239	-	-	-	-	-	-	239
Current tax assets	6,881	-	-	-	-	-	-	6,881
Other current assets	47,268	-	-	-	-	-	-	47,268
Cash and cash equivalents	22,944	-	-	-	-	-	-	22,944
Total non-current assets	**297,167**	**-**	**-**	**-**	**-**	**(1,479)**	**-**	**295,688**
Assets held for sale	-	-	-	-	-	-	-	-
TOTAL ASSETS	**818,439**	**1,937**	**(3,155)**	**-**	**341**	**(1,479)**	**12,167**	**828,249**

	31 DECEMBER 2020	IFRS ADJUSTMENTS						31 DECEMBER 2020
		1	2	3	4	5	6	
(EURO/000)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 IN ACCORDANCE WITH ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCES-SIONS	REVENUE	LEASES	RECEIV-ABLES	GOODWILL	CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AFTER THE IFRS ADJUSTMENTS
EQUITY								
Share capital	58,500	-	-	-	-	-	-	58,500
Legal reserve	11,700	-	-	-	-	-	-	11,700
Other reserves	222,359	(6,398)	(3,508)	521	-	(1,256)	11,232	222,949
Profit (loss) for the year	25,293	265	353	(2)	(9)	(223)	943	26,621
Group total equity	**317,852**	**(6,133)**	**(3,155)**	**519**	**(9)**	**(1,479)**	**12,175**	**319,770**
Minority interests	15,657	-	-	-	-	-	(8)	15,650
Total equity	**333,510**	**(6,133)**	**(3,155)**	**519**	**(9)**	**(1,479)**	**12,167**	**335,420**
NON-CURRENT LIABILITIES								
Non-current financial liabilities	50,676	-	-	-	175	-	-	50,851
Employee benefits	15,261	8,069	-	-	-	-	-	23,331
Provision for risks and charges	38,732	-	-	-	-	-	-	38,732
Deferred tax liabilities	4,403	-	-	164	-	-	-	4,567
Other non-current liabilities	15,210	-	-	(683)	-	-	-	14,527
Total non-current liabilities	**124,284**	**8,069**	**-**	**(519)**	**175**	**-**	**-**	**132,009**
CURRENT LIABILITIES								
Current financial liabilities	155,827	-	-	-	175	-	-	156,002
Trade payables	158,574	-	-	-	-	-	-	158,574
Current tax liabilities	1,522	-	-	-	-	-	-	1,522
Other current liabilities	44,723	-	-	-	-	-	-	44,723
Total current liabilities	**360,646**	**-**	**-**	**-**	**175**	**-**	**-**	**360,821**
Liabilities held for sale	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	**818,439**	**1,937**	**(3,155)**	**-**	**341**	**(1,479)**	**12,167**	**828,249**

Reconciliation between the consolidated comprehensive income statement of the Group prepared for the year ended on 31 December 2020 in compliance with Italian GAAP and the consolidated comprehensive income statement of the Group drawn up under IFRS.

	2020	IFRS ADJUSTMENTS						2020
		1	2	3	4	5	6	
(EURO/000)	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 PURSUANT TO ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCES-SIONS	REVENUE	LEASES	RECEIV-ABLES	GOODWILL	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 AFTER IFRS ADJUSTMENTS
Value of production	**932,666**	**-**	**-**	**-**	**-**	**103**	**-**	**932,769**
Revenue from sales	885,704	-	-	-	-	-	-	885,704
Change in inventories	(1,290)	-	-	-	-	-	-	(1,290)
Other revenue	48,252	-	-	-	-	103	-	48,355
External expenses	**932,666**	**-**	**-**	**-**	**(171)**	**-**	**-**	**932,495**
Purchase of raw materials	358,375	-	-	-	-	-	-	358,375
Provision of services	383,295	-	-	-	-	-	-	383,295
Leases and rentals	3,868	-	-	-	(171)	-	-	3,697
Other operating costs	22,131	-	-	-	-	-	-	22,131
Added value	**164,997**	**-**	**-**	**-**	**171**	**103**	**-**	**165,270**
Cost of labour	**84,778**	**(527)**	**-**	**-**	**-**	**-**	**-**	**84,251**
EBITDA	**80,219**	**527**	**-**	**-**	**171**	**103**	**-**	**81,019**
Amortisation, depreciation, and provisions	**50,416**	**-**	**-**	**-**	**156**	**325**	**(935)**	**49,963**
Amortisation and depreciation	44,537	-	-	-	156	-	(1,085)	43,608
Write-down of receivables	2,899	-	-	-	-	325	-	3,224
Other provisions	2,980	-	-	-	-	-	-	2,980
Impairment of fixed assets	-	-	-	-	-	-	150	150
Net operating income	**29,803**	**527**	**-**	**-**	**14**	**(223)**	**935**	**31,057**
Financial position	**5,564**	**(178)**	**353**	**(2)**	**(23)**	**-**	**-**	**5,713**
Income from equity investments	6,841	-	-	-	-	-	-	6,841
Financial income	1,179	-	353	-	-	-	-	1,532
Financial expenses	(2,702)	(178)	-	(2)	(23)	-	-	(2,905)
Adjustments to financial assets	246	-	-	-	-	-	-	246
Pre-tax profit (loss)	**35,366**	**349**	**353**	**(2)**	**(9)**	**(223)**	**935**	**36,770**
Income taxes	**8,502**	**84**	**-**	**(1)**	**-**	**-**	**-**	**8,586**
current	11,613	-	-	-	-	-	-	11,613
deferred	(1,707)	84	-	(1)	-	-	-	(1,623)
Income from tax consolidation	(1,404)	-	-	-	-	-	-	(1,404)
NET PROFIT (A)	**26,864**	**265**	**353**	**(2)**	**(9)**	**(223)**	**935**	**28,184**

(EURO/000)	2020	IFRS ADJUSTMENTS						2020
		1	2	3	4	5	6	
	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 PURSUANT TO ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCES-SIONS	REVENUE	LEASES	RECEIV-ABLES	GOODWILL	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 AFTER IFRS ADJUSTMENTS
Other comprehensive income that will not be subsequently reclassified to profit or loss for the period								
Actuarial gains (losses) for employee benefits	-	548	-	-	-	-	-	548
Total other comprehensive income (expense) for the year, net of the tax effect (B)	**-**	**417**	**-**	**-**	**-**	**-**	**-**	**417**
Change in the fair value of cash flow hedging derivatives	(568)	-	-	-	-	-	-	568
Total other profits (losses) net of tax effect (C)	**(431)**	**-**	**-**	**-**	**-**	**-**	**-**	**431**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A)+(B)+(C)	**26,433**	**682**	**353**	**(2)**	**(9)**	**(223)**	**935**	**28,169**

INFORMATION PURSUANT TO ARTICLE 2427, point 5 of the Italian Civil Code

Statement of investments in subsidiaries and associates

Amounts in thousands of Euro

NAME	HEAD OFFICE	CONTROL THROUGH THE COMPANY	SHARE CAPITAL	% EQUITY INVESTMENT	EQUITY	PROFIT (LOSS) FOR THE YEAR	BOOK VALUE
LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS							
2V Energy S.r.l.	Verona	AGSM AIM ENERGIA S.p.A.	2,000	100.00%	(1,266)	661	2,983
AIM Energy S.r.l.	Vicenza	AGSM AIM S.p.A.	6,500	100.00%	26,777	1,270	117,852
AGSM Holding ALBANIA	Tirana (Albania)	AGSM AIM S.p.A. AMIA Verona S.p.A.	1,146	75.00% 25.00%	790	(99)	750 250
AMIA Verona S.p.A.	Verona	AGSM AIM S.p.A.	12,804	100.00%	22,269	87	21,382
V-RETI S.p.A.	Vicenza	AGSM AIM S.p.A.	62,738	99.76%	108,775	16,643	88,469
Astra Solar S.r.l.	Verona	AGSM AIM S.p.A.	20	100.00%	728	131	1,297
BLUEOIL S.r.l. in liquidation	Bolzano Vic. (VI)	TREV ambiente S.r.l.	10	62.45%	(300)	(95)	-
Consorzio Canale Industriale G. Camuzzoni di Verona Scarl	Verona	AGSM AIM S.p.A.	100	75.00%	13,065	61	5,572
CogasPiù Energia S.r.l.	Vicenza	AGSM AIM ENERGIA S.p.A.	200	60.00%	2,185	88	3,889
Diesse Energia S.r.l.	Verona	AGSM AIM S.p.A.	100	100.00%	608	26	1,516
AGSM AIM POWER S.r.l.	Verona	AGSM AIM S.p.A.	11	100.00%	2,558	1,032	4,350
AIM Mobilità S.r.l.	Vicenza	AGSM AIM S.p.A.	1,529	100.00%	4,190	336	3,668
Parcoeolico Carpinaccio S.r.l.	Verona	AGSM AIM S.p.A.	27	63.00%	11,949	2,608	5,521
Parco Eolico Riparbella S.r.l.	Verona	AGSM AIM S.p.A.	27	63.00%	19,675	4,370	6,714
AGSM AIM SMART SOLUTIONS S.r.l.	Vicenza	AGSM AIM S.p.A.	1,000	100.00%	13,957	31	14,007
Servizi a Rete S.r.l.	Vicenza	AGSM AIM S.p.A.	29,164	100.00%	89,043	4,447	96,972
AGSM AIM ENERGIA S.p.A.	Verona	AGSM AIM S.p.A.	5,271	94.85%	33,059	6,925	17,835
SER.I.T. S.r.l.	Cavaion Veronese (VR)	AMIA Verona S.p.A.	2,050	99.00%	3,621	56	4,661
Società Intercomunale Ambiente S.r.l.	Grumolo delle Abbadesse (VI)	Valore Ambiente S.r.l.	11	49.00%	779	538	382
Sigma S.r.l.	Verona	AGSM AIM S.p.A.	10	100.00%	513	152	2,531
S.I.T. Società Igiene Territorio S.p.A.	Vicenza	AGSM AIM S.p.A.	1,000	100.00%	(997)	(1,792)	-
Sphere Energy 1	Verona	AGSM AIM S.p.A.	100	100.00%	519	76	1,180
Sphere Energy 2	Verona	AGSM AIM S.p.A.	100	100.00%	543	88	1,042
TRANSECO S.r.l.	Zevio (VR)	AMIA Verona S.p.A.	110	100.00%	209	59	665
TREV ambiente S.r.l.	Vicenza	SIT S.p.A.	15	100.00%	188	21	453
TS Energia Due S.r.l.	Verona	AGSM AIM S.p.A.	10	100.00%	757	84	1,619
Valore Ambiente S.r.l.	Vicenza	AGSM AIM S.p.A.	1,012	100.00%	12,788	1,428	13,062
Vinci Energia S.r.l.	Verona	AGSM AIM S.p.A.	100	100.00%	336	25	762
Ecoenergia Vomano S.r.l.	Verona	AGSM AIM S.p.A.	84	100.00%	1,703	198	1,649
ECO Tirana	Tirana (Albania)	AGSM Holding ALBANIA SH.A	32	49.00%	1,744	528	16
LIST OF COMPANIES CARRIED AT EQUITY							
DRV S.r.l.	Legnago (VR)	AMIA Verona S.p.A.	100	50.00%	399	(358)	198
Bovolone Attiva S.r.l.	Bovolone (VR)	AMIA Verona S.p.A.	80	40.00%	457	20	286
Consorzio GPO	Genoa	AGSM AIM S.p.A. AMIA Verona S.p.A.	20,197	33.00% 4.00%	22,808	229	8,082 839
S.I.Ve. S.r.l.*	Legnago (VR)	AGSM AIM S.p.A.	151	24.00%	1	-	36
Agrilux S.r.l.	Lozzo At. (PD)	SIT S.p.A.	6,000	14.00%	16,904	1,256	2,351
Lese.Spa	Legnago (VR)	SIT S.p.A.	120	49.00%	1,768	596	866

INFORMATION PURSUANT TO ARTICLE 2427 bis

Fair Value of derivative financial instruments

CONTRACT DATE	TYPE	COUNTERPARTY	CLOSING DATE	PURPOSE	RISK HEDGED	NOTIONAL	MU	FAIR VALUE 31/12/2021
16/03/2021	Commodity swaps	MPS	31/03/2022	Hedging	Revenue risk	462	Euro	(1,006)
19/04/2021	Commodity swaps	MPS	31/03/2022	Hedging	Revenue risk	397	Euro	(738)
20/04/2021	Commodity swaps	MPS	31/03/2022	Hedging	Revenue risk	315	Euro	(588)
19/04/2021	Commodity swaps	MPS	31/03/2022	Hedging	Revenue risk	413	Euro	(727)
25/06/2021	Commodity swaps	MPS	31/03/2022	Hedging	Revenue risk	236	Euro	(245)
02/08/2021	Commodity swaps	MPS	31/03/2022	Hedging	Revenue risk	455	Euro	(625)
13/08/2021	Commodity swaps	MPS	30/09/2022	Hedging	Revenue risk	1,930	Euro	1,080
06/05/2021	Commodity swaps	BNP PARIBAS	31/03/2022	Hedging	Revenue risk	764	Euro	(1,141)
13/05/2021	Commodity swaps	BNP PARIBAS	31/03/2022	Hedging	Revenue risk	573	Euro	(829)
16/03/2021	Commodity swaps	INTESA SAN PAOLO	31/03/2022	Hedging	Revenue risk	472	Euro	(1,008)
07/04/2021	Commodity swaps	INTESA SAN PAOLO	31/03/2022	Hedging	Revenue risk	443	Euro	(647)
01/08/2017	Interest rate swaps	UNICREDIT	30/06/2022	Hedging	Interest Risk	2,625	Euro	(14)
09/09/2015	Interest rate swaps	INTESA SAN PAOLO	31/12/2024	Hedging	Interest Risk	6,000	Euro	(104)

INFORMATION PURSUANT TO ARTICLE 2427, point 9 of the Italian Civil Code

Commitments, guarantees granted and contingent liabilities not shown in the Statement of Financial Position

The Group's total commitments, guarantees and contingent liabilities amounted to Euro 353,797 thousand.

The total amount includes commitments for contracts for the purchase of electricity and gas and bank sureties in favour of the Municipalities and Entities where the award of the gas distribution service was obtained and in which electricity and gas are supplied, and the collection of waste was awarded, to the Electricity Market Operator for operations on the energy market, to Terna Spa for the dispatching of electricity and to cover the obligations arising from the Agreement for the Electricity Transmission Service.

No provision for risks is allocated in relation to the ongoing dispute with the Municipality of Belfiore for the payment of royalties. This assessment is also based on the ruling made in 2019, in favour of the Company. The appeal submitted by the Municipality of Belfiore against that judgment was postponed until 10 March 2022.

INFORMATION PURSUANT TO ARTICLE 2427, point 13 of the Italian Civil Code

Revenue or cost items of exceptional amount or impact

The income statement includes a gain of Euro 9,144 thousand on the sale of the portion of RTN to Terna S.p.A. and the release of Euro 5,300 thousand of the provision for future charges following the final transition of the ruling that cancelled the administrative penalty imposed by ARERA by decision 42/2017/S/COM.

Related-party transactions

All transactions with related parties (companies in the AGSM AIM Group) were completed at arm's length.

These financial statements, consisting of the statement of financial position, the income statement, the notes thereto and the statement of cash flows, give a true and fair view of the financial position and results of operations for the year and correspond to the accounting records.

INFORMATION PURSUANT TO ARTICLE 2427, point 22-quater of the Italian Civil Code

Significant events after the reporting period

The following corporate reorganisation and simplification operations took place with effect from 01/01/2022, which led to the consolidation of the following equity investments in the reference companies of the six Business Units:

- AIM Energy S.r.l. was merged by incorporation into AGSM AIM ENERGIA S.p.A.;
- Servizi a Rete S.r.l. was demerged in favour of AGSM AIM SMART SOLUTIONS S.r.l. and V-RETI S.p.A.;
- Astra Solar S.r.l., Diesse Energia S.r.l., Ecoenergia Vomano S.r.l., Sigma S.r.l., Sphere Energy 1, Sphere Energy 2, TS Energia Due S.r.l., Vinci Energia S.r.l. were merged by incorporation into AGSM AIM POWER S.r.l.;
- AIM Mobilità S.r.l. was merged by incorporation into AGSM AIM SMART SOLUTIONS S.r.l.;
- AGSM AIM S.p.A. contributed the business line relating to cogeneration and district heating in the newco AGSM AIM CALORE S.r.l.

Furthermore, again effective from 01/01/2022 AGSM AIM S.p.A. contributed:

- to AGSM AIM POWER S.r.l. the power generation business line, as well as minority shareholdings in electricity production plants;
- to V-RETI S.p.A., the business line relating to electricity distribution networks and plants;
- to AGSM AIM SMART SOLUTIONS S.r.l., the business line relating to the concessions and management of parking spaces and public lighting and telecommunications networks and systems;
- to AGSM AIM CALORE, the business line relating to cogeneration and district heating.

INFORMATION PURSUANT TO ARTICLE 2427, point 22-quinqiues and sexties of the Italian Civil Code

Name and registered office of the company preparing the consolidated financial statements

With reference to the information required by Article 2427, point 22-quinquies and sexties of the Italian Civil Code, it should be noted that the direct controlling entity was the Municipality of Verona with registered office in Piazza Bra 1 - Verona; the controlling entity prepared the Consolidated Financial Statements of the largest Group to which the Parent Company belongs and they are available at the registered office of the entity.

INFORMATION PURSUANT TO ARTICLE 2427, point 16 and 16-bis of the Italian Civil Code

Remuneration of the Directors, the Board of Statutory Auditors and the Independent Auditors

OFFICE	TOTAL REMUNERATION 2021
Directors	1,211
Board of Statutory Auditors	587
Independent Auditors	282

INDEPENDENT AUDITOR'S REPORT

AGSM AIM S.p.A.

Independent auditor's Report
pursuant to article 14 of Legislative
Decree n. 39, dated January 27, 2010
and article 10 of EU Regulation n.
537/2014

Consolidated Financial Statements as at December 31st, 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

BDO

Tel: +39 045 4750019
www.bdo.it

Via Roveggia, 126
37136 Verona

Independent auditor's Report
pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

To the Shareholders of
AGSM AIM S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of AGSM AIM S.p.A. and its subsidiaries (the "Group"), which comprise the statement of financial position as at December 31, 2021, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/'05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As described in the notes to the consolidated financial statements and the report on operations, the parent company AGSM AIM S.p.A. with act of December 29, 2020 merged by incorporation AIM Vicenza S.p.A., with legal, accounting and fiscal effects from January 1st, 2021. In order to facilitate the comparability of the consolidated financial statements, the Group included also the consolidated statement of financial position and the consolidated statement of comprehensive income taking into account the balances as at 31 December 2020 have been restated to consider the contribution of AIM Vicenza S.p.A.to the merger.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit response
Valuation of commercial trade receivables *Note 7.9 “Trade receivables”* Commercial trade receivables amounted to Euro 559,535 thousand as at December 31, 2021. This item is considered to be significant in the audit due to the significance of the amount and the inherent subjectivity of the process and valuation of bad debt provision, that are characterized by estimates of a number of variables, mainly represented by impairment loss indicators, expected cash flows and related collection times.	Our main audit procedures performed in response to key audit matter of valuation of trade receivables are: ▪ assessment of the design and implementation of key controls related to these procedures and processes; ▪ assessment of the appropriateness of IT environment system and IT applications in relation to evaluation process of commercial receivables; ▪ reconciliation procedures between the amounts of management systems and the one recognised in the financial statements; ▪ analytical procedures and discussion with the Group’s personnel regarding the audit findings carried out; ▪ assessment of the appropriateness of bad debt provision and consistency of the methodology applied by the Group with the requirement of IFRS 9 and tested the accuracy of mathematical calculation; ▪ verification of the disclosures provided in the notes to the consolidated financial statements.
Valuation of assets under concession *Note 7.1 “Intangible assets”* The Group accounted for Assets under concession for Euro 294,866 thousand as at December 31, 2021. Assets under Concession are considered to be significant in the audit process due to the pervasive nature of these balance and the inherent subjectivity judgement of management on the estimation based on IFRIC12. The infrastructures used, recognized on the "intangible asset model" basis, have been subject to impairment test.	Our main audit procedures performed are: ▪ assessment of the adequacy of the impairment test model prepared by an expert appointed by the parent company; ▪ assessment of the key assumptions used as a basis of the impairment test model; ▪ assessment of the mathematical accuracy of impairment test model used; ▪ verification of the disclosures provided in the notes to the consolidated financial statements.

Purchase price allocation connected to AIM Vicenza merger

With effect starting from January 1st, 2021 the merger of AIM Vicenza S.p.A. took place. The transaction was accounted for as required by IFRS 3 *business combination* and, consequently, the *purchase price allocation* process (hereafter, the "PPA") related to the merger has been completed. The PPA process is finalised to determine, at the date the merger is effective, the fair value of identifiable assets and liabilities pertaining to the acquiree. the fair value of the identified assets and liabilities has been estimated on the basis of complex assumptions that, due to their nature, involve the use of judgement of the Directors. The process determined the recognition of a residual goodwill of Euro 37,099 thousand.

The amounts allocated, following the PPA process, to assets and goodwill were subject to impairment test at the date of December 31, 2021.

In consideration to the relevance of the transaction and the amounts emerging from the PPA, of the complexity of the assumptions used to determine the fair value of identified assets and liabilities and of the judgement required of the Directors, we have considered this aspect to be a key audit matter

The note "Non-recurring significant transactions" describes the process followed by the Directors and a summary of the effects on the consolidated financial statements.

Our main audit procedures included, among the others:

- the analysis of the documents related to the transaction of the merger of AIM Vicenza S.p.A. and the accounting treatment adopted by the Group;
- the analysis of the documents prepared by the independent expert that supported the parent company in the process to determine the fair value of the assets and liabilities pertaining to the acquiree and the process of purchase price allocation (capital increase);
- examination of the main assumptions used by the Directors of the parent company in performing the activities mentioned above;
- examination of the impairment test as at December 31, 2021 of allocated amounts, following the PPA, to assets and goodwill that the parent company performed with the support of an independent expert.

In our verifications we also used the help of our experts in evaluation techniques, that assisted us in examining the documentation prepared by the parent company's expert, the methodology used and the assumptions.

Finally, we verified the adequacy of the disclosure included in the notes to the consolidated financial statements and the consistency of the disclosure included in the report on operations regarding this matter.

Other matters

The consolidated financial statements as at December 31, 2021 present for comparative purposes the corresponding amounts of the previous year prepared in accordance with International Financial Reporting Standards, that derive from the consolidated financial statements as at December 31, 2020 prepared in accordance with the Italian regulations and accounting principles governing financial statements. The section "other information on consolidated financial statements" of the notes includes a paragraph "IFRS First time adoption" illustrating the effects of the transition to the International Financial Reporting Standards as adopted by the European Union and includes the disclosure regarding the reconciliation statements required by the International Financial Reporting Standard IFRS 1.

Responsibilities of Management and the Board of statutory auditors (Collegio sindacale) for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/'05 and, within the terms provide by the law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the parent company AGSM AIM S.p.A. or to cease operations, or has no realistic alternative but to do so. Management is responsible for overseeing the Group's financial reporting process.

The Board of statutory auditors has the responsibility, in compliance with the applicable legislation, for the supervision of the monitoring financial reporting process of the Group.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Concluded on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with relevant ethical and independence requirements applicable in Italy, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described those matters in the auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) n. 537/2014

We were initially engaged by the shareholders meeting of AGSM AIM S.p.A. on June 24, 2021 to perform the audits of the financial statements and group consolidated financial statements of each fiscal year starting from December 31, 2021 to December 31, 2029.

We declare that we did not provide prohibited non audit services, referred to article 5, paragraph 1, of Regulation (EU) n. 537/2014, and that we remained independent of the company in conducting the audit.

We confirm that the opinion on the consolidated statements included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation n. 537/2014, submitted to the Board of Statutory auditors.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/'10 and of article 123-bis, comma 4 of Legislative Decree n. 58/'98

Management of AGSM AIM S.p.A. is responsible for the preparation of the report on operations and of the corporate governance report of AGSM AIM S.p.A., as required by comma 2, letter b) of art.123-bis of Legislative Decree n. 58/'98, as at December 31, 2021, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, comma 2, lett. b) of Legislative Decree n. 58/'98, with the financial statements of AGSM AIM S.p.A. as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the abovementioned specific information of the corporate governance report are consistent with the consolidated financial statements of AGSM AIM Group as at December 31, 2021 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/'10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement in accordance with article 4 of Consob Regulation in application of Legislative Decree n.254, of December 30, 2016

Management of AGSM AIM S.p.A. is responsible for the preparation of the consolidated non-financial information in accordance with Legislative Decree n. 254, of December 30, 2016. We verified the approval of the consolidated non-financial information as of December 31, 2021 by Management.

According to article 3, paragraph 10, of Legislative Decree n. 254, of December 30, 2016 we have performed a separate review analysis on this statement.

Verona, May 20, 2022

BDO Italia S.p.A.

Signed by:
Carlo Boyancé
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

AGSM AIM SEPARATE FINANCIAL STATEMENTS

Statement of Financial Position of the Parent Company

FINANCIAL POSITION - ASSETS	NOTES	31/12/2021	31/12/2020	01/01/2020
NON-CURRENT ASSETS				
Intangible assets	7.1	97,478,608	33,188,060	35,863,584
Property, plant and equipment	7.2	294,429,075	233,175,938	242,607,071
Goodwill	7.3	1,273,207	1,273,207	1,400,528
Equity investments	7.4	416,382,611	172,871,422	181,526,485
Other non-current financial assets;	7.5	25,209,249	31,053,907	35,669,242
Deferred tax assets	7.6	22,357,600	15,498,652	14,983,484
Other non-current assets	7.7	1,383,825	1,466,407	1,757,198
Total non-current assets		**858,514,175**	**488,527,593**	**513,807,593**
CURRENT ASSETS				
Inventories	7.8	5,338,471	5,675,729	5,409,800
Trade receivables	7.9	132,651,965	27,092,459	41,417,012
Current financial assets	7.10	143,149,994	9,512,499	4,515,103
Current tax assets	7.11	2,563,752	3,817,005	-
Other current assets	7.12	18,618,288	5,595,073	9,632,190
Cash and cash equivalents	7.13	8,344,354	639,473	778,330
Total current assets		**310,666,824**	**52,332,237**	**61,752,436**
TOTAL ASSETS		**1,169,180,999**	**540,859,829**	**575,560,029**

FINANCIAL POSITION - LIABILITIES		31/12/2021	31/12/2020	01/01/2020
EQUITY				
Share capital	7.14	95,588,235	58,500,000	58,500,000
Legal reserve	7.14	13,138,532	11,700,000	11,700,000
Other reserves	7.14	436,700,448	170,076,377	197,900,162
Profit (loss) for the year	7.14	49,939,376	27,760,939	20,305,127
Total equity		**595,366,591**	**268,037,316**	**288,405,289**
NON-CURRENT LIABILITIES				
Non-current financial liabilities	7.15	81,640,609	49,383,394	78,208,999
Employee benefits	7.16	12,613,079	9,591,606	10,122,689
Provision for risks and charges	7.17	23,158,518	20,613,584	19,169,243
Deferred tax liabilities	7.18	5,867,154	3,321,228	3,514,481
Other non-current liabilities	7.19	21,849,681	11,226,341	11,787,579
Total non-current liabilities		**145,129,041**	**94,136,153**	**122,802,991**
CURRENT LIABILITIES				
Current financial liabilities	7.20	320,392,306	139,111,465	108,654,746
Trade payables	7.21	69,753,574	31,303,422	40,235,967
Current tax liabilities	7.22	15,317,026	1,182,343	-
Other current liabilities	7.23	23,222,460	7,089,131	15,461,036
Total current liabilities		**428,685,366**	**178,686,360**	**164,351,749**
TOTAL LIABILITIES		**1,169,180,999**	**540,859,829**	**575,560,029**

Statement of Comprehensive Income of the Parent Company

	NOTE	2021	2020
Revenue		**301,617,578**	**108,483,419**
Revenue from sales and services	8.1	269,072,163	91,191,712
Other revenue	8.2	32,545,415	17,291,707
Operating costs		**206,400,715**	**70,978,842**
Raw materials and consumables	8.3	116,313,007	35,661,438
Services	8.4	60,509,678	21,546,158
Leases and rentals	8.5	4,208,745	542,295
Other operating costs	8.6	25,369,285	13,228,950
Added value		**95,216,862**	**37,504,577**
Personnel costs	8.7	25,605,210	18,861,623
EBITDA		**69,611,652**	**18,642,954**
Amortisation, depreciation, and provisions		**37,374,538**	**29,403,869**
Amortisation and depreciation	8.8	34,091,816	26,865,567
Other provisions	8.8	3,032,722	2,538,301
Impairment of fixed assets	8.8	250,000	-
Net operating income		**32,237,114**	**(10,760,915)**
Financial position		**24,615,130**	**36,460,490**
Income from equity investments	8.9	27,940,458	37,860,891
Financial income	8.10	2,119,738	1,215,916
Financial expenses	8.11	(4,846,463)	(2,716,704)
Adjustments to financial assets	8.12	(598,603)	100,387
Pre-tax profit (loss)		**56,852,244**	**25,699,576**
Income taxes	8.13	6,912,868	(2,061,364)
PROFIT (LOSS) FOR THE YEAR (A)		49,939,376	27,760,939

OTHER COMPREHENSIVE INCOME THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD	2021	2020
Actuarial gains (losses) for employee benefits	(1,776,847)	(347,563)
Tax effect on actuarial gains (losses) for employee benefits	426,443	83,415
Total actuarial gains (losses) net of the tax effect (B)	**(1,350,404)**	**(264,148)**
Change in the fair value of cash flow hedging derivatives	189,129	133,138
Tax effect on change in the fair value of cash flow hedging derivatives	(45,391)	(31,953)
Total other profits (losses) net of tax effect (C)	**143,738**	**101,185**
Total comprehensive profits (losses) net of tax effect (B) + (C)	**(1,206,666)**	**(162,964)**
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	48,732,711	27,597,975

Statement of Cash Flows of the Parent Company

STATEMENT OF CASH FLOWS (FIGURES IN EURO)	2021	2020
A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	49,939,376	(12,562,588)
Income taxes	6,912,868	
Interest expense	4,846,463	3,096,774
Interest income	(1,925,668)	26,865,567
(Dividends)	(27,940,457)	10,000
Losses deriving from the sale of assets	607,314	(110,387)
(Gains) deriving from the sale of assets	(2,126,488)	17,299,366
PROFIT/(LOSS) FOR THE YEAR BEFORE INCOME TAXES, INTEREST, DIVIDENDS AND GAINS/LOSSES ON SALES	**30,313,408**	
Adjustments for non-monetary elements that were not offset in the NWC		(265,929)
Accruals to provisions	4,194,726	4,255,518
Amortisation and depreciation	34,091,816	7,451,881
Impairment	1,050,000	237,158
Valuation of equity investments	(201,397)	(1,175,802)
CASH FLOWS BEFORE CHANGES IN NWC	**69,448,553**	**17,026,279**
Changes in net working capital		**44,828,472**
Decrease/(increase) in inventories	337,258	
Decrease/(increase) in trade receivables	(67,795,344)	84
Increase/(decrease) in trade payables	4,912,899	(2,122,234)
Decrease/(increase) in accrued income and prepaid expenses	1,862	(12,449,180)
Increase/(decrease) in accrued expenses and deferred income	(3,207,672)	30,997,388
Other changes in net working capital	(28,743,535)	(2,362,382)
CASH FLOW AFTER CHANGES IN NWC	**(25,045,979)**	**44.828.472**
Other adjustments		
Interest received	1,265	84
(Interest paid)	(4,186,339)	(2.122.234)
(Income tax paid)	(10,173,539)	(12.449.180)
Dividends received	27,476,124	30.997.388
(Use of provisions)	(468,000)	(2.362.382)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**(12,396,469)**	**58,892,147**

RENDICONTO FINANZIARIO	2021	2020
B. CASH FLOW FROM INVESTMENT ACTIVITY:		
Intangible assets		
(Investments)	(4,274,000)	(1,725,691)
Disinvestments	-	152,713
Property, plant and equipment		
(Investments)	(26,078,000)	(14,831,901)
Disinvestments	2,428,174	3,672,333
Financial fixed assets		
Disinvestments	2,866,442	4,356,702
Current financial assets		
(Investments)	-	(4,626,226)
Disinvestments	-	139,702
Cash and cash equivalents provided by the merged company AIM Vicenza S.p.A.	43,836,142	-
CASH FLOW FROM INVESTMENT ACTIVITY (B)	**18,778,758**	**(12,862,368)**
C. CASH FLOW FROM FINANCING ACTIVITY:		
-Changes in current financial liabilities	71,854,959	31,942,080
Repayments of bonds	(9.986.913)	-
Raising of loans	44,733,973	-
Repayment of loans	(61,975,222)	(32,852,301)
Change in centralised treasury management	(43,304,205)	(13,080,556)
Equity		
Dividends (and interim dividends) paid	-	(32,177,860)
CASH FLOW FROM FINANCING ACTIVITY (C)	**1,322,592**	**(46,168,637)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A± B ± C)	**7,704,881**	**(138,858)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**639,473**	**778,330**
of which:	615,659	751,912
bank and postal accounts	23,813	26,418
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**8,344,354**	**639,473**
bank and postal accounts	8,257,318	615,659
cash-in-hand and cash equivalents	87,036	23,813

Statement of Changes in Equity

EQUITY	BALANCE AS AT 01/01/2020	OTHER CHANGES	EXTRAORDINARY TRANSACTION
Share capital	58,500,000	-	-
Share premium/contribution reserve	128,349,029	-	-
Valuation reserves	6,801,057	(7,938,235)	-
Legal reserve	11,700,000	-	-
Extraordinary reserves	1,578,938	-	-
Capital grants provision	3,194,323	-	-
Reserves for transformation under Law 127/97	61,803,081	-	-
FTA IFRS Reserve	(5,892,200)	-	-
Other reserves	2,400,241	7,938,235	-
Hedging reserve	(334,407)	-	-
Retained earnings (losses)	-	-	-
Profit (loss) for the year	20,305,127	-	-
Total	288,405,289	-	-
Totale	**288.405.289**	**-**	**-**

EQUITY	BALANCE AS AT 01/01/2021	OTHER CHANGES	EXTRAORDINARY TRANSACTION
Share capital	58,500,000	-	37,088,235
Share premium/contribution reserve	128,349,029	-	255,990,271
Legal reserve	11,700,000	-	70,421
Extraordinary reserves	-	-	1,337,999
Capital grants provision	3,194,323	-	-
Reserves for transformation under Law 127/97	34,836,353	-	-
FTA IFRS Reserve	(5,892,200)	-	-
Other reserves	9,822,095	-	-
Hedging reserve	(233,223)	-	-
Retained earnings (losses)	-	-	-
Profit (loss) for the year	27,760,939	-	-
Total	268,037,316	-	294,486,926
Totale	**268.037.316**	**-**	**294.486.926**

ALLOCATION OF THE RESULT	DIVIDENDS PAID	PROFIT (LOSS) FOR THE YEAR	OTHER INCOME COMPONENTS	BALANCE AS AT 31/12/2020
-	-	-	-	58,500,000
-	-	-	-	128,349,029
1,137,178	-	-	-	0
-	-	-	-	11,700,000
-	(1,578,938)	-	-	-
-	-	-	-	3,194,323
-	(26,966,728)	-	-	34,836,353
-	-	-	-	(5,892,200)
-	(252,333)	-	(264,148)	9,822,095
-	-	-	101,185	(233,223)
19,167,949	(19,167,949)	-	-	-
(20,305,127)	-	27,760,939	-	27,760,939
-	(47,965,948)	27,760,939	(162,964)	268,037,316
-	**(47.965.948)**	**27.760.939**	**(162.964)**	**268.037.316**

ALLOCATION OF THE RESULT	DIVIDENDS PAID	PROFIT (LOSS) FOR THE YEAR	OTHER INCOME COMPONENTS	BALANCE AS AT 31/12/2021
-	-	-	-	95,588,235
-	-	-	-	384,339,300
1,368,111	-	-	-	13,138,532
10,419,807	-	-	-	11,757,806
-	-	-	-	3,194,323
-	-	-	-	34,836,353
-	-	-	-	(5,892,200)
110,387	-	-	(1,776,847)	8,155,635
-	-	-	143,738	(89,485)
15,862,634	(15,463,918)	-	-	398,716
(27,760,939)	-	49,939,376	-	49,939,376
-	(15,463,918)	49,939,376	(1,633,109)	595,366,591
-	**(15.463.918)**	**49.939.376**	**(1.633.109)**	**595.366.591**

Restated Statement of Financial Position of the Parent Company

FINANCIAL POSITION - ASSETS	2021	31/12/2020 RESTATED	31/12/2020 AGSM AIM	MERGER CONTRIBUTION	01/01/2020 AGSM
NON-CURRENT ASSETS					
Intangible assets	97,479	96,871	33,188	63,683	35,864
Property, plant and equipment	294,429	293,868	233,176	60,692	242,607
Goodwill	1,273	1,273	1,273	-	1,401
Equity investments	416,383	257,528	172,871	84,657	181,526
Other non-current financial assets	25,209	31,054	31,054	-	35,669
Deferred tax assets	22,358	20,677	15,499	5,178	14,983
Other non-current assets	1,384	5,316	1,466	3,850	1,757
Total non-current assets	**858,514**	**706,588**	**488,528**	**218,060**	**513,808**
CURRENT ASSETS					
Inventories	5,338	5,744	5,676	68	5,410
Trade receivables	132,652	61,314	27,092	34,222	41,417
Current financial assets	143,150	96,508	9,512	86,996	4,515
Current tax assets	2,564	4,877	3,817	1,060	-
Other current assets	18,618	6,660	5,595	1,065	9,632
Cash and cash equivalents	8,344	44,475	639	43,836	778
Total current assets	**310,667**	**219,579**	**52,332**	**167,247**	**61,752**
TOTAL ASSETS	**1,169,181**	**926,167**	**540,860**	**385,307**	**575,560**
FINANCIAL POSITION - LIABILITIES					
EQUITY					
Share capital	95,588	129,793	58,500	71,293	58,500
Legal reserve	13,139	13,055	11,700	1,355	11,700
Other reserves	436,700	226,602	170,076	56,526	197,900
Profit (loss) for the year	49,939	29,169	27,761	1,408	20,305
Total equity	**595,367**	**398,619**	**268,037**	**130,582**	**288,405**
NON-CURRENT LIABILITIES					-
Non-current financial liabilities	81,641	127,546	49,383	78,163	78,209
Employee benefits	12,613	11,483	9,592	1,891	10,123
Provision for risks and charges	23,159	22,234	20,614	1,620	19,169
Deferred tax liabilities	5,867	5,739	3,321	2,418	3,514
Other non-current liabilities	21,850	24,161	11,226	12,935	11,788
Total non-current liabilities	**145,129**	**191,163**	**94,136**	**97,027**	**122,803**
CURRENT LIABILITIES					-
Current financial liabilities	320,392	230,448	139,111	91,337	108,655
Trade payables	69,754	91,398	31,303	60,095	40,236
Current tax liabilities	15,317	1,182	1,182	-	-
Other current liabilities	23,222	13,355	7,089	6,266	15,461
Total current liabilities	**428,685**	**336,384**	**178,686**	**157,698**	**164,352**
TOTAL LIABILITIES	**1,169,181**	**926,167**	**540,860**	**385,307**	**575,560**

Restated Statement of Comprehensive Income of the Parent Company

	2021	2020 RESTATED	2020 AGSM AIM	MERGER CONTRIBUTION
Revenue	**301,618**	**171,824**	**108,483**	**63,341**
Revenue from sales and services	269,072	143,721	91,192	52,529
Other revenue	32,545	28,104	17,292	10,812
Operating costs	206,401	122,883	70,979	51,904
Raw materials and consumables	116,313	39,686	35,661	4,025
Services	60,510	61,183	21,546	39,637
Leases and rentals	4,209	2,886	542	2,344
Other operating costs	25,369	19,127	13,229	5,898
Added value	**95,217**	**48,942**	**37,505**	**11,437**
Personnel costs	25,605	25,701	18,862	6,839
EBITDA	**69,612**	**23,241**	**18,643**	**4,598**
Amortisation, depreciation, and provisions	37,375	37,572	29,404	8,168
Amortisation and depreciation	34,092	34,363	26,866	7,497
Write-down of receivables	-	300	-	300
Other provisions	3,033	2,538	2,538	
Impairment of fixed assets	250	371	-	371
Net operating income	**32,237**	**(14,331)**	**(10,761)**	**(3,570)**
Financial position	**24,615**	**40,207**	**36,460**	**3,747**
Income from equity investments	**27,940**	**46,231**	**37,861**	**8,370**
Financial income	**2,120**	**2,824**	**1,216**	**1,608**
Financial expenses	(4,846)	(7,550)	(2,717)	(4,833)
Adjustments to financial assets	(599)	(1,298)	100	(1,398)
Pre-tax profit (loss)	56,852	25,877	25,700	177
Income taxes	6,913	(3,292)	(2,061)	(1,231)
PROFIT (LOSS) FOR THE YEAR (A)	**49,939**	**29,169**	**27,761**	**1,408**

OTHER COMPREHENSIVE INCOME THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD	2021	2020 RESTATED	2020 AGSM AIM	MERGER CONTRIBUTION
Actuarial gains (losses) for employee benefits	(1,776)	(344)	(348)	4
Tax effect on actuarial gains (losses) for employee benefits	426	84	83	1
Total actuarial gains (losses) net of the tax effect (B)	(1,350)	(261)	(264)	3
Change in the fair value of cash flow hedging derivatives	189	133	133	-
Tax effect on change in the fair value of cash flow hedging derivatives	(45)	(32)	(32)	-
Total other profits (losses) net of tax effect (C)	**144**	**101**	**101**	**-**
Total comprehensive profits (losses) net of tax effect (B) + (C)	**(1,206)**	**(160)**	**(163)**	**3**
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	**48,733**	**29,009**	**27,598**	**1,411**

Basis of preparation

The Financial Statements of the AGSM AIM S.p.A. at 31 December 2021 consist of the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the financial statements.
These financial statements for the first year have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IFRS also include all the revised international accounting standards ("IAS"/"IFRS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").
For the statement of financial position, assets and liabilities are classified on a "current/non-current" basis, with specific separation of assets and liabilities held for sale or discontinued operations. Current assets, which include cash and cash equivalents, are those intended to be realised, disposed of or used in the Company's normal operating cycle or in the twelve months following the end of the financial year; current liabilities are those that are expected to be settled in the company's normal operating cycle or in the twelve months after the end of the reporting period. The statement of comprehensive income is classified according to the nature of the costs. The statement of cash flows is presented using the indirect method. The liquidity configuration analysed in the statement of cash flows includes cash on hand and current bank accounts.
In addition, it should be noted that in order to favour comparability of financial statement values, in consideration of the merger through incorporation of AIM Vicenza S.p.A. which became effective on 1 January 2021, the restated statement of financial position and the statement of comprehensive income have also been included, considering:

- the balances as at 31 December 2021, which naturally reflect the effects of the merger;
- the balances as at 31 December 2020 of AGSM AIM S.p.A. (formerly AGSM Verona S.p.A.);
- the restated balances as at 31 December, taking account of the contribution from the merger of AIM S.p.A.

The amounts presented in the financial statements and these notes are shown in thousands of Euros, unless otherwise stated.

Going concern

The evolution of the current pandemic has required constant and systematic monitoring of the results of the business, with a particular focus on analysing any deviations from forecasts.
The new management analysed the management and financial indicators that did not reveal any risks linked to the ability of the AGSM AIM to operate on a going concern basis.
In consideration of the performance of the results for the year, which also include the impacts connected with the COVID-19 emergency, the management analysed the forecasts made with regard to possible future scenarios, excluding any impairment in the various cash generating units (CGUs) in which it is

organised, also in view of the existing considerable margins.
Based on the performance of activities, the 2021-2024 Business Plan, the systematic updates to the above budgets and the ability to access credit, the management believes that it is in a position to proceed with managing and developing activities without questioning the going concern.
Consequently, these separate financial statements of the parent company have been prepared on a going concern basis as it is reasonable to expect that the company will continue to operate in the near future and, in any case, for at least twelve months, as set out in IAS 1.25-26.
These financial statements have been prepared on a historical cost basis, except for some financial instruments that are measured at fair value. Information about the financial statement formats applied, compared to those set out in IAS 1, and the method used to present cash flows in the statement of cash flows, compared to the provisions of IAS 7, is provided below.

- In the statement of comprehensive income, costs are classified by nature based on a "graduated" classification. It is believed that this type of presentation, which is also used by the Group's principal competitors and is consistent with international practice, best represents the results of the business.
- The statement of comprehensive income comprises the profit or loss for the year and the income and expense, grouped by consistent categories, which, based on the IFRS, are allocated directly to equity.
- In the statement of financial position, current assets and current liabilities are presented separately from non-current assets and liabilities, respectively, in accordance with IAS 1.
- The columns of the statement of changes in equity reconcile the opening and closing balances of each equity caption.
- The statement of cash flows classifies cash flows by operating, investing and financing activities. Specifically, cash flows from operating activities are presented using the indirect method in accordance with IAS 7, whereby the profit or loss for the year is adjusted to reflect the effects of non-monetary transactions, prepayments and accrued income and accrued expenses or deferred income and revenue or cost items related to future cash flows from investing or financing activities.

Accounting standards

Introduction

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets held for sale, which are recognised at fair value.
There are no held-to-maturity investments. Financial transactions are recognised at the trade date.
The accounting standards used to prepare the financial statements at 31 December 2021 have also been uniformly applied to all corresponding periods.
The 2020 figures are affected by FTA i.e. the first-time adoption of the IFRS. The first financial year prepared in accordance with the IFRS is 2021, with FTA on 01.01.20 for comparative purposes, as required by IFRS 1.
Figures are in Euros and have all been rounded to the nearest thousand, unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including direct charges necessary to bring the asset to use. The cost can comprise the finance costs directly attributable to the acquisition, construction or production of the asset. The cost can also include the expected costs of dismantling and removing the asset and restoring it to its original condition if a contractual obligation exists.

The costs incurred for extraordinary maintenance and repairs are recognised directly when incurred. The costs to expand, renovate or improve the structural elements owned or used by third parties are capitalised solely to the extent that they meet the conditions for being classified separately as an asset or as part of an asset under the component approach.

Property, plant and equipment and assets under construction are recognised at their purchase and/or production cost, including directly attributable charges, while reducing the cost by the commercial and cash discounts of a significant amount.

For plants constructed internally, the cost of the materials used, the cost of labour for the personnel used, the related social security costs, the accruals to employee severance indemnities and the portion of internal services that can be reasonably attributed to them have been accounted for.

The depreciation charged to the income statement have been calculated according to the use, purpose, and useful life of the assets over their residual useful life.

Assets under construction comprise the direct costs incurred until 31 December 2021. Depreciation begins on the date that each asset becomes operative.

The expenses that increase the value of the assets, and the maintenance that results in a significant and tangible increase in production capacity or that lengthens the useful life of the assets are capitalised and generally increase the carrying amount of the related asset and are depreciated over the asset's residual useful life. Ordinary maintenance costs are expensed directly in the statement of comprehensive income.

Regardless of the depreciation that has already been recognised, if an item of property, plant and equipment is impaired, its carrying amount is reduced accordingly. If the reasons for the impairment cease to exist in subsequent years, the original value is reinstated and adjusted only for depreciation.

Leases

Right-of-use assets are recognised on the start date of the lease, i.e. the date on which the underlying asset is available for use.

Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any restatement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made on or before the commencement of the lease. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

Lease liabilities are recognised at the present value of lease payments not yet paid at the reporting date. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the option will be exercised.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance that can be controlled and from which future economic benefits are expected. They are initially recognised at purchase and/or development cost, including direct expenses necessary to bring the asset to use. Interest expense, if any, accrued during and for the development of intangible assets, are considered part of the acquisition cost. In particular, the following intangible assets can be identified in the Company. Intangible assets with a finite useful life are amortised over their useful life and are assessed whenever there are indications of impairment. Intangible assets that do not have a finite useful life are not amortised but tested annually instead for impairment.

a) Rights on assets under concession (IFRIC 12)

Under IFRIC 12, the infrastructure used in a public-to-private service concession arrangement will not be recognised as property, plant and equipment of the operator because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator. The operator must either recognise a financial asset to the extent that it has an unconditional contractual right to receive cash (or another financial asset from or at the direction of the grantor for the construction services) or recognise an intangible asset to the extent that it receives a right ('licence') to charge users of the public service. Based on the Company's service concession agreements, the infrastructure used is recognised using the "intangible asset model". The "Rights on assets under concession" represent the Company's right to use the assets under concession (the so-called intangible asset model), considering the fees and the costs of implementation, with the obligation to return the asset at the end of the concession.

b) Software and other intangible assets

Software and other intangible assets are recognised at cost, as described earlier, net of accumulated amortisation and impairment losses, if any. Amortisation begins when the asset is available for use and it is charged systematically over the residual period of benefit, that is, over the estimated useful life.

Impairment losses

At each reporting date, the Company checks whether there are any indications of impairment of intangible assets and property, plant and equipment. Both internal and external sources of information are used for this purpose. Internal sources include obsolescence or physical damage, significant changes in the use of the asset and the economic performance of the asset compared to estimated performance. External sources include the market value of the asset, changes in technology, markets or laws, trend in market interest rates and the cost of capital used to evaluate investments.

When indicators of impairment exist, the carrying amount of the assets is reduced to the recoverable amount and any impairment loss is recognised in profit or loss. The recoverable amount of an asset is the higher of fair value less costs to sell and its value in use, the latter being the present value of future cash flows estimated for the asset in question. In calculating the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money, proportionate to the investment period, and the risks specific to the asset. For assets that do not generate largely independent cash flows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the carrying amount of the cash-generating unit exceeds the recoverable amount, an impairment loss is recognised in profit or loss. The impairment loss is initially recognised as a deduction of the carrying amount of goodwill allocated to the cash-generating unit and then only applied to the other assets of the cash-generating unit in proportion to their carrying amount, up to the recoverable amount of the assets with a finite useful life. If the reasons that gave rise to an impairment loss no longer exist, the carrying amount of the asset is recognised again in profit or loss, up to the carrying amount that would have been recognised had no impairment loss been recognised and if normal amortisation/depreciation had been applied.

Trade receivables and other current and non-current assets

Trade receivables and other financial assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables and other financial assets are included in current assets, except for those with a contractual due date beyond twelve months after the reporting date, which are classified as non-current assets.

Impairment losses on receivables are recognised when there is objective evidence that the Company will no longer be able to recover the receivables due from the counterparty based on the contract terms.

Objective evidence includes events such as:

- significant financial difficulties of the counterparty;
- legal disputes with the counterparty over the receivables;
- probability that the counterparty will declare insolvency or other financial restructuring procedure.

The impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows and is recognised in profit or loss. If, in subsequent years, the reasons for the impairment cease to exist, the carrying amount of the asset is reinstated up to the amount that would have been recognised had the amortised cost been applied.

The valuation of financial assets is carried out based on the valuation model of credit losses in application of the simplified model of expected losses envisaged by IFRS 9. The amount to be set aside was determined using information that could be supported and was available at the end of the reporting period.

Financial assets, relating to non-derivative financial instruments, with fixed or determinable payments and fixed maturity dates, which the Company intends and has the ability to hold until maturity, are classified as "held-to-maturity investments". Such assets are measured at amortised cost using the effective interest method, adjusted by impairment losses, if any. Whenever there are impairment losses, the same policies as described above for loans and receivables are applied.

Available-for-sale financial assets, including investments in other companies representing available-for-sale assets, are measured at fair value, if determinable. Changes in fair value are recognised directly in an equity reserve in other components of comprehensive income until they are disposed of or impaired, at which time they are reversed to profit or loss. Other unlisted investments classified as "available-for-sale financial assets" whose fair value cannot be measured reliably are measured at cost adjusted by any impairment losses, which are recognised in consolidated profit or loss, as required by the new standard IFRS 9.

Investments

Investments in subsidiaries are measured at cost. Investments in associates and joint ventures are recognised using the Shareholders' equity method. In the event of impairment, the value of the investments is written down. The effect of this write-down is recognised in the statement of comprehensive income.

Inventories

Raw materials, supplies and finished products are recognised at the lower of their purchase or manufacturing cost and their realisable value based on market trends, by applying the weighted average cost method.

The resulting amount is subsequently adjusted through the specific "provision for inventory obsolescence",

to account for the goods whose realisable value is expected to be less than their cost.
Contract work in progress whose duration falls within the year is measured according to the costs incurred as documented in the progress reports.

Long-term contract work in progress is recognised based on the consideration paid.

Cash and cash equivalents

Cash and cash equivalents include the cash on hand and positive balances on current bank accounts not subject to restrictions or constraints. These items are shown at their face value.

Accruals and Deferrals

They are determined on an accrual basis and in application of the matching principle. The conditions that led to the original recognition of long-term items have been checked, while making any changes, as necessary.

Financial liabilities, trade payables and other liabilities

Financial liabilities (other than derivative financial instruments), trade payables and other liabilities are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost applying the effective interest rate method. If there is a change in the expected cash flows, which can be reliably determined, the liabilities are recalculated to reflect this change. Financial liabilities are classified as current liabilities, unless the Company has the unconditional right to defer payment for at least twelve months after the reporting date.

Financial liabilities are derecognised at the time of their settlement and when the Company has transferred all the risks and charges relating to the instrument.

Derivatives

Financial derivatives are assets and liabilities recognised at fair value. In previous years, the Company used financial derivatives to hedge interest rate risks.

In accordance with the new IFRS 9, financial derivatives qualify as hedging derivatives only if:

- at the time that the hedge is established there is a formal designation and the hedging relationship is documented;
- the hedge is deemed highly effective;
- the effectiveness can be reliably measured;
- the hedge is highly effective during the different accounting periods for which it is designated.

When derivatives qualify for hedge accounting, the following accounting treatments are applied:

if the derivatives hedge the risk of fluctuations in the fair value of the hedged assets or liabilities (fair value hedge; e.g., hedging fluctuations in the fair value of fixed-rate assets/liabilities), they are measured at fair value through profit or loss; accordingly, the hedged assets and liabilities are adjusted to reflect changes in fair value associated with the hedge risk;

if the derivatives hedge the risk of fluctuations in the cash flows of the hedged assets or liabilities (cash flow hedge; e.g., hedging fluctuations in the cash flows of assets/liabilities caused by fluctuations in interest rates), changes in the fair value of derivatives are initially recognised in equity and subsequently transferred to profit or loss based on the economic effects of the hedged transactions.

If hedge accounting cannot be applied, the gains or losses resulting from the measurement at fair value of the derivatives are immediately recognised in profit or loss.

Employee benefits

Short-term benefits are represented by wages and salaries, social security, indemnities in lieu of holidays and incentives in the form of bonuses payable in the twelve months after the reporting date. Such benefits are recognised under personnel costs in the period in which their services are rendered.

Post-employment benefits are divided into two categories: defined contribution plans and defined benefit plans.

In defined contribution plans, contribution costs are charged to profit or loss when incurred, based on their nominal amount.

In defined benefit plans, which include employee severance indemnities governed by article 2120 of the Italian Civil Code ("TFR"), the amount of the benefit to be paid is quantifiable only after termination of employment, and associated with one or more factors such as age, the years of service and remuneration. The liability recognised for defined benefit plans is the present value of the obligation at the reporting date. The related cost is recognised in other comprehensive income (OCI) based on actuarial calculations. The defined benefit plan obligations are determined annually by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to high-quality corporate bonds issued in Euro that take into account the period of the related pension plan. For the Company, this category includes the employee severance indemnities accrued at 31 December 2006 (or at the date selected by the employee when the option to make contributions to supplementary pension funds is chosen), and the rate discounts given to employees and former employees until 30 June 2018, the date from which, as a result of a company agreement between the parties, the rate discounts on the bill were replaced by the payment of a one-off amount based on age.

Starting from 1 January 2007, Finance Law 2007 and the related implementing decrees introduced amendments concerning the TFR. The amendments include the decision of employees as to the destination of their accruing TFR. In particular, new flows of TFR can be allocated by the employee either to selected pension funds or maintained in the company. In the case of selected pension funds, the defined contribution will be paid to the fund and, starting from such date, the new amounts accrued become defined contribution plans not subject to actuarial measurement.

Defined benefit plans also include the rate discounts that the Company provides to employees and former employees, as well as their heirs. For these discounts, too, it is necessary to carry out assessments taking due account of the time when the related services will presumably be provided, with the consequent need to quantify them in terms of average present values. These benefits were paid to current and former employees until 30 June 2018, as described above.

Changes in actuarial gains and losses are recognised in OCI in accordance with IAS 19 Revised.

Provisions for risks and charges

Provisions for risks and charges are set up to cover losses or liabilities whose existence is certain or probable but that at the end of the reporting period are uncertain as to amount or as to the date on which they will arise. Provisions are recognised only when there is a current obligation (legal or constructive) for a future outflow of resources deriving from a past event and it is probable that the outflow will be necessary to fulfil the obligation. This amount represents the best estimate of the present value of expenditures required to settle the obligation. If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, the provisions to be accrued are equal to the present value of the expected outflow, using a rate that reflects market conditions, the change in the time value of money and the risks specific to the obligation. The increase in the provision due to changes in the time value of money is recognised as interest expense.

Revenue recognition

Revenue is initially recognised at the fair value of the consideration received, net of rebates and discounts. Revenue from sales of goods is recognised when the company has substantially transferred to the buyer all the risks and rewards of ownership of the goods. Revenue from services is recognised by reference to the value of the services rendered at the reporting date. Revenue from connections of users to the Integrated Water Service is recognised when the service is completed.

Cost of goods purchased and services performed

Purchases of goods and the performance of services are recognised in profit or loss on an accrual basis.

Income taxes

Current taxes are calculated based on the taxable income for the year, applying the current tax rates at the reporting date.

Deferred taxes are calculated for all differences emerging between the tax base of an asset or liability and the respective carrying amount. Deferred tax assets, not offset by deferred tax liabilities, are recognised to the extent that it is likely that future taxable income will be available against which they may be recovered. Deferred taxes are determined using the tax rates that are expected to apply in the periods in which the differences will be realised or extinguished, based on the tax rates in force or substantially in force at the reporting date.

Current and deferred taxes are recognised in the statement of comprehensive income, except for those related to items taken directly to equity, in which case the related tax impact is also recognised directly in equity. Taxes are offset when they are levied by the same tax authority and there is a legal right to offset.

New accounting standards

The accounting standards adopted to prepare the financial statements are consistent with those used to prepare the financial statements at 31 December 2020, except for the adoption of the new standards, amendments and interpretations in force from 1 January 2021.

Standards, interpretations, amendments and improvements required for the 2021 financial statements

<u>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2</u>
The amendments include the temporary relaxing of the requirements with reference to the effects on financial statements when the interest rate offered on the interbank market (IBOR) is replaced by a substantially Risk Free Rate - RFR:
The amendments include the following practical expedients:

- A practical expedient that allows the consideration and treatment of contractual changes, or changes in cash flows that are directly required by the reform, as changes in a variable interest rate equivalent to a movement in an interest rate in the market;
- Allowing the changes required by the IBOR reform to be made to the documentation for the designation of the hedging relationship without the need for the hedging relationship to be discontinued;
- It provides temporary relief to entities from having to comply with separate identification requirements when an RFR is designated as a hedging of a risk component.

These changes have no impact on the Group's consolidated financial statements, but might have one on future years if the Group intended to use such practical expedients when they become applicable.

Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9

The date of entry into force of IFRS 9, initially scheduled for 1 January 2021, has been further deferred (with an amendment dated 25 June 2020) to 1 January 2023 to align it to the date of entry into force of IFRS 17 Insurance Contracts.

These changes have no impact on the Group's consolidated financial statements.

The Group, furthermore, has not adopted in advance any other standard, interpretation or amendment published but not yet in force.

New standards and amendments issued by the IASB that are not mandatory for the preparation of the 2021 IFRS financial statements

Amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021

On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements of IFRS 16 on the accounting effects of contractual changes for reductions in lease payments granted by lessors which are a direct result of the Covid-19 epidemic. The amendment introduces a practical expedient according to which a lessee may choose not to assess whether reductions in lease payments are contractual changes. A lessee who chooses to use this expedient shall account for these reductions as if they were not contractual changes within the scope of IFRS 16.

The amendments were meant to be applicable until 30 June 2021, but since the impact of the Covid-19 pandemic continues, on 31 March 2021 the IASB extended the period of application of the practical expedient until 30 June 2022.

The amendments apply to financial years beginning on or after 1 April 2021, but early application is permitted.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020

Issued on 14 May 2020, they will be mandatory for financial statements starting from 1 January 2022.

IFRS 17 Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts under the IAS/IFRS. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents such contracts.

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023.

Non-recurring significant transactions

During 2021, AGSM AIM S.p.A. was involved in the business combination described above. This transaction, which became effective on 1 January 2021, is a Business Combination and IFRS 3 “Business Combinations” was adopted for recognising it. Below is a summary of the capital effects as at 1 January 2021 (effective date of the transaction) on the separate financial statements of AGSM AIM and in particular the effects of purchase price allocation as the attribution of the price of the business combination on the fair value of the assets acquired.

The economic value of the entities merged into AGSM AIM (the price underlying the transaction) amounts to Euro 294,487 thousand and was calculated by referring to the fair value of the entities merged at 31 December 2019, determined according to the valuation methods accepted by the main company practices (CAPM), also with the support of external experts.

The 24.7 million shares assigned to the shareholders of the merged entities, multiplied by the economic value of each share, represents the economic value of the merged entities amounting to Euro 294,487 thousand. As a result, the approved capital increase of Euro 37,088 thousand was carried out with share premium of Euro 257,398 thousand.

Considering that the net value of the assets/liabilities transferred to the financial statements of AGSM AIM at the effective date of the merger (1 January 2021) is Euro 130,580 thousand, the comparison with the transaction price (i.e. the economic value of the merged entities) therefore generated a deficit of Euro 163,907 thousand.

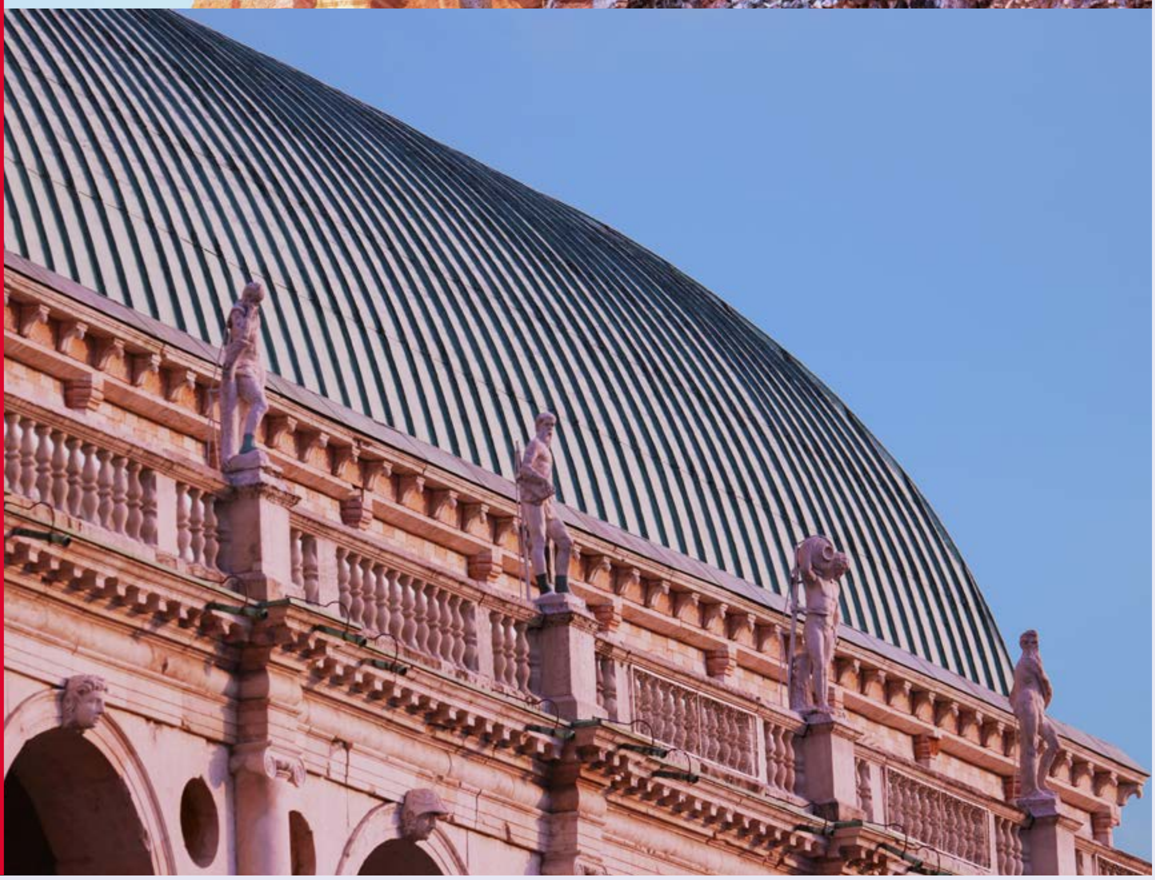
In particular, the overall deficit calculated in this way was allocated as follows::

- to intangible assets of Euro 5,819 thousand, relating to concessions;
- equity investments of Euro 159,711 thousand;
- deferred tax liabilities of Euro 1,624 thousand, calculated on the above-mentioned intangible assets.

FINANCIAL POSITION - ASSETS	COMBINATION VALUES	DEFICIT ALLOCATION	COMBINATION VALUES
FINANCIAL POSITION - ASSETS			
NON-CURRENT ASSETS			
Intangible assets	52,584	5,820	58.404
Property, plant and equipment	338,155	-	338.155
Goodwill	1,273	-	1.273
Equity investments	257,528	159,711	417.239
Other non-current financial assets;	31,054	-	31.054
Deferred tax assets	20,677	-	20.677
Other non-current assets	5,316	-	5.316
Total non-current assets	**706,588**	**165,530**	**872.118**
CURRENT ASSETS			
Inventories	5,744	-	5,744
Trade receivables	61,314	-	61,314
Current financial assets	9,512	-	9,512
Current tax assets	3,817	-	3,817
Other current assets	94,716	-	94,716
Cash and cash equivalents	44,475	-	44,475
Total non-current assets	**219,579**	**-**	**219,579**
Assets held for sale			
TOTAL ASSETS	926,167	165,530	1,091,697

FINANCIAL POSITION - LIABILITIES			
EQUITY			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	127,546	-	127,546
Employee benefits	11,483	-	11,483
Provision for risks and charges	24,652	-	24,652
Deferred tax liabilities	3,321	1,624	4,945
Other non-current liabilities	24,161	-	24,161
Total non-current liabilities	**191,163**	**1,624**	**192,787**
CURRENT LIABILITIES			
Current financial liabilities	230,448	-	230,448
Trade payables	91,398	-	91,398
Current tax liabilities	1,182	-	1,182
Other current liabilities	13,355	-	13,355
Total current liabilities	**336,384**	**-**	**336,384**
Liabilities held for sale			
TOTAL LIABILITIES	527,548	1,624	529,171

DEFICIT		163,907	



NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

Non-current assets

7.1 Intangible assets

The breakdown of the intangible assets at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below:

INTANGIBLE ASSETS	2019	INCREASES	RECLASSIFICATIONS	DISPOSALS	AMORTISATION	OTHER CHANGES	2020
Development costs	99	35	146	(153)	(54)	-	74
Industrial patents and use of intellectual property rights	2,182	1,434	1	-	(1,171)	-	2,446
Concessions, licenses, trademarks, and similar rights	161	70	22	-	(267)	248	234
Assets under concession	32,183	-	-	(116)	(2,869)	-	29,198
Assets under construction and payments on account	399	23	(134)	-	-	-	288
Other intangible assets	839	164	36	90	(181)	-	948
Total	**35,864**	**1,725**	**71**	**(179)**	**(4,541)**	**248**	**33,188**

INTANGIBLE ASSETS	2020	EXTRAORDINARY TRANSACTION	INCREASES	RECLASSIFICATIONS	AMORTISATION	OTHER CHANGES	2021
Development costs	74	-	-	(7)	(49)	-	18
Industrial patents and use of intellectual property rights	2,446	734	2,255	171	(1,470)	-	4,136
Concessions, licenses, trademarks, and similar rights	234	23,197	24	6	(1,318)	-	22,144
Assets under concession	29,198	44,287	1,641	(283)	(6,137)	-	68,705
Assets under construction and payments on account	288	198	5	(171)	-	-	320
Other intangible assets	948	1,088	349	-	(229)	-	2,155
Total	**33,188**	**69,503**	**4,274**	**(283)**	**(9,203)**	**0**	**97,479**

The extraordinary transaction column refers to the contributions from the merger of AIM Vicenza S.p.A.

Use of intellectual property rights refer to costs incurred for software. The increase recorded during the year is attributable to the costs of implementing management and invoicing systems. Amortisation is estimated over a period of 5 years on a straight-line basis.

Concessions mainly relate to values resulting from the valuation of concessions issued by the municipalities of Vicenza and Treviso. Concessions are amortised on a straight-line basis over the term of the concession agreements. The value of extraordinary transactions, equal to Euro 23,197 thousand, includes the value resulting from the allocation of the merger deficit of Euro 5,820 thousand.

Assets under concession refer to property, plant and equipment and intangible assets serving the concessions that meet the requirements to be recognised in accordance with IFRIC 12. They relate, for Euro 29,198 thousand, to the concession for the integrated water service related to the Verona waterworks, net of the residual value that will be recognised at the end of the concession, for Euro 44,287 thousand to the property, plant and equipment serving the concessions, for parking, waterworks, sewerage and purification, and gas distribution contributed through the merger of AIM Vicenza S.p.A. The extraordinary transactions also include the attribution of the fair value to the concessions resulting from the purchase price allocation.

The other fixed assets also include surface rights and the establishment of easements on the land where wind, photovoltaic and electricity distribution plants are located. It also includes the costs related to the application for the investments (RARI project) for the entry into service of 2G electricity meters (Euro 232 thousand) to be admitted for recognition.

7.2 Property, plant and equipment

The breakdown of property, plant and equipment at 31 December 2021 and the changes occurred compared to 31 December 2020, with regard to the historical cost of fixed assets is shown below.

CHANGES IN HISTORICAL VALUE	2020	EXTRAORDINARY TRANSACTION	INCREASES	RECLASSIFICATIONS	DISPOSALS	2021
Land and buildings	91,478	47,851	2,549	(1,124)	(92)	140,663
Plant and machinery	566,018	61,648	17,158	6,762	(4,171)	647,414
Transferable works	32,681	-	-	-	-	32,681
Industrial and commercial equipment	4,008	7,089	453	(5,548)	(6)	5,996
Other assets	9,269	-	403	5,762	(222)	15,211
Right-of-use assets	213	-	234	918	-	1,365
Assets under construction	2,863	1,923	5,281	(633)	-	9,433
Total	**706,531**	**118,511**	**26,078**	**6,136**	**(4,491)**	**852,765**

Investments mainly relate to:

- electricity distribution activities of Euro 16,574 thousand, relating to the increase and renewal of the HV/MV plants and the low and medium voltage distribution networks;
- electricity production activities of Euro 2,790 thousand, mainly related to work on cogeneration plants amounting to Euro 449 thousand, costs for improvements and development activities carried out on renewable energy plants amounting to Euro 2,126 thousand;
- electricity metering activities for Euro 2,210 thousand, mainly related to the replacement of residual mechanical electricity meters and above all the start of the campaign to replace 1G electronic meters with the new generation 2G electronic meters;
- investments for the extension of district heating networks totalling Euro 1,064 thousand;
- investments related to the extension and renewal of the public lighting network equipment for Euro 616 thousand;
- investments relating to electric mobility (car charging stations) for Euro 405 thousand;

for the residual part, investments in hardware equipment, vehicles and buildings and company premises.

The disposals of the historical cost of Euro 4,491 thousand mainly relate to disposals of the electricity network, of which Euro 872 thousand for the sale to Terna of the plants that are part of the national grid. Other assets relating to the distribution and electricity metering were also disposed of, amounting to Euro 3,272 thousand for the renewal of the plants, equipment, electricity networks and 1G electricity meters, which were replaced.

The changes during the year with respect to accumulated depreciation are shown below.

MOVEMENT OF ACCUMULATED DEPRECIATION	2020	EXTRAORDINARY TRANSACTION	RECLASSIFICATIONS	DISPOSAL	DEPRECIATION	2021
Land and buildings	38,795	9,608	(178)	(17)	3,117	51,325
Plant and machinery	391,681	42,087	5,544	(3,372)	20,183	456,122
Transferable works	32,300	-	-	-	283	32,582
Industrial and commercial equipment	3,027	6,127	(4,747)	(6)	232	4,633
Other assets	7,503	-	4,912	(187)	808	13,036
Right-of-use assets	50	-	322	-	266	638
Total	**473,355**	**57,822**	**5,853**	**(3,582)**	**24,889**	**558,336**

An analysis is provided below of the size of the individual items belonging to property, plant and equipment

NET CHANGES	1/1/20	INCR.	RECLASSIFICATIONS	DISP.	DEPRECIATION	OTHER CHANGES	31/12/20	31/12/20
Land and buildings	53,759	1,201	103	(1)	(2,290)	(90)	52,683	52.683
Plant and machinery	181,354	11,091	2,613	(1,741)	(19,071)	90	174,336	174.336
Transferable works	678	42	-	-	(338)	-	382	382
Industrial and commercial equipment	853	292	38	(3)	(198)	-	982	982
Other assets	1,687	576	3	(2)	(498)	-	1,766	1.766
Right-of-use assets	213	-	-	-	(50)	-	163	163
Assets under construction	4,062	1,630	(2,829)	-	-	-	2,863	2.863
Total	**242,607**	**14,832**	**(71)**	**(1,747)**	**(22,445)**	**-**	**233,176**	**233.176**

NET CHANGES	31/12/20	EXTRAORDINARY TRANSACTION	INCREASE	RECLASSIFICATIONS	DISPOSAL	DEPRECIATION	2021
Land and buildings	52,683	38,243	2,549	(946)	(75)	(3,117)	89,338
Plant and machinery	174,336	19,561	17,158	1,218	(799)	(20,183)	191,292
Transferable works	382	-	-	-	-	(283)	99
Industrial and commercial equipment	982	962	453	(802)	-	(232)	1,364
Other assets	1,766	-	403	850	(35)	(808)	2,175
Right-of-use assets	163	-	234	596	-	(266)	727
Assets under construction	2,863	1,923	5,281	(633)	-	-	9,433
Total	**233,176**	**60,690**	**26,078**	**283**	**(909)**	**(24,889)**	**294,429**

Land and buildings mainly refer to buildings and appurtenances of the various company sites (Euro 54,344 thousand) to the buildings and appurtenances of production plants, cogeneration plants, buildings pertaining to the Ca' del Bue power plant, the building parts of wind and photovoltaic plants, and the walls of primary and secondary electricity substations.

Plants and machinery mainly include machinery related to electricity power and production plants, transport lines and electricity distribution networks, district heating, city public lighting, metering and regulation equipment, and equipment contained in the electricity substations. Specifically, it should be noted that the value of the electricity distribution plants amounted to Euro 123,162 thousand, for electricity generation, to Euro 27,510 thousand, of which Euro 15,118 thousand related to plants powered by renewable sources. During the year, this item recorded significant changes with increases of Euro 17,158 thousand, of which: Euro 12,943 thousand for new installations and restoration work on high, medium and low voltage plants and grids, Euro 1,949 thousand for electric meters, Euro 1,002 thousand for heat and district heating services, Euro 213 thousand for the demineralisation plant at CTE Mincio and Euro 615 thousand for public lighting networks and systems.

The reclassifications column identifies the portion of assets under construction in 2020 which became operational in 2021. As mentioned, net disposals of plant and machinery mainly related to the disposal and replacement, for Euro 373 thousand, of high, medium and low voltage plants and power lines, and the disposal of electricity meters (Euro 409 thousand).

The transferable works refer to the plants granted for temporary use to AGSM AIM S.p.A. to be assigned free of charge to the State upon expiry of the concession. Transferable works are: the hydroelectric power plant of Ala (TN), the Speccheri dam (TN), the Busa (TN) lifting plants, the Toldo dam (TN), the Stedileri (TN) reservoir and the San Colombano power plant (TN). These plants were depreciated based on the residual duration of the concessions.

Industrial and commercial equipment mainly includes equipment and instruments amounting to Euro 130 thousand and miscellaneous equipment (Euro 1,234 thousand).

Other assets mainly include office furniture and fittings (Euro 379 thousand), cars and transport vehicles used by all company divisions for Euro 308 thousand and electronic machinery (IT devices and video surveillance equipment) for Euro 1,488 thousand.

The account of right-of-use assets includes leased real estate (Euro 435 thousand) and motor vehicles with right of use (leases) for Euro 292 thousand.

Assets under construction mainly relate to high, medium and low voltage electricity distribution plants for Euro 3,457 thousand, design, construction and preparatory repowering costs of the Cricoli and Borgo Trento cogeneration plants for Euro 1,220 thousand, studies, design and work relating to renewals and new plants for renewable production (Euro 2,732 thousand) and the new Revamping project for the Ca' del Bue plant for Euro 601 thousand. The increases in 2021 mainly reflect investments deriving from plants under construction, above all in the electricity distribution sector (Euro 3,231 thousand) and for renewable energy plants (Euro 1,637 thousand).

It should be noted that the Ca' del Bue waste-to-energy plant has a residual value of Euro 5,533 thousand, also as a consequence of the write-downs and accelerated depreciation implemented in previous years. Contributions received after 1997 were recognised under deferred income and contribute proportionally to the adjustment of depreciation; the residual value of these contributions amounts to Euro 1,580 thousand.

7.3 Goodwill

The balance of "Goodwill" at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below.

GOODWILL	2020	EXTRAORDINARY TRANSACTION	INCREASES	2021
Goodwill	1,273	-	-	1,273
Total	**1,273**	**-**	**-**	**1,273**

Goodwill refers to the acquisition of a Business Line consisting of authorisations, permits, licences, contracts, legal relationships and capital goods consisting specifically of a photovoltaic energy production plant in Carisio (VC).

7.4 Equity investments

For the Equity investments at 31 December 2021 and with reference to each equity investment held, the final amount and the amounts relating to any revaluations and write-downs made and the changes that occurred during the year, are shown below.

EQUITY INVESTMENTS	2020	(DISPOSALS)	REVALUATIONS (WRITE-DOWNS)	EXTRAORDINARY TRANSACTIONS	2021
Subsidiaries					
AIM Energy S.r.l.	-	-	-	117,852	117,852
Servizi a Rete S.r.l.	-	-	-	96,972	96,972
V-RETI S.p.A.	88,469	-	-	-	88,469
AMIA Verona S.p.A.	21,382	-	-	-	21,382
AGSM AIM ENERGIA S.p.A.	17,835	-	-	-	17,835
AGSM AIM SMART SOLUTIONS S.r.l.	14,007	-	-	-	14,007
Valore Ambiente S.r.l.	-	-	-	13,062	13,062
Parco Eolico Riparbella S.r.l.	6,714	-	-	-	6,714
Consorzio Canale Industriale G. Camuzzoni di Verona Scarl	5,572	-	-	-	5,572
Parcoeolico Carpinaccio S.r.l.	5,521	-	-	-	5,521
EN.IN. ESCO S.r.l.	4,350	-	-	-	4,350
AIM Mobilità S.r.l.	-	-	-	3,668	3,668
Sigma S.r.l.	-	-	(257)	2,788	2,531
Ecoenergia Vomano S.r.l.	-	-	-	1,649	1,649
TS Energia Due S.r.l.	-	-	-	1,619	1,619
Diesse Energia S.r.l.	-	-	-	1,516	1,516
Astra Solar S.r.l.	-	-	-	1,297	1,297
Sphere Energy 1	-	-	-	1,180	1,180
Sphere Energy 2	-	-	-	1,042	1,042
Vinci Energia S.r.l.	-	-	-	762	762
AGSM Holding ALBANIA	750	-	-	-	750
S.I.T. Società Igiene Territorio S.p.A.	-	-	(800)	800	-
Total	**164,600**	**-**	**(1,057)**	**244,207**	**407,751**
Associates					
Consorzio GPO	7,881	-	201	-	8,082
S.I.Ve. S.r.l.	-	-	-	36	36
Total	**7,881**	**-**	**201**	**36**	**8,119**
Other companies					
ICQ Holding S.p.A.	229	-	-	-	229
Parco Eolico Monte Vitalba S.r.l.	161	-	-	-	161
Fondazione G. Rumor	-	-	-	87	87
Banca Etica	-	-	-	33	33
Ascopiave S.p.A.	-	-	-	3	3
Total	**390**	**-**	**-**	**123**	**513**

Investments in subsidiaries

NAME	HEAD OFFICE	SHARE CAPITAL	EQUITY 2021	NET INCOME (LOSS)	% STAKE	BOOK VALUE
V-RETI S.p.A.	Vicenza	62,738	108,775	16,643	99.76%	88,469
AMIA Verona S.p.A.	Verona	12,804	22,269	87	100.00%	21,382
AGSM AIM ENERGIA S.p.A.	Verona	5,271	33,059	6,925	94.85%	17,835
AGSM AIM SMART SOLUTIONS S.r.l.	Vicenza	1,000	13,957	31	100.00%	14,007
Parco Eolico Riparbella S.r.l.	Verona	27	19,675	4,370	63.00%	6,714
Consorzio Canale Industriale G. Camuzzoni di Verona Scarl	Verona	100	13,065	61	75.00%	5,572
Parcoeolico Carpinaccio S.r.l.	Verona	27	11,949	2,608	63.00%	5,521
AGSM AIM POWER S.r.l.	Verona	11	2,558	1,032	100.00%	4,350
AGSM Holding ALBANIA	Tirana (Albania)	1,146	790	(99)	75.00%	750
AIM Energy S.r.l.	Vicenza	6,500	26,777	1,270	100.00%	117,852
AIM Mobilità S.r.l.	Vicenza	1,529	4,190	336	100.00%	3,668
Valore Ambiente S.r.l.	Vicenza	1,012	12,788	1,428	100.00%	13,062
Servizi a Rete S.r.l.	Vicenza	29,164	89,043	4,447	100.00%	96,972
S.I.T. Società Igiene Territorio S.p.A.	Vicenza	1,000	(997)	(1,792)	100.00%	0
Astra Solar S.r.l.	Verona	20	728	131	100.00%	1,297
Ecoenergia Vomano S.r.l.	Verona	84	1,703	198	100.00%	1,649
Diesse Energia S.r.l.	Verona	100	608	26	100.00%	1,516
Sigma S.r.l.	Verona	10	513	152	100.00%	2,531
Sphere Energy 1	Verona	100	519	76	100.00%	1,180
Sphere Energy 2	Verona	100	543	88	100.00%	1,042
TS Energia Due S.r.l.	Verona	10	757	84	100.00%	1,619
Vinci Energia S.r.l.	Verona	100	336	25	100.00%	762
Total						**407.751**

Following the recognition of the business combination transaction with AIM Vicenza S.p.A. in line with IFRS 3 Business Combinations, the value of some equity investments includes the fair value measurement as the price allocation for the business combination for Euro 159,711 thousand, broken down as shown in the following table:

EQUITY INVESTMENT	DEFICIT ALLOCATION
AIM Energy S.r.l.	110,305
Servizi a rete S.r.l.	41,558
Valore Ambiente S.r.l.	5,355
AIM Mobilità S.r.l.	2,492
Total	159,711

The value of the equity investment was tested for impairment when the value exceeded the corresponding share of equity.

Reference should be made to the appendices for details on equity investments in subsidiaries.

Investments in associates

NAME	HEAD OFFICE	SHARE CAPITAL	EQUITY	NET INCOME (LOSS)	% STAKE	BOOK VALUE
Consorzio GPO	Reggio Emilia	20,197	22,808	229	33.46%	8,082
S.I.Ve. S.r.l.*	Legnago (VR)	151	1	-	24.25%	36
Total						**8,119**

*Book value 2020

The equity investment in Consorzio GPO is measured at equity, according to which the original cost is periodically adjusted (positively or negatively) to reflect both the portion of the profit or loss attributable to the parent company and other changes in the investee's equity in the periods after the acquisition date. The equity investment is valued at Euro 8,082 thousand.

The composition of the Consortium Fund was unchanged compared to the previous financial year and was as follows:

- IREN Emilia S.p.A. equity investment of Euro 12,593 thousand, equal to 62.35%;
- AGSM AIM Spa equity investment of Euro 6,759 thousand, equal to 33.46%;
- AMIA Verona S.p.A. equity investment of Euro 845 thousand, equal to 4.19%.

S.I.Ve. is measured using the cost method for Euro 36 thousand.

Reference should be made to the appendices for details on equity investments in associates

Equity investments in other companies

Società Parco Eolico Monte Vitalba S.r.l. has a quota capital of Euro 10 thousand and quotaholders' equity at 31 December 2021 of Euro 615 thousand; AGSM AIM S.p.A. holds a 15% equity investment, valued at purchase cost for Euro 161 thousand. The company operates in the wind power generation and sale sector, managing the wind farm located in the municipality of Chianni in the province of Pisa. At 31 December 2021 the Company closed with a profit of Euro 214 thousand.

AGSM AIM S.p.A. signed an agreement with ICQ Holding S.p.A. for the management of a trigeneration plant, which is currently inactive due to technical problems, for the production of electricity, heat and cooling for a consideration of Euro 229 thousand. The initiative is fully covered by the provisions for risks allocated in previous years. Following the acquisition from ICQ Holding S.p.A. of EN.IN.ESCO S.r.l. by AGSM AIM S.p.A., some previous charges emerged associated with the investee. Finally, the appeal filed by the Municipality of Belfiore for the revision of the ruling of the Court of Verona was pending before the Venice Court of Appeal, in which the agreement relating to royalties to be paid to the Municipality of Belfiore had been declared null. AGSM AIM S.p.A. has reserved the right to take all actions to protect its interests regarding these issues.

7.5 Other non-current financial assets

A breakdown of Other non-current financial assets at 31 December 2021 and 2020 is provided below.

OTHER NON-CURRENT FINANCIAL ASSETS	2021	2020	CHANGE	% CHANGE
Financial receivables from subsidiaries	13,713	20,425	(6,713)	(33%)
Financial receivables from others	11,497	10,629	868	8%
Total	**25,209**	**31,054**	**(5,845)**	**(19%)**

The item "Financial receivables from subsidiaries" refers to the non-current portion of mortgage loans granted to EN.IN.ESCO. S.r.l. for Euro 9,905 thousand, Eco Tirana Sha for Euro 1,200 thousand and Transeco S.r.l. for Euro 91 thousand. The mortgage loans granted to the companies Parcoeolico Carpinaccio S.r.l. and Parco Eolico Riparbella S.r.l. were repaid in advance by the subsidiaries at the end of the year.

This item also includes financial receivables from the subsidiaries Società Igiene e Territorio S.p.A. and Blue Oil S.r.l. of Euro 2,516 thousand and Euro 250 thousand, respectively, net of a total provision for doubtful accounts of Euro 1,292 thousand.

An interest rate is applied to loans disbursed to wholly-owned subsidiaries, which reflects the average cost of AGSM AIM S.p.A.'s bank loans. The loans granted to subsidiaries with shareholders outside the Group have costs in line with what would have been found in the marketplace by the financed companies.

Financial receivables from others refer to the present value of the receivable from the Municipality of Verona for the residual value of the water assets under concession for Euro 10,809 thousand and the receivable from the Municipality of Vicenza for Euro 678 thousand for advance concession fees.

7.6 Deferred tax assets

This item includes the receivable for deferred tax assets arising from the costs charged during the current and previous years, which will become tax deductible in subsequent years. The recovery is due to costs charged in previous years that met the requirements for deductibility from taxable income in 2021, while the increases concern negative income components charged during the year but temporarily without the requirements for deductibility. A breakdown of the item "Deferred tax assets" at 31 December 2021 and 2020 is provided below.

DEFERRED TAX ASSETS	2021	2020	CHANGE	% CHANGE
Deferred tax assets	22,358	15,499	6,859	44%
Total	**22,358**	**15,499**	**6,859**	**44%**

7.7 Other non-current assets

A breakdown of the item "Other non-current assets" at 31 December 2021 and 2020 is provided below.

OTHER NON-CURRENT ASSETS	2021	2020	CHANGE	% CHANGE
Other non-current receivables	671	599	73	12%
Non-current prepaid expenses	713	868	(155)	(18%)
Total	**1,384**	**1,466**	**(83)**	**(6%)**

The item "Other non-current receivables" mainly includes receivables for security deposits and prepaid expenses, under long-term sponsorship contracts, aimed at promoting the Group's corporate image, on sports facilities and cultural events.

Current assets

7.8 Inventories

A breakdown of "Inventories" at 31 December 2021 and 2020 is provided below.

INVENTORIES	2021	2020	CHANGE	% CHANGE
Raw materials, consumables and supplies	8,233	7,168	1,065	15%
Provision for warehouse write-downs	(2,900)	(1,500)	(1,400)	93%
Raw materials, consumables and supplies	5,333	5,668	(335)	(6%)
Advances	5	7	(2)	(27%)
Total	**5,338**	**5,676**	**(337)**	**(6%)**

Inventories of raw materials, consumables and supplies consist of materials intended for the maintenance and operation of running plants and consequently reflect the natural need for stocks. The aforementioned amount is net of a write-down provision of Euro 2,900 thousand allocated to present the balances at their presumed realisable value, which increased as shown in the table during the year.

7.9 Trade receivables

A breakdown of "Trade receivables" is provided below for the financial years ended 31 December 2021 and 2020.

TRADE RECEIVABLES	2021	2020	CHANGE	% CHANGE
Trade receivables	69,189	14,507	54,681	377%
Receivables from subsidiaries	62,591	13,881	48,710	351%
Receivables from subsidiaries of the parent company	3,424	584	2,840	486%
Receivables from associates	(4)	-	(4)	N/A
Allowance for doubtful accounts	(2,548)	(1,878)	(670)	36%
Total	**132,652**	**27,095**	**105,557**	**390%**

Trade receivables

Trade receivables comprise receivables from the sale of energy produced by the plants in November and December, for services in the gas distribution sector in the province of Treviso, for rates and services in the environmental health activities sector deriving from operations carried out in the province of Vicenza and for telecommunications services and fees.

Receivables from subsidiaries

Receivables from subsidiaries mainly include the receivables: from AGSM AIM Energia S.p.A. for the supply of thermal energy produced in the city cogeneration plants, electricity produced by the Mincio thermoelectric power plant and services; from V-RETI S.p.A. for the rent of the electricity distribution network and for intercompany services; from 2V Energy S.r.l. for the sale of the energy produced by the production plants; from AMIA Verona S.p.A. for the rental of part of the Ca' del Bue plant and for legal, administrative and human resource services; from the remaining subsidiaries mainly for services provided.

Receivables from subsidiaries of parents

Receivables from subsidiaries of the parent company refer to the company Acque Veronesi Scarl for the activities carried out under service agreements, the rental and maintenance of machinery and properties.

ALLOWANCE FOR DOUBTFUL ACCOUN-TS	2020	EXTRAORDI-NARY TRAN-SACTIONS	(UTILIZZI)	SALDO FINALE
Allowance for doubtful accounts	1,878	690	(22)	2,548
Total	**1,878**	**690**	**(22)**	**2,548**

The allowance for doubtful accounts represents the quantification of the insolvency risk in relation to existing receivables from customers calculated on the basis of specific analytical assessments. The current amount of the allowance was deemed adequate and no further provisions were made during the year.

7.10 Current financial assets

A breakdown of "Current financial assets" is provided below for the financial years ended 31 December 2021 and 2020.

CURRENT FINANCIAL ASSETS	2021	2020	CHANGE	% CHANGE
Cash pooling receivables from subsidiaries	132,712	5,817	126,895	2182%
Financial receivables from subsidiaries - short-term portion	10,417	3,675	6,743	183%
Equity investments and securities	21	21	-	0%
Total	**143,150**	**9,512**	**133,637**	**1405%**

The item "Receivables for cash pooling" comprises existing receivables from subsidiaries for centralised treasury activities.

The financial receivables from subsidiaries refer to short-term loans granted to the eight companies producing energy from photovoltaic plants amounting to Euro 8,050 thousand; the current portion of loans granted to En.In.Esco (Euro 1,810 thousand) and Transeco S.r.l. (Euro 22 thousand) and loans granted to VEGA S.r.l. (Euro 38 thousand) and IEG S.r.l. (Euro 30 thousand) and receivables related to the distribution of profits for the previous year from En.In.Esco for Euro 464 thousand.

7.11 Current tax assets

A breakdown of "Current tax assets" is provided below for the financial years ended 31 December 2021 and 2020.

CURRENT TAX ASSETS	2021	2020	CHANGE	% CHANGE
IRES receivables	2,385	3,721	(1,336)	(36%)
IRAP receivables	179	96	83	86%
Total	**2,564**	**3,817**	**(1,253)**	**(33%)**

7.12 Other current assets

A breakdown of "Other current assets" is provided below for the financial years ended 31 December 2021 and 2020.

OTHER CURRENT ASSETS	2021	2020	CHANGE	% CHANGE
Tax receivables	7,981	416	7,565	1818%
Sundry receivables from subsidiaries	4,845	629	4,217	671%
Incentive receivables	1,451	1,998	(547)	(27%)
Current prepaid expenses	613	460	153	33%
Receivables from CSEA	427	-	427	0%
White Certificates (Energy Efficiency Certificates)	334	217	117	54%
Advances to suppliers	186	87	99	115%
Other receivables	2,781	1,789	992	55%
Total	**18,618**	**5,595**	**13,023**	**233%**

Tax receivables of Euro 7,981 thousand mainly include VAT receivables.

The item "Sundry receivables from subsidiaries" amounting to Euro 4,845 thousand includes receivables for IRES (corporate income tax) and VAT following the participation of group companies in the tax consolidation mechanism and other advances.

The item "Incentive receivables" consists of receivables for contributions recognised by the Gestore dei Servizi Energetici on the net production of energy from renewable sources.

The item "Prepaid expenses" mainly refers to the amount recognised under long-term sponsorship agreements, aimed at promoting the Group's institutional image, on sports facilities and for cultural events and Euro 130 thousand relating to costs for multi-year bank guarantees.

The item "Other receivables" mainly includes receivables from the GSE amounting to Euro 1,426 thousand.

7.13 Cash and cash equivalents

A breakdown of "Cash and cash equivalents" is provided below for the financial years ended 31 December 2021 and 2020.

CASH AND CASH EQUIVALENTS	2021	2020	CHANGE	% CHANGE
Bank and postal accounts	8,257	616	7,642	1241%
Cash-in-hand and cash equivalents	87	24	63	265%
Total	**8,344**	**639**	**7,705**	**1205%**

The amount of Euro 8,344 thousand refers to cash and cash equivalents in the bank that were usable at the reporting date, of which Euro 8,257 thousand refers to bank current accounts. For details and analysis of this item, reference should be made to the Report on Operations.

Equity

7.14 Equity

This table summarises the changes in the equity accounts for the previous year and the year in question.

EQUITY	31/12/20	EXTRAORDINARY TRANSACTION	ALLOCATION OF THE RESULT	DIVIDENDS PAID	PROFIT (LOSS) FOR THE YEAR	OTHER INCOME COMPONENTS	31/12/21
Share capital	58,500	37,088	-	-	-	-	95,588
Share premium/ contribution reserve	128,349	255,990	-	-	-	-	384,339
Legal reserve	11,700	70	1,368	-	-	-	13,139
Extraordinary reserves	-	1,338	10,420	-	-	-	11,758
Capital grants provision	3,194	-	-	-	-	-	3,194
Reserves for transformation under Law 127/97	34,836	-	-	-	-	-	34,836
FTA IFRS Reserve	(5,892)	-	-	-	-	-	(5,892)
Other reserves	9,822	-	110	-	-	(1,777)	8,156
Hedging reserve	(233)	-	-	-	-	144	(89)
Retained earnings (losses)	-	-	15,863	(15,464)	-	-	399
Profit (loss) for the year	27,761	-	(27,761)	-	49,939	-	49,939
Total	**268,037**	**294,487**	**-**	**(15,464)**	**49,939**	**(1,633)**	**595,367**

In accordance with Article 2427, point 7-bis of the Italian Civil Code, the Legal reserve can only be used to cover losses; the Revaluation reserve for loss coverage and capital increase, while all other reserves may be used to cover losses, increase the share capital and also for distributions to shareholders.

The effects of the business combination on the Group's shareholders' equity are mainly attributable to the following items:

Share capital: increase of Euro 37,088 thousand following the increase approved for the issue of the shares to be assigned to the shareholder of the merged company.

Share premium reserve: increase of Euro 255,990 thousand following the share capital increase approved for the issue of the shares to be assigned to the shareholder of the merged company, taking into account the fair value of the shares issued.

The share capital of AGSM AIM S.p.A. equal to Euro 95,588 thousand owned by the Municipality of Verona for 61.2% and 38.8% by the Municipality of Vicenza consists of 63,725,490 ordinary shares with a nominal value of Euro 1.5 each.

The Share premium/contribution reserve from shares/contributions amounts to Euro 384,339 thousand. It was set up in 1999 following the completion of the Special Enterprise's valuation process and decreased by Euro 2,921 thousand in 2001 in relation to the free capital increase, concurrently with the conversion into euro. In 2021 it increased following the increase approved for the issue of the shares to be assigned to the shareholders of the merged Companies.

The legal reserve of Euro 13,139 thousand was set up upon conversion into a joint-stock company.

The reserve for contributions of Euro 3,194 thousand includes the residual portions (not included in the abovementioned share premium/contribution reserve) of contributions for investments received up to 31 December 1997 and recognised under the equity components, in line with the accounting criteria adopted up to that date.

The reserve for adjusting values under Law 127/97 for Euro 34,836 thousand was recognised in 2000 following the adjustment of the values of the assets contributed by the Special Enterprise to the joint stock company on 1 January 2000, based on the valuations prepared by the Board of Directors with reference to the appraisal prepared pursuant to and for the purposes of Article 2343 of the Italian Civil Code.

The item "Other reserves" of Euro 8,156 thousand refers to the effects of previous revaluations of equity investments on equity and the recognition of actuarial gains and losses on valuations of the defined benefit plans.

The “Reserve for hedges on expected cash flows” includes the fair value, net of the tax effect, and its changes in the financial instruments held by the Company to hedge the interest rate risk on certain loans.

The profit for the year 2020, which amounted to Euro 27,761 thousand, was allocated to the extraordinary reserve (Euro 10,420 thousand), to the legal reserve (Euro 1,368 thousand), to other reserves (Euro 110 thousand) and to distribution of dividends (Euro 15,464 thousand) and to retained earnings (Euro 399 thousand).

Profit for the year 2021 amounted to Euro 49,939 thousand.

Non-current liabilities

7.15 Non-current financial liabilities

A breakdown of the item "Non-current financial liabilities" at 31 December 2021 and 2020 is provided below.

NON-CURRENT FINANCIAL LIABILITIES	2021	2020	CHANGE	% CHANGE
Bonds	20,023	729	19,294	2647%
Bank loans	61,427	48,552	12,874	27%
Loans and borrowings from other financial backers	191	102	89	87%
Total	**81,641**	**49,383**	**32,257**	**65%**

Bonds consist of the non-current portion of the bond issued by the merged company AIM Vicenza, with a multi-year maturity of Euro 20,023 thousand.

The non-convertible, non-subordinated and unsecured bond with a nominal value of Euro 70,500 thousand was placed on the international capital market. The first issue of Euro 50,000 thousand was listed on 20 September 2017, while on 17 September 2018 an additional tranche of Euro 20,500 thousand was issued on the Main Securities Market, a regulated market managed by the Irish Stock Exchange Euronext Dublin - (ISIN Code: XS1683476268). Euro 120 thousand relating to the amortised cost of the bond was deducted from the above nominal amount.

Total long-term bank loans of Euro 61,427 thousand, were non-current debt for the principal amount of mortgage loans at the end of the year. The total amount of bank loans, including the short-term portion owed for the principal amount, as reported under current liabilities, is Euro 160,678 thousand.

The loans granted by banks require compliance with specific covenants, which include inter alia: (i) providing specific financial and other types of information, including the separate financial statements; (ii) notification obligations in the event of administrative or legal changes that might have a significantly negative effect on the assets, liabilities, financial position, earnings or legal status of the Company; and (iii) notification to the bank of any new medium/long-term loans requested from others. All covenants were satisfied at 31 December 2021.

The costs incurred by the Company to obtain bank loans are initially recognised as a decrease in financial liabilities and subsequently taken to profit or loss using the amortised cost method in accordance with IFRS 9.

The item "Loans and borrowings from other financial backers" includes the long term quota of lease payables for property, plant and equipment recorded in the financial statements in accordance with the finance lease accounting method and re-calculated according to IFRS 16.

7.16 Employee benefits

The breakdown of “Employee benefits” at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below:

EMPLOYEE BENEFITS	2020	ACCRUAL	(USES)	EXTRAORDINARY. TRANSACTIONS	OTHER CHANGES	OTHER INCOME COMPONENTS	CLOSING BALANCE
TFR	4,997	1,182	(468)	1,891	(1,027)	128	6,704
Provision for rate discounts	4,595	-	(334)	-	-	1,649	5,909
Total	**9,592**	**1,182**	**(802)**	**1,891**	**(1,027)**	**1,777**	**12,613**

In compliance with IAS 19, the employee severance indemnities (TFR) and discounts from tariff rates applied to former employees have been considered as defined benefit obligations and consequently, the related liability is measured using actuarial techniques. In accordance with IAS 19R, actuarial valuations are carried out based on the accrued benefit method using the Projected Unit Credit Method.

This method calculates the TFR accrued at a specified date on an actuarial basis, allocating the charge over the residual work life of current employees.

7.17 Provision for risks and charges

The breakdown of “Provision for risks and charges” at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below.

PROVISION FOR RISKS AND CHARGES	2020	ACCRUAL	(USES)	EXTRAORD. TRANSACTION	2021
Provision for future charges	14,731	1,836	(37)	1,362	17,892
Provision for sundry risks	5,882	1,196	(2,070)	258	5,266
Total	**20,614**	**3,033**	**(2,107)**	**1,620**	**23,159**

The provision for future charges includes estimated charges that the Company will incur in future years and mainly refers to cyclical maintenance, decommissioning costs, demolition and environmental restoration of production plants. The uses mainly refer to planned interventions on the Ca' del Bue plant, the provisions relate to the restoration of production sites.

Following the extraordinary merger, liabilities were transferred from the former AIM Vicenza S.p.A. for Euro 1,050 thousand, relating to accruals made in previous years for liabilities arising to the company, both from the management of the Environmental Health service and to cover postmanagement costs, and also Euro 312 thousand relating to contingent liabilities for expenses arising from the Viale Cricoli plant.

The provision for sundry risks, as a result of the decision of the Council of State published on 17/03/2021, which rejected ARERA's appeal no. 10078 of 2018, confirming the annulment of the sanctioning decision concerning functional separation imposed by the Authority on AGSM AIM S.p.A. with resolution 42/2017/S/COM, was issued for Euro 2,070 thousand, equal to the provisions set aside in this regard.

Following the merger, liabilities were transferred from former AIM Vicenza S.p.A. for Euro 258 thousand relating to possible lawsuits in progress with personnel and suppliers

7.18 Deferred tax liabilities

The table below shows the changes occurred compared to 31 December 2020 of the item "Deferred tax liabilities" at 31 December 2021.

DEFERRED TAX LIABILITIES	2021	2020	CHANGE	% CHANGE
Provisions for taxes, including deferred tax liabilities	5,867	3,321	2,546	77%
Total	**5,867**	**3,321**	**2,546**	**77%**

The provision for taxes, including deferred taxes, includes the payable for deferred tax liabilities for positive income components which, recognised in 2021 or in previous years, do not show the characteristics for contributing to the taxable income for the current year, by virtue of the application of tax provisions. Deferred tax liabilities originated mainly from differences between the statutory and tax values of fixed assets.

7.19 Other non-current liabilities

The breakdown of "Other non-current liabilities" at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below.

OTHER NON-CURRENT LIABILITIES	2021	2020	CHANGE	% CHANGE
Deferred income	19,045	8,440	10,605	126%
Advances	2,687	2,479	208	8%
Provision for derivative financial instruments liabilities	118	307	(189)	(62%)
Total	**21,850**	**11,226**	**10,623**	**95%**

Deferred income is mainly composed of prepaid capital grants related to plants recognised to profit or loss on the basis of the useful life of the assets to which they refer, from the moment they enter into operation. Changes during the year relate to contributions issued.

The item "Advances" refers to services not provided with respect to advanced collections.

The item "Provisions for financial instruments payable" includes the negative fair value of hedging derivatives at the measurement date.

Current liabilities

7.20 Current financial liabilities

The breakdown of “Current financial liabilities” at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below.

CURRENT FINANCIAL LIABILITIES	2021	2020	CHANGE	% CHANGE
Bank borrowings	245,526	87,027	158,499	182%
Financial payables to subsidiaries	32,207	36,351	(4,144)	(11%)
Financial payables to parent companies	25,132	15,668	9,464	60%
Bonds	10,800	-	10,800	0%
Loans and borrowings from other financial backers	6,727	65	6,662	10224%
Total	**320,392**	**139,111**	**181,281**	**130%**

Total bank debt increased by Euro 158,499 thousand. The current account liabilities amounted to Euro 146,067 thousand, with a deterioration in the exposure of Euro 87,899 thousand compared to 2020.

With reference to payables for mortgage loans in 2021, Euro 62,080 thousand was repaid and new loans were granted amounting to Euro 44,500 thousand. Loans of Euro 99,251 thousand will be reimbursed in accordance with the respective contractual due dates.

Financial payables to subsidiaries include financial payables arising from the centralised management of the treasury by the parent company; in particular, payables to V-RETI S.p.A. for Euro 16,971 thousand, to Valore Ambiente for Euro 8,753 thousand, to Parco Eolico Riparbella S.r.l. for Euro 1,453 thousand, to AGSM AIM Smart Solutions S.r.l. for Euro 2,956 thousand, to AMIA Verona S.p.A. for Euro 419 thousand and to Consorzio Canale G. Camuzzoni for Euro 814 thousand.

Financial payables to parent companies refer to the payable to the Municipality of Verona for dividends approved in 2020 and 2021.

The item "Bonds" includes the current portion of the bond issued by the merged company AIM Vicenza, commented among the non-current financial liabilities and the so-called "Rivoli Bond", a non-convertible bond issued by the company in 2015. This loan, with a value of Euro 1,000 thousand initially subscribed for Euro 734 thousand, of which Euro 5 thousand was repaid in 2017, with a duration of 7 years and reserved for residents of the Municipality of Rivoli, where the company's wind farm is located, will be repaid in 2022.

"Loans and borrowings from other financial backers" includes the payable to the Municipality of Vicenza of Euro 6,000 thousand relating to the distribution of the dividend on the 2020 profit, and also includes the short-term portion of lease liabilities on property, plant and equipment recognised in the financial statements in accordance with the financial method for accounting for leases in accordance with IFRS 16.

7.21 Trade payables

The breakdown of “Trade payables” at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below.

TRADE PAYABLES	2021	2020	CHANGE	% CHANGE
Advances	676	210	466	222%
Trade payables	49,527	22,365	27,162	121%
Payables to parent companies	1,402	697	705	101%
Payables to subsidiaries	18,017	7,981	10,036	126%
Payables to associates	20	-	20	N/A
Payables to subsidiaries of the parent companies	112	51	61	118%
Total	**69,754**	**31,303**	**38,450**	**123%**

The item "Trade payables" includes payables to suppliers, net of the credit notes to be received, including both payables for invoices received, but not yet past due, and payables accrued in relation to the relevant purchases and services received in the following year.

The item "Payables to parent companies" includes the payable to the Municipality of Verona relating to the trade payable for the gas - district heating service agreement.

The item "Payables to subsidiaries" includes primarily the amount due to the subsidiary AGSM AIM Energia S.p.A., for Euro 8,861 thousand in relation to the supply of gas, electricity and heat necessary for the operation of the cogeneration plants.

The item "Payables to subsidiaries of parent companies" includes the balances of payables to subsidiaries of the Municipality of Verona.

La voce debiti verso controllate da controllanti accoglie i saldi dei debiti riferiti alle società controllate dal Comune di Verona.

7.22 Current tax liabilities

The breakdown of "Current tax liabilities" at 31 December 2021 and the changes occurred compared to 31 December 2020 are shown below.

CURRENT TAX LIABILITIES	2021	2020	CHANGE	% CHANGE
Current tax payables	15,317	1,182	14,135	1195%
Total	**15,317**	**1,182**	**14,135**	**1195%**

Current tax payables refer to income tax and substitute taxes.

7.23 Other current liabilities

A breakdown of "Other current liabilities" at 31 December 2021 and 2020 is provided below.

OTHER CURRENT LIABILITIES	2021	2020	CHANGE	% CHANGE
Tax payables	10,493	691	9,801	1418%
Sundry payables to subsidiaries	3,253	1,595	1,658	104%
Payables to employees	2,961	1,823	1,138	62%
Payables to social security and welfare institutions	1,698	1,257	441	35%
Security deposits	812	-	812	-
Deferred income	508	790	(282)	(36%)
Payables to CSEA	265	-	265	0%
Accrued expenses	117	30	87	291%
Sundry payables to parent companies	-	200	(200)	(100%)
Other current payables	3,118	703	2,415	344%
Total	**23,222**	**7,089**	**16,133**	**228%**

The item "Tax payables" includes the Group's VAT payable to Tax Authorities of Euro 9,363 thousand.

The item "Sundry payables to subsidiaries" mainly includes Euro 3,215 thousand for accrued payables under the tax consolidation mechanism.

The item "Payables to employees" mainly relates to the consideration due for the productivity bonus and the holidays accrued and not taken at 31 December 2021.

The item "Payables to social security and welfare institutions" includes the payables due at 31 December 2021 to social security institutions for the portions payable by the Company and by employees on wages, salaries and estimated charges, which are to be paid in the following months.

The item "Security deposits" represents the amount paid by suppliers for participating in and awarding of contracts or by third parties for Osap guarantees.

The item "Other current payable" mainly includes amounts payable to the Municipality of Vicenza for collections made for TARI and OSAP on its behalf.


NOTES TO THE STATEMENT OF INCOME OF THE PARENT COMPANY

Revenues

8.1 Revenue from sales and services

Below is a breakdown by business category of the item "Revenue from sales and services" for the financial years ended 31 December 2021 and 2020 with an indication of the change.

REVENUE FROM SALES AND SERVICES	2021	2020	CHANGE	% CHANGE
Electrical power	153,979	37,587	116,392	310%
Intercompany services	35,377	26,348	9,028	34%
Heat	30,994	19,540	11,454	59%
Revenue from urban health services	18,696	-	18,696	0%
Services to third parties	17,277	7,652	9,625	126%
Methane gas	5,517	-	5,517	0%
Revenues from car parks and parking services	4,934	-	4,934	0%
Public lighting	1,267	-	1,267	0%
Revenue from telecommunications	1,033	65	967	1483%
Total	**269,072**	**91,192**	**177,880**	**195%**

Revenues from electricity, amounting to Euro 153,979 thousand, relate to the energy produced by the company's power plants. In order to understand the performance of this item, also with respect to a like-for-like comparison, one should refer to the Report on Operations, in particular to the comments on the generation business unit.

Intercompany services mainly refer to general services, governed by specific contracts, provided by the parent company for Euro 21,860 thousand and used by the subsidiaries to perform their institutional tasks such as real estate services, administrative, legal and financial management, procurement, engineering, human resources, car parks, IT systems and quality, safety and the environment. This item also includes the amounts received as rent for Euro 13,057 thousand, which refer to the assets owned by AGSM AIM S.p.A. used by the subsidiaries. Specifically, revenues from V-RETI S.p.A. relating to electricity distribution-measurement networks amounted to Euro 11,131 thousand and to south and west recipient electricity stations for Euro 843 thousand, in addition to revenues from AGSM Smart Solutions S.r.l. relating to public lighting networks for Euro 1,082 thousand.

The sales of heat amounting to Euro 30,994 thousand, refer to heat for district heating produced by the cogeneration plants; here, reference should be made to the Report on Operations.

Revenue from Environmental Health refers to the fees to manage the waste collection, disposal and transport service paid by the Municipality of Vicenza to AGSM AIM Spa, inclusive of the administrative costs for assessment, collection and litigation, established in compliance with the Waste Pricing Method (MTR) as defined by ARERA in its Decision 443/2019/rif.

Services to third parties mainly include revenues from Acque Veronesi Scarl for the rental of assets relating to the integrated water service for Euro 5,307 thousand and for the provision of services of Euro 1,542 thousand. They also include Euro 10,084 payable for pass-through revenues relating to the CO2 emission allowances of the CTE del Mincio.

The Methane gas revenues amounting to Euro 5,517 thousand relate to the concession for the distribution of gas in the City of Treviso, under an agreement signed in 2005 for twelve years (now continuing ope legis until the new assignment).

Revenues from car parks and parking services for Euro 4,934 thousand relate to the agreement with the Municipality of Vicenza for the management of parking and car parks.

For further details, reference should be made to the paragraph commenting on the Business Units in the Report on Operations.

8.2 Other revenue

A breakdown of "Other revenue" is provided below for the financial years ended 31 December 2021 and 2020.

OTHER REVENUE	2021	2020	CHANGE	% CHANGE
Contributions for renewable sources	10,835	9,326	1,509	16%
Contingent items	3,189	480	2,709	564%
Electricity market income	2,632	1,153	1,479	128%
Gains	2,126	98	2,028	2064%
Other contributions	1,927	1,314	613	47%
Revenues from sundry services	1,420	488	931	191%
Real estate income	1,312	414	898	217%
Income from White Certificates (Energy Efficiency Certificates)	339	165	174	105%
Indemnity and reimbursement of damages	231	53	178	337%
Intercompany green certificate revenue	31	5	26	520%
Other revenue	1,741	251	1,490	593%
Other revenue	**25,784**	**13,748**	**12,036**	**88%**
Increases in fixed assets	**6,762**	**3,605**	**3,157**	**88%**
Changes in contract work in progress	**-**	**(61)**	**61**	**(100%)**
Total	**32,545**	**17,292**	**15,254**	**88%**

Contributions for renewable sources include Euro 7,755 thousand for incentives on production from renewable sources, as required by Italian Ministerial Decree of 6 July 2012, Euro 3,080 thousand for grants for current expenses in the exploitation of photovoltaic renewable energy sources and other grants related to the issue of capital grants related to plants amounting to Euro 1,840.

The item "Contingent items" includes the release of the provision for risks of Euro 2,070 thousand relating to the penalty imposed by ARERA, previously discussed in the section on "Provisions for Risks".

The gain on the sale of assets relates to the sale of the portion of the National Grid (RTN) owned by Terna S.p.A. at the end of December.

The increases in tangible fixed assets for internal work include the costs relating to the consumables used, the personnel used for the construction of company plants and for the additional maintenance carried out for the technological upgrade of the production plants

.

Operating costs

8.3 Costs for raw materials and consumables

A breakdown of "Costs for raw materials and consumables" is provided below for the financial years ended 31 December 2021 and 2020.

COSTS FOR RAW MATERIALS AND CONSUMABLES	2021	2020	CHANGE	% CHANGE
Gas	99,364	27,367	71,997	263%
Purchase of materials	8,752	5,060	3,691	73%
Electrical power	7,106	3,180	3,926	123%
Purchase of heat	695	379	316	83%
Change in inventories	397	(325)	722	(222%)
Total	**116,313**	**35,661**	**80,652**	**226%**

The purchase of gas, amounting to Euro 99,364 thousand, refers to the procurement of fuel for the production plants. The increase is related to quantities purchased for the production of the CTE del Mincio and the trend in market prices. Gas purchases were made by third parties for Euro 66,224 thousand relating to the operation of the CTE del Mincio and purchases by the subsidiary AGSM AIM Energia S.p.A. for Euro 30,422 thousand relating to the cogeneration plants.

Purchases of materials mainly refer to purchases of inventory materials for Euro 6,211 thousand, while electricity purchases were made by the subsidiary AGSM AIM Energia S.p.A. for Euro 3,416 thousand and the remainder from third parties.

8.4 Services

A breakdown of "Services" is provided below for the financial years ended 31 December 2021 and 2020.

SERVICES	2021	2020	CHANGE	% CHANGE
Intercompany services	27,308	1,712	25,596	1495%
Professional services	5,648	2,799	2,848	102%
Costs for works, maintenance	3,852	3,589	263	7%
Hardware and software maintenance fees	1,779	1,603	176	11%
Intercompany consortium contributions	1,725	1,388	338	24%
Advertising and sponsorships	1,702	691	1,011	146%
Personnel costs	1,458	576	882	153%
Insurance	1,262	1,037	225	22%
Supervision, cleaning and porterage	911	767	144	19%
Energy transport and system charges	738	762	(24)	(3%)
Telephony expenses	732	394	338	86%
Service agreement charges	704	697	7	1%
Directors' remuneration	587	74	513	695%
IT services	436	1,088	(652)	(60%)
Outsourcing services	400	115	285	249%
Board of Statutory Auditors fees	194	98	96	98%
Internal consumption	102	37	64	172%
Bank services	159	96	63	65%
Temporary employment	36	10	26	272%
Meter reading	9	17	(8)	(48%)
Others	10,780	3,415	6,375	169%
Total	**60,510**	**21,546**	**38,964**	**181%**

The item "Costs for works, maintenance" includes Euro 841 thousand relating to photovoltaic plants, road asphalting activities, Euro 1,041 thousand for management costs of the CTE del Mincio, Euro 624 thousand for the cogeneration plants and Euro 158 thousand for management costs at the San Colombano hydroelectric power plant.

The item "Energy transport and system charges" mainly includes the energy imbalance of the production plants, while the charges for the service agreement refer to the concession fee for the management of district heating due to the Municipality of Verona for the entire year in line with the previous year.

The item "Other" includes Euro 10,084 thousand due for pass-through expenses relating to CO2 emission allowances of the CTE del Mincio.

8.5 Leases and rentals

A breakdown of "Leases and rentals" is provided below for the financial years ended 31 December 2021 and 2020.

LEASES AND RENTALS	2021	2020	CHANGE	% CHANGE
Concession fees	3,471	-	3,471	N/A
Intercompany network usage costs	242	-	242	N/A
Rentals	240	272	(32)	(12%)
Lease payments	224	223	1	1%
Rents and leases	32	47	(15)	(33%)
Total	**4,209**	**542**	**3,666**	**676%**

The item "Concession fees" includes the fee for the management of parking services in the Municipality of Vicenza for Euro 2,104 thousand and the fee to the Municipality of Treviso for the concession of the gas distribution service for Euro 1,367 thousand.

The rentals in question are mainly connected to the company car fleet, while lease payments refer to the Carisio photovoltaic plant.

8.6 Other operating costs

A breakdown of "Other operating costs" is provided below for the financial years ended 31 December 2021 and 2020.

OTHER OPERATING COSTS	2021	2020	CHANGE	% CHANGE
Purchase of certificates	17,862	5,977	11,885	199%
Crossing fees	2,095	2,012	84	4%
IMU (municipal property tax) and TASI (municipal tax)	1,305	1,037	268	26%
Donations	1,249	328	922	281%
Contingent liabilities	865	756	109	14%
Losses on sales	607	1,801	(1,193)	(66%)
Other taxes and duties	500	384	116	30%
Excise duties	38	326	(288)	(88%)
Authority Contribution	38	26	12	44%
Indemnities	3	-	3	0%
Other general expenses	805	583	222	38%
Total	**25,369**	**13,229**	**12,140**	**92%**

The purchase of certificates relates to the CO_2 emission allowances purchased to cover the return obligations related to the Emission Trading regulations.

The crossing fees are in line with the previous year and include an additional fee for environmental improvement works for the hydroelectric plant in Maso Corona-Valbona, in the province of Trento for Euro 697 thousand.

The contingent liabilities refer to adjustments and possible differences between estimated income components from previous years and the final components, while "Other general expenses" mainly include membership fees for Euro 375 thousand.

8.7 Personnel costs

A breakdown of "Personnel costs" is provided below for the financial years ended 31 December 2021 and 2020.

HUMAN RESOURCES	2020	RECRUIT-MENT	TERMINA-TIONS	EXTRAORDINARY TRANSACTIONS	2021	AVERAGE
senior managers	10	3	(1)	5	17	16
middle managers	21	-	(1)	8	28	29
white collar workers	183	10	(12)	77	258	258
blue collar	47	3	(3)	8	55	54
Total	**261**	**16**	**(17)**	**98**	**358**	**357**

The average cost is Euro 72 thousand.

PERSONNEL COSTS	2021	2020	CHANGE	% CHANGE
Remuneration	18,624	13,698	4,926	36%
Social security contributions	5,508	4,155	1,353	33%
Employee Severance Indemnity (TFR) provision	1,162	845	317	38%
Other sundry costs	311	164	147	89%
Total	**25,605**	**18,862**	**6,744**	**36%**

8.8 Amortisation, depreciation, accruals and impairment

A breakdown of "Amortisation, depreciation, accruals and impairment" is provided below for the financial years ended 31 December 2021 and 2020.

AMORTISATION, DEPRECIATION, ACCRUALS AND IMPAIRMENT	2021	2020	CHANGE	% CHANGE
Intangible assets	9,203	4,421	4,783	108%
Property, plant and equipment	24,889	22,445	2,444	11%
Total amortisation/depreciation	**34,092**	**26,866**	**7,226**	**27%**
Impairment of non-current assets	250	-	250	0%
Total impairments	**250**	**-**	**250**	**0%**
Provisions for liabilities	1,196	430	766	178%
Other provisions	1,836	2,108	(272)	(13%)
Total provisions	**3,033**	**2,538**	**494**	**19%**
Total	**37,375**	**29,404**	**7,971**	**27%**

Depreciation and amortisation of property, plant and equipment and intangible assets reflect the normal obsolescence process over the useful life.

The item "Impairment of non-current assets" refers to the allowance for doubtful accounts for the receivable due from Bluoil S.r.l.

The provision for risks includes the provision for the settlement of losses of the subsidiary Società Igiene e Territorio S.p.A.

The item "Other provisions" includes the provision for the restoration of the Ca' del Bue site for Euro 1,000 thousand and other provisions for cyclical maintenance to plants, mainly relating to the costs to be incurred for scheduled maintenance of the production plants.

Financial income and expenses

8.9 Income from equity investments

A breakdown of "Income from equity investments" is provided below for the financial years ended 31 December 2021 and 2020.

INCOME FROM EQUITY INVESTMENTS	2021	2020	CHANGE	% CHANGE
Income from subsidiaries				
AGSM AIM ENERGIA S.p.A.	15,478	18,916	(3,438)	(18%)
V-RETI S.p.A.	11,145	11,311	(165)	(1%)
Parco Eolico Riparbella S.r.l.	504	466	37	8%
AGSM AIM POWER S.r.l.	464	-	464	0%
Parcoeolico Carpinaccio S.r.l.	284	224	59	26%
AGSM AIM SMART SOLUTIONS S.r.l.	-	321	(321)	(100%)
Total income from subsidiaries	**27,875**	**31,238**	**(3,363)**	**(85%)**
Income from associates				
Consorzio GPO	63	78	(15)	(19%)
Acque Veronesi Scarl	-	6,543	(6,543)	(100%)
Total income from associates	**63**	**6,621**	**(6,558)**	**(119%)**
Income from other companies				
Other income from equity investments	2	2	-	9%
Total income from other companies	**2**	**2**	**-**	**9%**
Total	**27,940**	**37,861**	**(9,920)**	**(195%)**

The item "Income from equity investments in subsidiaries" refers to dividends received from subsidiaries and are recognised following the resolutions approving distribution passed by the Shareholders' Meetings of these Companies.

Income from equity investments in associates amounting to Euro 63 thousand refers to the dividends received from the associate Consorzio GPO.

8.10 Financial income

A breakdown of "Financial Income" is provided below for the financial years ended 31 December 2021 and 2020.

FINANCIAL INCOME	2021	2020	CHANGE	% CHANGE
Income from subsidiaries	**1,924**	**1,045**	**880**	**84%**
Income from other companies	**11**	**-**	**11**	**N/A**
Interest income on bank and postal savings accounts	1	-	1	1404%
Other interest income	183	171	12	7%
Other financial income	**184**	**171**	**13**	**8%**
Total	**2,120**	**1,216**	**904**	**74%**

Income from receivables among non-current assets derives from interest income accrued on the loans granted to the subsidiaries EN.IN. ESCO. S.r.l. for Euro 391 thousand, Parcoeolico Carpinaccio S.r.l. for Euro 263 thousand, Parco Eolico Riparbella (Euro 210 thousand) and Transeco S.r.l. (Euro 2 thousand).

Other income refers to interest income accrued on the Group's cash pooling from its subsidiaries.

8.11 Financial expenses

A breakdown of "Financial expenses" is provided below for the financial years ended 31 December 2021 and 2020.

FINANCIAL EXPENSES	2021	2020	CHANGE	% CHANGE
Expenses payable to subsidiaries	**660**	**509**	**151**	**30%**
Interest on mortgage loans	2,074	1,567	507	32%
Bank expenses and charges	684	362	322	89%
Interest expenses on current accounts	412	142	270	189%
Other interest expenses	1,016	136	879	645%
Other financial costs	**4,186**	**2,208**	**1,978**	**90%**
Total	**4,846**	**2,717**	**2,130**	**78%**

Interest expense payable to subsidiaries includes charges accrued on the cash pooling account.

8.12 Adjustments to financial assets

A breakdown of "Value adjustments to financial assets" is provided below for the financial years ended 31 December 2021 and 2020.

VALUE ADJUSTMENTS TO FINANCIAL ASSETS	2021	2020	CHANGE	% CHANGE
Revaluations				**N/A**
equity investments	201	110	91	82%
Total revaluations	**201**	**110**	**91**	**82%**
Impairment				**N/A**
equity investments	(800)	(10)	(790)	7900%
Total impairments	**(800)**	**(10)**	**(790)**	**7900%**
Total	**(599)**	**100**	**(699)**	**(696%)**

The item "Revaluations of equity investments", equal to Euro 201 thousand, refers to the valuation in equity of the equity investment in the associate Consorzio GPO made on the basis of the 2021 financial statements.
The item in question, amounting to Euro 800 thousand, refers to the impairment of the equity investment in the subsidiary Società Igiene e Territorio S.p.A.

Income taxes

8.13 Income taxes

A breakdown of "Income taxes" is provided below for the financial years ended 31 December 2021 and 2020.

INCOME TAXES	2021	2020	CHANGE	% CHANGE
Current Taxes	10,401	-	10,401	N/A
Deferred taxes	(3,223)	(657)	(2,566)	391%
Prior year taxes	(266)	-	(266)	N/A
Transfer of losses in tax consolidation	-	(1,404)	1,404	(100%)
Total	**6,913**	**(2,061)**	**8,974**	**(435%)**

The pre-tax profit amounted to Euro 56,852 thousand. The balance of deferred tax assets and liabilities is negative since it was due to differences between the statutory and tax values of non-current assets.

The table below shows the reconciliation between the theoretical and effective tax expense.

IRES RECONCILIATION	TAXABLE INCOME	INCOME TAXES
Pre-tax profit (loss)	**56,852**	
Theoretical tax charge (+24%)		**13,645**
Increases	11,775	2,826
Decreases	(6,275)	(1,506)
Dividends from equity investments	(26,567)	(6,376)
Reversal of temporary differences from previous years	1,674	402
Tax base	**37,459**	
Current IRES tax for the year		**8,990**
Impact of current taxes on pre-tax result		**16.00%**
IRAP RECONCILIATION		
Difference between value and costs of production	**31,890**	
Costs not relevant for IRAP purposes	(29,125)	
Total	**61,014**	
Theoretical tax charge (+3.90)		**2,380**
Increases	(556)	(22)
Decreases	1,012	39
Deductions	(1,601)	(62)
Tax wedge	(23,684)	(924)
Tax base	**36,185**	
Current IRAP taxes for the year		**1,411**

OVERALL PROFITS AND LOSSES

Total profits/losses are income components directly allocated to equity. Prior to tax effects, these amount to Euro (1,777) thousand for actuarial losses on defined benefit plans to employees and to changes in the fair value of hedging derivatives for Euro 144 thousand.

OTHER INFORMATION ON THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

IFRS-first time adoption

AGSM AIM S.p.A. adopts the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) starting from the financial statements for the year ending 31 December 2021 (First IAS/IFRS financial statements).
The company moved to adopting the IAS/IFRS following the merger on 1 January 2021 into AGSM Verona S.p.A. of AIM Vicenza S.p.A., a company that was already an IFRS adopter, since it is the issuer of financial instruments admitted to trading on regulated markets in a Member State of the European Union.
This note contains the information required by IFRS 1 "First-time adoption of IFRS" in relation to the impact of the transition to IFRS on the separate comprehensive income statement, the statement of financial position and shareholders' equity of the company at the date of transition from 1 January 2020 and the comparative income statement and balance sheet figures for 2020.
The following was prepared:

- a reconciliation between the balance sheet of the company prepared in accordance with the Italian GAAP and the statement of financial position of the company drawn up under IFRS as at 1 January 2020 (the date of transition) and 31 December 2020;
- a reconciliation between the comprehensive income statement of the company prepared for the year ended on 31 December 2020 in compliance with the Italian GAAP and the comprehensive income statement of the company, drawn up under IFRS;
- a reconciliation between net equity of the company, prepared in accordance with the Italian GAAP and the equity of the company drawn up under IFRS as at 1 January 2020 and 31 December 2020;
- notes to the adjustments included in the above reconciliations.

The statement of financial position at the date of transition to the IFRS was prepared based on the following criteria:

- all assets and liabilities to be recognised under IFRS were recognised;
- no assets or liabilities whose recognition under IFRS is not allowed were recognised;
- all recognised assets and liabilities were measured in accordance with the IFRS.

Optional exemptions to the full retrospective application of IFRS: no exemption
Mandatory exemptions to the full retrospective application of IFRS: no exemption
IFRS 1 provides for a number of mandatory exemptions to the retrospective application of IFRS during the transition stage.
Under IFRS 1, the estimates used to prepare IFRS financial statements at the date of transition must be consistent with those that had been used to determine Italian GAAP financial statements at that date (after adjustments to reflect any differences in accounting policies).
The other mandatory exemptions provided for by IFRS 1 have not been adopted since they relate to cases not applicable to the Company.

Reconciliation of equity and notes thereto

The table below shows the reconciliation of the company's net equity at 1 January 2020 and 31 December 2020 and its net profit for 2020, calculated in accordance with Italian GAAP, and the company's equity at 1 January 2020 and 31 December 2020 and its net profit for 2020 calculated under IFRS.

(THOUSANDS OF EURO)	NOTES	EQUITY AT 1 JANUARY 2020	INCREASES	DIVIDENDS	NET PROFIT FOR THE YEAR 2020	OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	EQUITY AT 31 DECEMBER 2020
Separate financial statements - Italian GAAP		**294,297**	**101**	**(47,966)**	**27,362**	**-**	**273,795**
Employee severance indemnities (TFR)	1)	(3,861)	-	-	225	(264)	(3,900)
Concessions	2)	(2,545)	-	-	174	-	(2,371)
Revenue	3)	521	-	-	(2)	-	519
Leases	4)	-	-	-	(4)	-	(4)
Receivables	5)	(7)	-	-	5	-	(2)
Separate financial statements - IFRS endorsed by the EU		**288,405**	**101**	**(47,966)**	**27,761**	**(264)**	**268,037**

A description of the adjustments to equity at 1 January 2020 and 31 December 2020 and the net profit for the year ended 31 December 2020 following the adoption of IFRS is provided below. Where applicable, the tax effect of each adjustment is also given.

1) Employee benefits

Under Italian GAAP, post-employment benefits are recognised on an accrual basis over the term of the employment, in accordance with legislation and employment contracts. Employee severance indemnities (TFR) are recognised at a value equal to that accrued by each employee at the reporting date. This provision therefore corresponds to the amount that should be paid to employees, in the event that all of them terminated their employment contract at that date.

IAS 19 breaks down post-employment benefits into “defined benefit” and “defined contribution” plans.

Pursuant to IAS 19, and taking into account developments in Italian social security legislation, employee severance indemnities were valued as a defined benefit plan until 31 December 2006. Following the 2007 pension reform, which provided for the allocation of TFR accrued by companies with at least 50 employees to the INPS treasury fund, the provision for employee severance indemnities accrued on 1 January 2007 was considered a defined contribution plan

The actuarial calculation method takes into account the allocation of the portions accrued since 2007 to the supplementary funds, the INPS treasury fund, rather than to the company itself, depending on the company's size.

The subsidies on the electricity and gas tariffs paid to certain categories of former employee pensioners are included in the definition of a plan with accrued benefits. They are therefore subject to actuarial valuation based on demographic and statistical assumptions that highlight the discounted and probable liability of future disbursements at the date of transition.

At the date of transition, the carrying amount of employee benefit liabilities was reclassified, and also the related cost. Actuarial gains and losses are recognised in other comprehensive income, the service cost under "Personnel costs" and interest expense under "Financial expenses".

The impact of this adjustment on equity led to a reduction of Euro 3,861 thousand at 1 January 2020 and a reduction of Euro 3,900 euro in equity at 31 December 2020.

2) Concessions

Under Italian GAAP, the Group recognised the investments in infrastructure relating to existing agreements for public utility services under concession between property, plant and equipment, other intangible assets and concessions, while the infrastructure within the scope of application of the interpretation is recognised among intangible assets as concession assets since the operator does not control the infrastructure but acquires the right to make users pay for its use, while any discounted amounts to be collected on the residual value at the end of the concession are to be placed under financial assets

For the gas distribution concession service, at the date of transition, the Group applied IFRIC 12 retroactively to owned plants and the amount of the concession that will be received at the end of the concession. In the reclassified IFRS financial statements, the residual value of property, plant and equipment and intangible assets serving the concessions was reclassified to assets under concession for intangible assets, while the discounted value of the receivable to be collected at the end of the concession was reclassified among the financial receivables.

For the integrated water cycle concession service, at the date of transition, the Group applied IFRIC 12 retroactively for the owned plants and for the amount of their residual value that will be received at the end of the concession. In the reclassified IFRS financial statements, the residual value of property, plant and equipment and intangible assets serving the concession was reclassified to assets under concession among intangible assets, while the discounted value which will be collected at the end of the concession was reclassified among the financial receivables.

- Recognition of concession rights for construction and/or improvement services (Euro 32,183 thousand at 1 January 2020 and Euro 29,198 thousand at 31 December 2020);
- Recognition of financial receivables equal to the discounted residual value of the assets under concession to be received at the end of the concession for Euro 10,454 euro at 1 January 2020 and 10,628 euro at 31 December 2020
- Elimination of those items of "property, plant and equipment" and of "other intangible assets" previously recognised under owned assets closely related to the infrastructure under concession which, therefore, under IFRIC 12, qualify as assets under the control of the grantor for Euro 42,527 thousand at 1 January 2020 and Euro 39,880 thousand at 31 December 2020 ("property, plant and equipment") and Euro 2,655 thousand at 1 January 2020 and Euro 2,317 thousand at 31 December 2020 ("Intangible assets").

The application of this standard led to a Euro 2,545 thousand decrease in equity at 1 January 2020 and a reduction of Euro 2,371 thousand at 31 December 2020.

3) Revenue

Under IAS/IFRS, the Group represents long-term items at discounted value. Long-term deferred income corresponding to revenues recognised over the term of service have been recognised at discounted value. The impact on equity led to an increase of Euro 521 thousand at 1 January 2020 and Euro 519 thousand at 31 December 2020.

4) Leases

From the lessee's point of view, IFRS 16 requires the recognition of the following for all contracts that contain a lease (without distinguishing between operating leases and finance leases):

a liability in the financial position, represented by the current value of future lease payments, against the recognition among assets of the "right-of-use of the leased asset";

ii) the recognition in the income statement of the amortisations of the leased assets separately from the interest related to the associated liabilities. Leases of 12 months or less and leases of low-value assets may be excluded from the application of IFRS 16. In order for transition to the standard, the Group, which previously applied IAS 17 to finance leases, identified long-term car fleet rental contracts. The application was made according to modified retrospective approach no. 1. It should be noted that the Group adopted the option, granted in paragraph 6 of the standard, not to apply the provisions of paragraphs 22-49 of the standard to the following categories: a) short-term leases;

The analyses conducted identified an impact of right-of-use assets and a corresponding payable of Euro 497 thousand at 1 January 2020. The impact on equity at 31 December 2020 decreased by Euro 2,371 thousand at 31 December 2020

5) Receivables

The allowance for doubtful accounts relating to trade receivables was recalculated by applying the simplified method envisaged by IFRS 9, for the purposes of measuring the item with the losses model. The impact of this measurement was a reduction in equity of (7) euro at 1 January 2020 and by 2 thousand euro at 31 December 2020.

Reconciliation between the balance sheet of AGSM AIM Spa prepared in accordance with the Italian GAAP and the statement of financial position of AGSM AIM Spa drawn up under IFRS as at 1 January 2020

AGSM AIM SPA	1 JANUARY 2020	IFRS ADJUSTMENTS					1 JANUARY 2020
		1	2	3	4	5	
(THOUSANDS OF EURO)	SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 IN ACCORDANCE WITH THE ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 AFTER THE IFRS ADJUSTMENTS
FINANCIAL POSITION - ASSETS							
NON-CURRENT ASSETS							
Intangible assets	6,336	-	29,528	-	-	-	35,864
Property, plant and equipment	284,921	-	(42,528)	-	213	-	242,607
Goodwill	1,401	-	-	-	-	-	1,401
Equity investments	181,526	-	-	-	-	-	181,526
Other non-current financial assets;	25,215	-	10,454	-	-	-	35,669
Deferred tax assets	13,764	1,219	-	-	-	-	14,983
Other non-current assets	1,757	-	-	-	-	-	1,757
Total non-current assets	**514,920**	**1,219**	**(2,545)**	**-**	**213**	**-**	**513,808**
CURRENT ASSETS							
Inventories	5,410	-	-	-	-	-	5,410
Trade receivables	41,424	-	-	-	-	(7)	41,417
Current financial assets	4,515	-	-	-	-	-	4,515
Current tax assets	-	-	-	-	-	-	-
Other current assets	9,632	-	-	-	-	-	9,632
Cash and cash equivalents	778	-	-	-	-	-	778
Total current assets	**61,759**	**-**	**-**	**-**	**-**	**(7)**	**61,752**
Assets held for sale	-	-	-	-	-	-	-
TOTAL ASSETS	576,679	1,219	(2,545)	-	213	(7)	575,560

AGSM AIM SPA	1 JANUARY 2020	IFRS ADJUSTMENTS					1 JANUARY 2020
		1	2	3	4	5	
(THOUSANDS OF EURO)	SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 IN ACCORDANCE WITH THE ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020 AFTER THE IFRS ADJUSTMENTS
FINANCIAL POSITION - LIABILITIES							
EQUITY							
Share capital	58,500	-	-	-	-	-	58,500
Legal reserve	11,700	-	-	-	-	-	11,700
Other reserves	203,792	(3,861)	(2,545)	521	-	(7)	197,900
Profit (loss) for the year	**20,305**	-	-	-	-	-	20,305
Total equity	**294,297**	**(3,861)**	**(2,545)**	**521**	**-**	**(7)**	**288,405**
NON-CURRENT LIABILITIES							
Non-current financial liabilities	78,042	-	-	-	167	-	78,209
Employee benefits	5,043	5,080	-	-	-	-	10,123
Provision for risks and charges	19,169	-	-	-	-	-	19,169
Deferred tax liabilities	3,350	-	-	164	-	-	3,514
Other non-current liabilities	12,472	-	-	(685)	-	-	11,788
Total non-current liabilities	**118,076**	**5,080**	**-**	**(521)**	**167**	**-**	**122,803**
CURRENT LIABILITIES							
Current financial liabilities	108,609	-	-	-	46	-	108,655
Trade payables	40,236	-	-	-	-	-	40,236
Current tax liabilities	-	-	-	-	-	-	-
Other current liabilities	15,461	-	-	-	-	-	15,461
Total current liabilities	**164,306**	**-**	**-**	**-**	**46**	**-**	**164,352**
Liabilities held for sale	-	-	-	-	-	-	-
TOTAL LIABILITIES	**576,679**	**1,219**	**(2,545)**	**-**	**213**	**(7)**	**575,560**

Reconciliation between the balance sheet of AGSM AIM Spa prepared in accordance with the Italian GAAP and the statement of financial position of AGSM AIM Spa drawn up under IFRS as at 31 December 2020

AGSM AIM SPA	31 DECEMBER 2020	IFRS ADJUSTMENTS					31 DECEMBER 2020
		1	2	3	4	5	
(THOUSANDS OF EURO)	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 IN ACCORDANCE WITH ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AFTER THE IFRS ADJUSTMENTS
FINANCIAL POSITION - ASSETS							
NON-CURRENT ASSETS							
Intangible assets	6,307	-	26,881	-	-	-	33,188
Property, plant and equipment	272,893	-	(39,880)	-	163	-	233,176
Goodwill	1,273	-	-	-	-	-	1,273
Equity investments	172,871	-	-	-	-	-	172,871
Other non-current financial assets;	20,425	-	10,629	-	-	-	31,054
Deferred tax assets	14,267	1,232	-	-	-	-	15,499
Other non-current assets	1,466	-	-	-	-	-	1,466
Total non-current assets	**489,504**	**1,232**	**(2,371)**	**-**	**163**	**-**	**488,528**
CURRENT ASSETS							
Inventories	5,676	-	-	-	-	-	5,676
Trade receivables	27,095	-	-	-	-	(2)	27,092
Current financial assets	9,512	-	-	-	-	-	9,512
Current tax assets	3,817	-	-	-	-	-	3,817
Other current assets	5,595	-	-	-	-	-	5,595
Cash and cash equivalents	639	-	-	-	-	-	639
Total current assets	**52,334**	**-**	**-**	**-**	**-**	**(2)**	**52,332**
Assets held for sale	-	-	-	-	-	-	-
TOTAL ASSETS	**541,838**	**1,232**	**(2,371)**	**-**	**163**	**(2)**	**540,860**

AGSM AIM SPA	31 DECEMBER 2020	IFRS ADJUSTMENTS					31 DECEMBER 2020
		1	2	3	4	5	
(THOUSANDS OF EURO)	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 IN ACCORDANCE WITH ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AFTER THE IFRS ADJUSTMENTS
FINANCIAL POSITION - LIABILITIES							
EQUITY							
Share capital	58,500	-	-	-	-	-	58,500
Legal reserve	11,700	-	-	-	-	-	11,700
Other reserves	176,233	(4,125)	(2,545)	521	-	(7)	170,076
Profit (loss) for the year	27,362	225	174	(2)	(4)	5	**27,761**
Minority interests	-	-	-	-	-	-	-
Total equity	**273,795**	**(3,900)**	**(2,371)**	**519**	**(4)**	**(2)**	**268,037**
NON-CURRENT LIABILITIES							
Non-current financial liabilities	49,281	-	-	-	102	-	49,383
Employee benefits	4,460	5,131	-	-	-	-	9,592
Provision for risks and charges	20,614	-	-	-	-	-	20,614
Deferred tax liabilities	3,157	-	-	164	-	-	3,321
Other non-current liabilities	11,909	-	-	(683)	-	-	11,226
Total non-current liabilities	**89,422**	**5,131**	**-**	**(519)**	**102**	**-**	**94,136**
CURRENT LIABILITIES							
Current financial liabilities	139,046	-	-	-	65	-	139,111
Trade payables	31,303	-	-	-	-	-	31,303
Current tax liabilities	1,182	-	-	-	-	-	1,182
Other current liabilities	7,089	-	-	-	-	-	7,089
Total current liabilities	**178,621**	**-**	**-**	**-**	**65**	**-**	**178,686**
Liabilities held for sale	-	-	-	-	-	-	-
TOTAL LIABILITIES	**541,838**	**1,232**	**(2,371)**	**-**	**163**	**(2)**	**540,860**

Reconciliation between the comprehensive income statement of the company prepared as at 31 December 2020 in compliance with the Italian GAAP and the comprehensive income statement of the company, drawn up under IFRS

AGSM AIM SPA	2020	IFRS ADJUSTMENTS					2020
		1	2	3	4	5	
(THOUSANDS OF EURO)	STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 PURSUANT TO THE ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 AFTER IFRS ADJUSTMENTS
Value of production	**108,479**					**5**	**108,483**
Revenue from sales	91,192						91,192
Other revenue	17,287					5	17,292
External expenses	**108,479**				**55**	**-**	**108,423**
Purchase of raw materials	35,661	-					35,661
Provision of services	21,546						21,546
Leases and rentals	598				55		542
Other operating costs	13,229						13,229
Added value	**37,445**				**55**	**5**	**37,505**
Cost of labour	**19,232**	**371**		**-**			**18,862**
EBITDA	**18,212**	**371**			**55**	**5**	**18,643**
Amortisation, depreciation, and provisions	**29,354**	**-**	**-**	**-**	**50**		**29,404**
Amortisation and depreciation	26,816	-	-		50	-	26,866
Write-down of receivables	-	-	-	-	-	-	-
Other provisions	2,538	-	-	-	-	-	2,538
Impairment of fixed assets	-	-	-	-	-	-	-
Net operating income	**11,142**	**371**	**-**	**-**	**6**	**5**	**10,761**
Financial position	**36,372**	**(74)**	**174**	**(2)**	**9**	**-**	**36,460**
Income from equity investments	37,861	-	-				37,861
Financial income	1,042	-	174	-	-	-	1,216
Financial expenses	2,631	74	-	2	9	-	2,717
Adjustments to financial assets	100	-	-				100
Pre-tax profit (loss)	**25,230**	**296**	**174**	**2**	**4**	**5**	**25,700**
Income taxes	**2,132**	**71**	**-**	**(1)**	**-**	**-**	**(2,061)**
current	-	-	-				-
deferred	(728)	71	-	1	-	-	(657)
Income from tax consolidation	(1,404)	-	-				(1,404)
PROFIT (LOSS) FOR THE YEAR (A)	**27,362**	**225**	**174**	**(2)**	**(4)**	**5**	**27,761**

AGSM AIM SPA	2020	IFRS ADJUSTMENTS					2020
		1	2	3	4	5	
(THOUSANDS OF EURO)	STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 PURSUANT TO THE ITALIAN GAAP, WITH IFRS LAYOUT	EMPLOYEE SEVERANCE INDEMNITIES (TFR)	CONCESSIONS	REVENUE	LEASES	RECEIVABLES	STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 AFTER IFRS ADJUSTMENTS
Actuarial gains (losses) for employee benefits		(348)	-	-	-	-	(348)
Tax effect on actuarial gains (losses) for employee benefits		83	-				83
Total other comprehensive income (expense) for the year, net of the tax effect (B)		**(264)**	**-**	**-**	**-**	**-**	**(264)**
Change in the fair value of cash flow hedging derivatives	133						133
Tax effect on change in the fair value of cash flow hedging derivatives	(32)						(32)
Total other profits (losses) net of tax effect (C)	**101**						**101**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A)+(B)+(C)	**27.463**	**(40)**	**174**	**(2)**	**(4)**	**5**	**27,598**

Commitments, guarantees granted and contingent liabilities not shown in the Statement of Financial Position

The total amount of commitments, guarantees and contingent liabilities amounts to Euro 301,112 thousand and includes Euro 175,472 thousand for guarantees provided by AGSM AIM S.p.A. to banks for the granting of credit facilities and bank guarantees in favour of other companies of the AGSM Group.

Revenue or cost items of exceptional amount or impact

The income statement includes a gain of Euro 2,126 thousand on the sale of the portion of the National Grid (RTN) to Terna S.p.A. and the release of Euro 2,070 thousand of the provision for future charges following the final transition of the ruling that cancelled the administrative penalty imposed by ARERA with decision no. 42/2017/S/COM.

Treasury shares

Pursuant to article 2428 of the Italian Civil Code, it is noted that, during the year, AGSM AIM S.p.A. did not hold, purchase or sell treasury shares or shares or quotas of parents, including through trustees or nominees.

Remuneration of the Directors, the Board of Statutory Auditors and the Independent Auditors

	PERIODO	SCADENZA DELLA CARICA	TOTALE COMPENSI
Amministratori	01/01/2021 31/12/2021	approvazione bilancio 2023	**587**
Collegio sindacale	01/01/2021 31/12/2021	approvazione bilancio 2023	**194**
Società revisione	01/01/2021 31/12/2021	approvazione bilancio 2029	**59**

The fees paid to the Independent Auditors concern statutory auditing, accounting checks and auditing of separate annual accounts for the purposes of accounting unbundling and other financial statements required by specific AEEGSI resolutions.

Name and registered office of the company preparing the consolidated financial statements

With reference to the information required by Article 2427, point 22-quinquies and sexties of the Italian Civil Code, it should be noted that at 31 December 2020 the direct controlling entity was the Municipality of Verona with registered office in Piazza Bra 1 - Verona; the controlling entity prepared the Consolidated Financial Statements of the largest group to which the Company is a subsidiary and is available at the registered office of the entity.

Summary of the key data from the latest financial statements of the Company performing management and coordination activities (Article 2497 bis of the Italian Civil Code) - figures in thousands of Euro

The highlights of the parent, the Municipality of Verona, shown in the summary table required by Article 2497-bis of the Italian Civil Code have been taken from the 2020 Report on Operations. For an adequate and complete understanding of the balance sheet and financial position of the Municipality of Verona (parent) as at 31 December 2020, as well as the economic result achieved by the Entity in the year ended at that date, reference should be made to the Report on Operations which is available in the forms and manners required by law.

Municipality of Verona

FINANCIAL POSITION	2020
ASSETS	
Non-current assets	1,909,751
Current assets	270,629
Accruals and Deferrals	1,293
TOTAL ASSETS	**2,181,672**
LIABILITIES	
Equity	1,609,598
Provisions for risks and charges	21,296
Payables	406,662
Accruals and Deferrals	144,115
TOTAL LIABILITIES	**2,181,672**
INCOME STATEMENT	
a) Revenue from operations	330,551
b) Costs of operations	(327,824)
Difference between positive and negative components of operations (A-B)	2,727
c) Financial income and expenses	16,680
d) Adjustments of financial assets	(4,186)
e) Extraordinary income and expenses	10,457
Income taxes	(3,961)
NET INCOME	**21,717**

Information required pursuant to Art. 1, paragraphs 125 to 129 of Law 124/2017 (so-called Competition Law)

In order to comply with the transparency obligations in the system of public funds introduced by the above-mentioned law, as also described in the notes to the financial statements commenting on individual financial statements items, during 2020 the Company reported that it had received the following income on an accruals basis:

- Euro 2,774 thousand as a grant for current expenses for renewable sources for photovoltaic plants from the GSE
- Euro 6,552 thousand as incentives under Article 19 of the Italian Ministerial Decree of 6 July 2012 from the GSE
- Euro 473 thousand as capital grant related to plants from the Ministry of the Treasury for the waste treatment (RSU) plant
- Euro 215 thousand as capital grant related to plants from the Cassa Depositi e Prestiti for the waste treatment (RSU) plant
- Euro 132 thousand as capital grant related to plants from the Veneto Region for the waste treatment (RSU) plant, the district heating network and the water treatment plant

- Euro 115 thousand as capital grant related to plants paid by the Municipality of Verona for public lighting and the sewerage network
- Euro 29 thousand as capital grant related to plants from Verona Mercato S.p.A. for connection to the sewerage network
- Euro 14 thousand as capital grant related to plants from the Municipality of Verona and Ferrovie dello Stato for the relocation of sub-services
- Euro 10 thousand as a capital grant related to plants from the Hospital of Verona for connection to the sewerage network.

Related-party transactions

INTERCOMPANY RECEIVABLES	2021	2020	CHANGE	% CHANGE
2V Energy S.r.l.	26,553	2,946	23,606	801%
AGSM AIM ENERGIA S.p.A.	24,838	6,801	18,037	265%
Acque Veronesi Scarl	3,409	569	2,840	499%
AIM Energy S.r.l.	3,115	-	3,115	-
S.I.T. Società Igiene Territorio S.p.A.	2,311	-	2,311	-
V-RETI S.p.A.	2,625	1,705	920	54%
Servizi a Rete S.r.l.	1,879	-	1,879	-
AMIA Verona S.p.A.	1,692	1,761	(69)	(4%)
Parco Eolico Riparbella S.r.l.	1,131	46	1,085	2354%
Valore Ambiente S.r.l.	1,112	-	1,112	-
AGSM AIM POWER S.r.l.	958	254	704	277%
Parcoeolico Carpinaccio S.r.l.	692	43	649	1498%
AGSM AIM SMART SOLUTIONS S.r.l.	450	1,132	(682)	(60%)
AIM Mobilità S.r.l.	204	-	204	-
Consorzio Canale Industriale G. Camuzzoni di Verona Scarl	89	112	(22)	(20%)
TREV ambiente S.r.l.	78	-	78	-
CogasPiù Energia S.r.l.	66	-	66	-
Sigma S.r.l.	24	-	24	-
Astra Solar S.r.l.	13	-	13	-
Diesse Energia S.r.l.	10	-	10	-
TS Energia Due S.r.l.	10	-	10	-
Vinci Energia S.r.l.	10	-	10	-
Sphere Energy 2	10	-	10	-
Sphere Energy 1	9	-	9	-
AGSM Holding ALBANIA	9	5	3	61%
Ecoenergia Vomano S.r.l.	8	-	8	-
IEG S.r.l.	4	4	-	0%
SER.I.T. S.r.l.	3	20	(18)	(88%)
TRANSECO S.r.l.	(2)	1	(2)	(459%)
Total	**71,310**	**15,399**	**55,911**	**363%**

INTERCOMPANY PAYABLES	2021	2020	CHANGE	% CHANGE
V-RETI S.p.A.	18,824	28,122	(9,298)	(33%)
AGSM AIM ENERGIA S.p.A.	9,577	5,429	4,147	76%
Valore Ambiente S.r.l.	8,785	-	8,785	-
AIM Mobilità S.r.l.	3,758	-	3,758	-
AIM Energy S.r.l.	3,705	-	3,705	-
Servizi a Rete S.r.l.	2,670	-	2,670	-
Consorzio Canale Industriale G. Camuzzoni di Verona Scarl	2,540	1,396	1,144	82%
Parco Eolico Riparbella S.r.l.	1,542	2,589	(1,048)	(40%)
S.I.T. Società Igiene Territorio S.p.A.	618	-	618	-
AMIA Verona S.p.A.	631	1,178	(547)	(46%)
AGSM AIM SMART SOLUTIONS S.r.l.	527	5,379	(4,852)	(90%)
AGSM AIM POWER S.r.l.	110	1	109	11719%
2V Energy S.r.l.	74	72	2	3%
Parcoeolico Carpinaccio S.r.l.	71	1,754	(1,683)	(96%)
TRANSECO S.r.l.	29	7	23	336%
CogasPiù Energia S.r.l.	17	-	17	-
Total	**53,477**	**45,927**	**7,550**	**16%**

COSTS OF INTERCOMPANY PRODUCTION	PURCHASE OF RAW MATERIALS	PROVISION OF SERVICES	OTHER COSTS	LEASES AND RENTALS	TOTAL
AGSM AIM ENERGIA S.p.A.	34,069	82	75	-	34,226
Valore Ambiente S.r.l.	-	18,639	-	-	18,639
Servizi a Rete S.r.l.	-	3,210	5	242	3,457
AIM Energy S.r.l.	3,149	532	-	-	3,680
AIM Mobilità S.r.l.	-	2,846	-	-	2,846
Consorzio Canale Industriale G. Camuzzoni di Verona Scarl	-	-	1,725	-	1,725
AGSM AIM SMART SOLUTIONS S.r.l.	-	849	-	-	849
V-RETI S.p.A.	-	568	3	-	571
S.I.T. Società Igiene Territorio S.p.A.	-	411	37	-	448
AMIA Verona S.p.A.	-	182	-	(2)	180
2V Energy S.r.l.	-	149	-	-	149
TRANSECO S.r.l.	-	40	-	-	40
Total	**37,218**	**27,508**	**1,844**	**240**	**66,810**

ANALYSIS OF SALES AND INTERCOMPANY SERVICES	SALE OF PRODUCTS	SERVICE AGREEMENTS	OTHER SALES	RENT	OTHER INCOME	ELECTRICITY MARKET INCOME	TOTAL
2V Energy S.r.l.	59,328	178	-	-	155	134	59,795
AGSM AIM ENERGIA S.p.A.	44,687	3,082	12	-	53	-	47,834
V-RETI S.p.A.	215	6,049	57	11,975	53	-	18,349
AIM Energy S.r.l.	4,894	-	-	-	8	-	4,902
AGSM AIM SMART SOLUTIONS S.r.l.	181	1,046	6	1,082	22	-	2,338
AMIA Verona S.p.A.	71	2,020	12	-	-	-	2,103
Servizi a Rete S.r.l.	(28)	-	2	-	343	-	317
Valore Ambiente S.r.l.	-	-	-	-	155	-	155
Parco Eolico Riparbella S.r.l.	-	106	-	-	-	-	106
AGSM AIM POWER S.r.l.	-	96	-	-	1	-	97
Parcoeolico Carpinaccio S.r.l.	-	74	-	-	-	-	74
Consorzio Canale Industriale G. Camuzzoni di Verona Scarl	-	35	-	-	2	-	37
TREV ambiente S.r.l.	-	-	-	-	33	-	33
S.I.T. Società Igiene Territorio S.p.A.	-	-	-	-	17	-	17
SER.I.T. S.r.l.	-	15	-	-	-	-	15
AGSM Holding ALBANIA	-	1	-	-	3	-	4
AIM Mobilità S.r.l.	-	-	-	-	4	-	4
TRANSECO S.r.l.	-	3	-	-	-	-	3
Astra Solar S.r.l.	-	-	-	-	2	-	2
Diesse Energia S.r.l.	-	-	-	-	2	-	2
Sigma S.r.l.	-	-	-	-	2	-	2
Sphere Energy 1	-	-	-	-	2	-	2
Sphere Energy 2	-	-	-	-	2	-	2
TS Energia Due S.r.l.	-	-	-	-	2	-	2
Vinci Energia S.r.l.	-	-	-	-	2	-	2
Ecoenergia Vomano S.r.l.	-	-	-	-	2	-	2
Total	**109,348**	**12,704**	**88**	**13,057**	**867**	**134**	**136,199**

Transactions with related parties (companies in the AGSM AIM Group) were completed at arm's length. These financial statements, consisting of the statement of financial position, the income statement and the notes thereto, give a true and fair view of the financial position and results of operations for the year and correspond to the accounting records.

Significant events after the reporting period

The following corporate reorganisation and simplification operations took place with effect from 01/01/2022, which led to the consolidation of the following equity investments in the reference companies of the six Business Units:

- AIM Energy S.r.l. was merged by incorporation into AGSM AIM ENERGIA S.p.A.;

- Servizi a Rete S.r.l. was demerged in favour of AGSM AIM SMART SOLUTIONS S.r.l. and V-RETI S.p.A.;
- Astra Solar S.r.l., Diesse Energia S.r.l., Ecoenergia Vomano S.r.l., Sigma S.r.l., Sphere Energy 1, Sphere Energy 2, TS Energia Due S.r.l., Vinci Energia S.r.l. were merged by incorporation into AGSM AIM POWER S.r.l.;
- AIM Mobilità S.r.l. was merged by incorporation into AGSM AIM SMART SOLUTIONS S.r.l.;
- AGSM AIM S.p.A. contributed the business line relating to cogeneration and district heating in the newco AGSM AIM CALORE Srl.

Furthermore, again effective from 01/01/2022 AGSM AIM S.p.A. contributed:

- to AGSM AIM POWER S.r.l. the power generation business line, as well as minority shareholdings in electricity production plants;
- to V-RETI S.p.A., the business line relating to electricity distribution networks and plants;
- to AGSM AIM SMART SOLUTIONS S.r.l., the business line relating to the concessions and management of parking spaces and public lighting and telecommunications networks and systems;
- to AGSM AIM CALORE, the business line relating to cogeneration and district heating.

Proposal for allocation of profits

Dear Shareholders, in confirming that in preparing the draft Financial Statements of AGSM AIM S.p.A. for the year ended 31 December 2021, we have carefully complied with the provisions of the Italian Civil Code, as interpreted and supplemented by the International Financial Reporting Standards, we invite you to approve the Financial Statements for the year consisting of the balance sheet, the income statement, the statement of cash flows, the notes to the financial statements and the Report on Operations which ended with a net income of Euro 49,939,376, with the following proposal for the allocation of the profit for the year:

- as a dividend: Euro 27,000,000.00, specifying that this amount derives from the sum of Euro 24,500,000.00, as an "ordinary dividend" in line with the provisions of the Business Plan, and Euro 2,500,000, as an "extraordinary dividend" in view of the good results and the current macroeconomic situation;
- to retained earnings reserve: Euro 22,939,376.00

The Chairperson of the Board of Directors
Stefano Casali

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS

To the shareholders of AGSM-AIM S.p.A.

Introduction

The Board of Directors has made available the 2021 Annual Financial Report, approved on 27 April 2022, for the year ended 31 December 2021, consisting of the Report on Operations, Consolidated Financial Statements and Separate Financial Statements.

This report has been jointly approved and its format follows the structure used for the previous year, based on the provisions of law and supplemented in accordance with the "Rules of Conduct of the Board of Statutory Auditors - Principles of Conduct for the Board of Statutory Auditors of Unlisted Companies", issued by the CNDCEC (National Board of Accountants).

As also noted in the Report on Operations, the Annual Financial Report submitted for your approval

- is the first of the Company AGSM AIM S.p.A., prepared in accordance with the international financial reporting standards endorsed by the European Union, with details of the business combination resulting from the merger of AIM Vicenza S.p.A. into AGSM Verona S.p.A. on 29 December 2020, with legal, accounting and tax effects from 1 January 2021;
- the 2020 figures are affected by FTA i.e. the first-time adoption of the IFRS;

as a result, there are significant differences from the Company's financial statements for the previous year.

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

In terms of time period, the activities of the Board of Statutory Auditors covered the entire financial year, even though it was appointed by the Shareholders' Meeting held on 28 January 2021. During the year, the meetings under Article 2404 of the Italian Civil Code were held regularly and were documented by duly signed minutes as unanimous approval.

We monitored the compliance with the law and with the Articles of Association and the observance of the principles of proper administration.

We attended the Shareholders' Meetings and the meetings of the Board of Directors and the Executive Committee, and, on the basis of the available information, no violations of the law or the Articles of Association were identified, or any operations that were manifestly imprudent, reckless, in potential conflict of interest or such as to compromise the integrity of the Company's assets.

During the meetings held, we obtained information from the Management Body on the general operating performance and its outlook, as well as the most significant transactions in terms of size or characteristics, carried out by the Company and its subsidiaries and, on the basis of the information obtained, we have no particular observations to make.

We met with the Statutory Auditors of the subsidiaries and exchanged information with them, and no relevant data and information emerged that need to be noted in this report.

We met with the Supervisory Body and obtained information from it, and no critical issues emerged concerning the proper implementation of the organisational model that need to be noted in this report.

We obtained information about and supervised the adequacy of the organisational, administrative and accounting system and its actual functioning and the measures adopted by the Management Body to deal with the emergency situation arising from Covid-19, also by gathering information from the heads of functions, and we have no particular observations to make in this regard.

No reports were received from Shareholders in accordance with Article 2408 of the Italian Civil Code.

During the financial year, the Board of Statutory Auditors did not issue any opinions envisaged by law.

During the financial year, no reports were made to the Management Body pursuant to and for the purposes of Article 15 of Decree Law no. 118/2021.

During the supervisory activity, as described above, no other significant facts emerged that need to be mentioned in this report.

In conclusion, as far as it has been possible to determine during the activities carried out in the financial year, the Board of Statutory Auditors can state that:

- the decisions made by the shareholders, in the only Shareholders' Meeting held during the year, and by the Management Body, during the six Board meetings, complied with the law and the Articles of Association and were not manifestly imprudent or such as to definitively compromise the integrity of the Company's assets;
- sufficient information was acquired on the general operating performance and its outlook, as well as the most significant transactions, in terms of size or characteristics, carried out by the Company;
- the transactions carried out were also in compliance with the law and the Articles of Association and not in potential conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets;
- we have no specific observations to make regarding the adequacy of the Company's organisational

structure, or the adequacy of the administrative and accounting system, or its reliability in correctly representing operating events;

- the information obtained from the Supervisory Body has not revealed any critical issues with respect to the existing Organisational Model that need to be noted in this report;
- during the supervisory activity, as described above, no further significant facts emerged that need to be mentioned in this report;
- no action had to be taken due to omissions by the Management Body pursuant to Article 2406 of the Italian Civil Code;
- no reports were received pursuant to Article 2408 of the Italian Civil Code;
- no reports were made pursuant to Article 2409, paragraph 7 of the Italian Civil Code;
- during the year, the Board of Statutory Auditors issued its opinion on the proposal for variable remuneration of the Chief Executive Officer pursuant to Article 2389, paragraph 3 of the Italian Civil Code.

Separate Financial Statements

Given that we have not been entrusted with the statutory audit of the financial statements, we examined the separate financial statements for the year ended 31 December 2021, which were provided to us within the terms of Article 2429 of the Italian Civil Code, and on which we report as follows.

We supervised the general approach adopted for the financial statements and their general compliance with the law as regards their preparation and structure, and have no particular observations to make in this regard.

We verified compliance with the legal provisions concerning the preparation of the report on operations and have no particular observations to make in this regard.

To the best of our knowledge, the directors, when preparing the financial statements, did not depart from the legal provisions of Article 2423, paragraph 4, of the Italian Civil Code.

Pursuant to Article 2426, no. 6 of the Italian Civil Code, we expressed our opinion in favour of the recognition of goodwill of Euro 1,273 thousand in the statement of financial position assets.

The merger of AIM Vicenza S.p.A. into AGSM Verona S.p.A., on which we have already commented above, therefore generated a deficit of Euro 163,907 thousand, which was allocated as follows:

- to intangible assets of Euro 5,819 thousand, relating to concessions;
- to equity investments of Euro 159,711 thousand;

- to deferred tax liabilities of Euro 1,624 thousand, calculated on the above-mentioned intangible assets.

As in the previous year, the financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with Regulation (EC) no. 1606/2002.

Consolidated Financial Statements

We also examined the draft Consolidated Financial Statements for the year ended 31 December 2021, provided to us within the terms of Article 2429 of the Italian Civil Code, together with the draft separate financial statements of the Parent Company and the related reports on operations. The reporting date of the financial statements of the companies included in the consolidation is the same as that of the financial statements of the consolidating company.

The consolidated financial statements have been prepared in accordance with the provisions of Legislative Decree no. 127 of 9 April 1991.

The notes to the consolidated financial statements provide details of the consolidation criteria and scopes of consolidation, and there are no deviations from the previous year as regards the criteria used for the preparation of the consolidated financial statements.

Specifically, the scope of consolidation includes the subsidiaries pursuant to Articles 26 and 28 of Legislative Decree no. 127/1991 and the changes from the previous year. The consolidation procedure adopted uses the line-by-line method for the measurement of controlling equity investments, while the equity method has been used for equity investments in associates.

With regard to the report on operations, we note the completeness of the information and that the figures are those reported in the consolidated financial statements.

Report of the Independent Auditors

The Independent Auditors, appointed to audit the separate and consolidated financial statements, issued their reports on 20 May 2022 on the separate and consolidated financial statements for the year ended 31 December 2021. Both reports express an opinion on compliance with the IFRS/IAS, without any emphasis of matter.

Conclusions

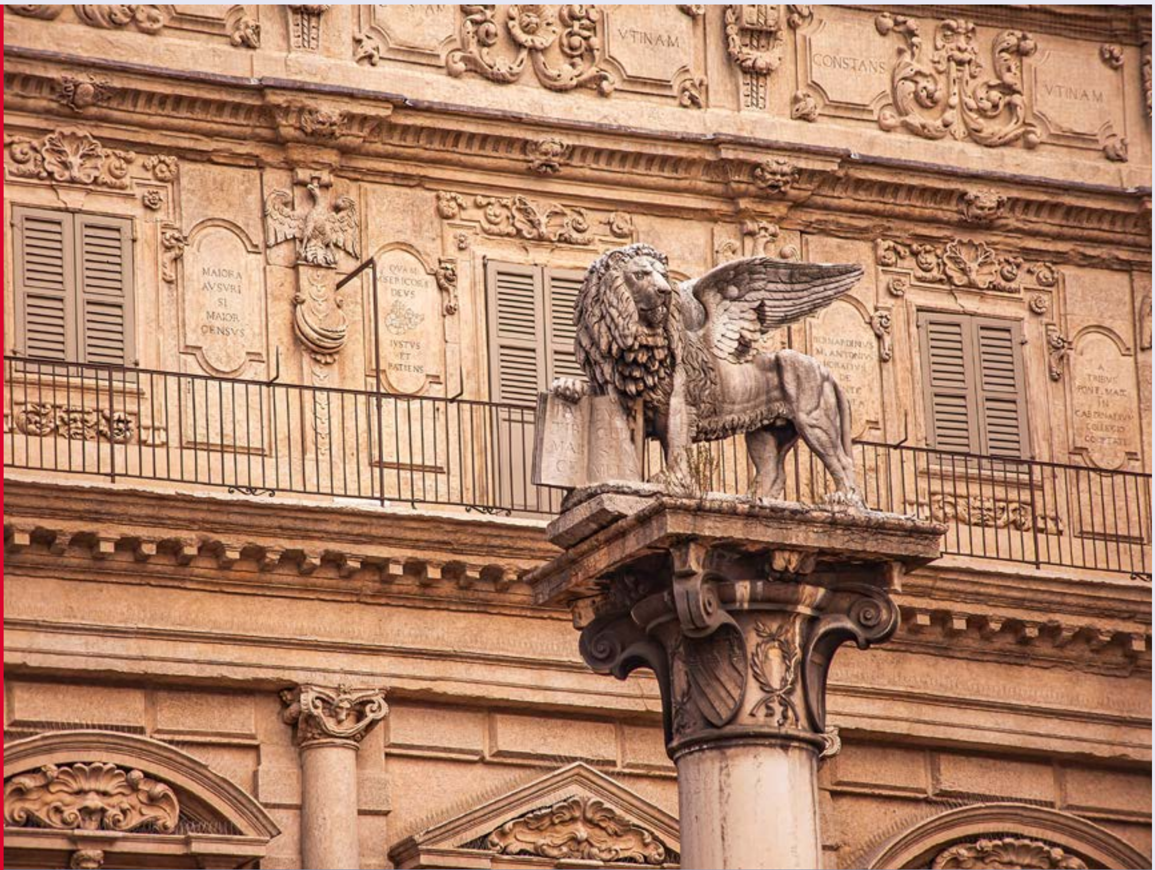
In light of the above, the Board of Statutory Auditors, to the extent of its competence, has no objection to the approval of the financial statements for the year ended 31 December 2021, as presented to you by the Board of Directors, and agrees with the proposal for the allocation of the profit (loss) for the year made by the Directors in the notes to the financial statements.

Verona, 20 May 2022

The Board of Statutory Auditors

Signed by:

Chairperson:	*Standing Auditor*:	*Standing Auditor*:
Gaetano Terrin	Gabriele Pasquini	Chiara Zantedeschi



INDEPENDENT AUDITOR'S REPORT

AGSM AIM S.p.A.

Independent auditor's Report
pursuant to article 14 of Legislative
Decree n. 39, dated January 27, 2010
and article 10 of EU Regulation n.
537/2014

Financial Statements as at December 31, 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

BDO

Tel: +39 045 4750019
www.bdo.it

Via Roveggia, 126
37136 Verona

Independent auditor's Report
pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

To the shareholders of
AGSM AIM S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of AGSM AIM S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2021, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/'05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As described in the notes to the financial statements and the report on operations, the Company with act of December 29, 2020 merged by incorporation AIM Vicenza S.p.A., with legal, accounting and fiscal effects from January 1st, 2021. In order to facilitate the comparability of financial statements data, the Company included also the statement of financial position and the comprehensive income taking into account the balances as at 31 December 2020 restated to consider the contribution of AIM Vicenza S.p.A.to the merger.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

BDO Italia S.p.A. – Sede Legale: Viale Abruzzi, 94 – 20131 Milano – Capitale Sociale Euro 1.000.000 i.v.
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842
Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

Key audit matter	Audit response
Valuation of investments *Note 7.4 "Equity investments"* The Company accounted for as at December 31, 2021 equity investments in subsidiaries, associates and others for Euro 416,383 thousand. Investments in subsidiaries and others are initially recognised at cost, eventually reduced for impairment losses, while investments in associates are accounted using the equity method. We have focused on this matter due to the significance of its amount, the complexity of its valuation process and the assessment of related impairment and the uncertainty related to the underlying business plan.	Our main audit procedures included the following: ▪ analysis of the movements of the item during the year and examination of the most significant acquisition, sales and adjustments for impairment or revaluation; ▪ verification of the correct classification and accounting policy; ▪ identification of investments characterized by book values that may exceed the corresponding portion of equity at December 31, 2021; ▪ obtaining for all significant investments, the financial statements and the related auditors' reports as at December 31, 2021; ▪ verification of the disclosures provided in the notes to the financial statements; ▪ assessed the impairment test made by an independent expert who supported the Company's Management in order to assess the financial statements value of the subsidiaries AIM Energy S.r.l., Servizi a Rete S.r.l., Diesse Energia S.r.l., Sigma S.r.l. and TS Energia Due S.r.l.
Valuation of assets under concession *Note 7.1 "Intangible assets"* The Company accounted for as at December 31, 2021 Assets under concession for Euro 68,705 thousand. These assets are considered to be significant for our audit due to its balance and the inherent subjectivity judgement and complexity of Company's Management process on estimation based on IFRIC12. The infrastructures used, recognized on the "intangible asset model" basis, have been subject to impairment test.	Our main audit procedures performed are: ▪ assessment of the adequacy of the impairment test model prepared by an expert appointed by the Company; ▪ assessment of the key assumptions used as basis of the impairment test model; ▪ assessment the mathematical accuracy of impairment test model used; ▪ verification of the disclosures provided in the notes to the financial statements.

Purchase price allocation connected to AIM Vicenza merger

With effect starting from January 1st, 2021 the merger of AIM Vicenza S.p.A. took place. The transaction was accounted for as required by IFRS 3 *business combination* and, consequently,the *purchase price allocation* process (hereafter, the "PPA") related to the merger has been completed. The PPA process is finalised to determine, at the date the merger is effective, the fair value of identifiable assets and liabilities pertaining to the acquiree. the fair value of the identified assets and liabilities has been estimated on the basis of complex assumptions that, due to their nature, involve the use of judgement of the Directors.

In consideration to the relevance of the transaction and the amounts emerging from the PPA, of the complexity of the assumptions used to determine the fair value of identified assets and liabilities and of the judgement required of the Directors, we have considered this aspect to be a key audit matter.

The note "Non-recurring significant transactions" describes the process followed by the Directors and a summary of the effects on the financial statements.

Our main audit procedures included, among the others:

- the analysis of the documents related to the transaction of the merger of AIM Vicenza S.p.A. and the accounting treatment adopted by the Company;
- the analysis of the documents prepared by the independent expert that supported the Company in the process to determine the fair value of the assets and liabilities pertaining to the acquiree and the process of purchase price allocation (capital increase);
- examination of the main assumptions used by the Directors in performing the activities mentioned above.

In our verifications we also used the help of our experts in evaluation techniques, that assisted us in examining the documentation prepared by the Company's experts, the methodology used and the assumptions.

Finally, we verified the adequacy of the disclosure included in the notes to the financial statements and the consistency of the disclosure included in the report on operations regarding this matter.

Other matters

The financial statements as at December 31, 2021 present for comparative purposes the corresponding amounts of the previous year prepared in accordance with International Financial Reporting Standards, that derive from the financial statements as at December 31, 2020 prepared in accordance with the Italian regulations and accounting principles governing financial statements. The section "other information on the financial statements of the parent company" of the notes includes a paragraph "IFRS First time adoption" illustrating the effects of the transition to the International Financial Reporting Standards as adopted by the European Union and includes the disclosure regarding the reconciliation statements required by the International Financial Reporting Standard IFRS 1.

Responsibilities of Management and the Board of statutory auditors (Collegio sindacale) for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/'05 and, within the terms provide by the law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management is responsible for overseeing the Company's financial reporting process.

The Board of statutory auditors has the responsibility, in compliance with the applicable legislation, for the supervision of the monitoring financial reporting process of the Company.

Auditor's responsibilities 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 error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Concluded on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 achieves fair presentation.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with relevant ethical and independence requirements applicable in Italy, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described those matters in the auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) n. 537/2014

We were initially engaged by the shareholders meeting of AGSM AIM S.p.A. on June 24, 2021 to perform the audits of the financial statements and group consolidated financial statements of each fiscal year starting from December 31, 2021 to December 31, 2029.

We declare that we did not provide prohibited non audit services, referred to article 5, paragraph 1, of Regulation (EU) n. 537/2014, and that we remained independent of the company in conducting the audit.

We confirm that the opinion on the financial statements included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation n. 537/2014, submitted to the Board of Statutory auditors.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/'10 and of article 123-bis, comma 4 of Legislative Decree n. 58/'98

Management of AGSM AIM S.p.A. is responsible for the preparation of the report on operations and of the corporate governance report, as required by comma 2, letter b) of art.123-bis of Legislative Decree n. 58/'98, of AGSM AIM S.p.A. as at December 31, 2021, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, comma 2, lett. b) of Legislative Decree n. 58/'98, with the financial statements of AGSM AIM S.p.A. as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of AGSM AIM S.p.A. as at December 31, 2021 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/'10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Verona, May 20, 2022

BDO Italia S.p.A.

Signed by:
Carlo Boyancé
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

AGSM AIM SpA
Lungadige Galtarossa 8, 37133 Verona